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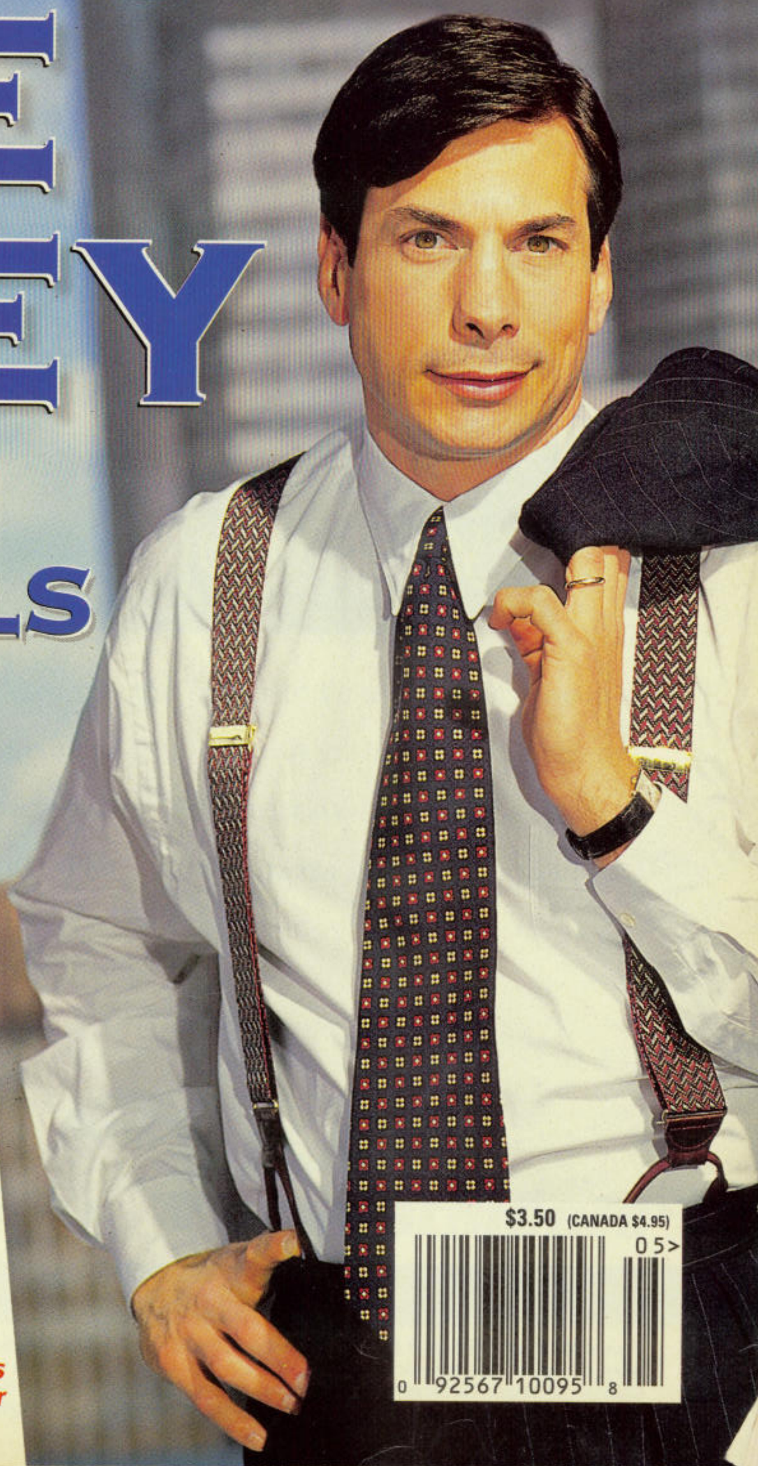

Steven Abernathy is averaging 64% a year

$3.50 (CANADA $4.95)

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by Penelope Wang

22 TOP STOCKS FROM AMERICA'S BEST MONEY MANAGERS

These solid choices from Wall Street's savviest minds will see you through any short-term market setbacks.

After reading our lead article on page 76, you now understand that the biggest risk to your investment portfolio is playing it too *safe.* As MONEY's chief investment strategist, Michael Sivy, noted, you must sink a healthy portion of your money in often-volatile stocks to get the tax- and inflation-beating returns you need to finance retirement or education or that second home overlooking the 18th at Pebble Beach. That strategy requires hanging tough in the market even if you fear there's a sharp sell-off ahead, like the 10% to 15% drop many forecasters, including Sivy, expect soon. (There have been four setbacks of 15% or more since 1980.) As always, the best way to weather such a de-

Photograph by Alen MacWeeney

SMALL-STOCK ACES: ABERNATHY (RIGHT) AND LEET RIDE HIGH FLIERS.

cline is to stick with investments that possess the best long-term prospects—like the 22 stocks we describe here.

Each stock was chosen by one of America's leading private money managers. We tracked them down by turning to Performance Analytics, a Chicago consulting firm that helps institutions and wealthy investors select investment counselors. Since we wanted a diverse group including exemplars of the value, growth and small-company investing disciplines, we didn't merely skim the 22 hottest aces off Performance Analytics' database of 2,200 pros. Nonetheless, all of the men and women whose recommendations you'll see below have tallied average annual gains of 22% to 64% over the past five years, thereby beating the S&P 500-stock index by anywhere from six to 49 percentage points. Moreover, each manager ranks in the top 20% of all private money managers.

We asked the elite equity experts to name the one stock they would recommend most enthusiastically right now. These all-stars do not necessarily believe that stocks are headed for a 15% pratfall this year. Yet most use one or more of the risk-reducing techniques discussed in the previous article to protect themselves if the market does fall. For example, some focus on out-of-favor shares that are trading well below their customary levels; others snap up stocks posting perennially rising profits that are still trading at reasonable price/earnings ratios. In addition, though they provide 12- to 18-month target prices for their stock picks, most of the pros tend to hold their selections for three to five years—partly to ride out any short-term dips. Like all market players, however, our pros can change their minds on any given stock faster than Nathan Lane switched costumes in *The Birdcage*; so never buy a stock on the say-so of any one source, including this magazine. Instead, research the picks that intrigue you before you buy and then track them afterward, especially if the market declines. (The pros' 22 selections are listed, along with key price and trading information, in the table on page 91.)

Fourteen of our 22 top money managers run retail mutual funds—as we note—with minimum initial investments ranging from $500 to $10,000. (In contrast, the minimum investments for their private accounts go from $100,000 to $5 million.) Here are the pros' stock choices, presented in three groups, starting with relatively low-risk value investments, followed by classic growth stocks and racier small companies. Also, within each category, the stock pickers appear according to their five-year annualized returns, from highest to lowest.

SEVEN VITAL VALUE STOCKS

ANNETTE HELLMER AND TEAM +36%

FLEET INVESTMENT ADVISORS, HARTFORD

Hellmer specializes in mid-size firms—those with market values (stock price times number of shares outstanding) of $600 million to $5 billion. One of her current favorites is **Hannaford Bros.**, a $2.8 billion (estimated 1996 revenues) grocery chain with a market value of $600 million. The Scarborough, Maine-based food seller is expanding beyond its New England territory by acquiring grocery chains in the Southeast. The costs of those purchases have recently dampened earnings growth to 11% annually, down from the company's historical 15% rate. But Hellmer envisions sales increasing as the company finishes remodeling its new stores and launches new marketing campaigns. She predicts Hannaford's profit growth will rebound to the 15% range later this year. At $28, the stock was lately selling at only 14.7 times '96 earnings, which is 22% less than the industry average. Hellmer expects the stock to hit $36 over the next 12 months for a 30% gain.

ARVIND SACHDEVA, JIM TILLAR AND DIRK VAN DIJK +28.5%

C.H. DEAN & ASSOCIATES, DAYTON

The stock pickers at Dean scout for temporarily troubled companies that figure to rebound in the next 12 months. Their selection: $10.1 billion **Toys R Us**. Toys saw earnings slump 18% last year amid the general slowdown in retailing. The world's largest toy chain is responding by closing 25 unprofitable outlets, reducing high-cost inventory by as much as 31% and launching 90 new stores in more promising locations. Sachdeva expects those moves, along with a pickup in consumer spending over the next months, to lift Toys' earnings 20% this year. In addition, the company is in the midst of a $1 billion stock-buyback program that Sachdeva thinks will help support the share price during any market slump. The Dean managers predict Toys' stock will climb from its recent price of $27.25 to $40 over the next 12 to 18 months for a 47% gain. For small investors who like Dean's investing style, the team recently took the helm of **Idex Tactical Asset Allocation** (up 4% for the three months to March 29, 1996; 5.5% sales charge; $500 minimum initial investment; 800-851-9777).

DAVID CARR +25.8%

OAK VALUE CAPITAL MANAGEMENT, DURHAM, N.C.

A classic value investor, Carr loves companies that he thinks Wall Street has misjudged. Prime example: $16.9 billion **American Express**. The stock has been volatile recently—with short-term price swings of as much as 10% this year—because of worries over the slow growth of its charge-card business. But Carr says: "The new management is taking the right steps to restore earnings growth." Among them: expanding membership bonuses like frequent-flier mileage, and stepping up the marketing of its corporate charge card. Carr sees the company's earnings rising at least 15% annually between now and 2001. American Express shares have hit new highs recently on talk that the company may be a takeover candidate. But even if that rumor proves false, Carr believes the stock will jump from its recent $49.50 to $70 over the next 12 to 18 months for a 43% gain. Carr also runs **Oak Value** (up an annual average 18.2% for the three years to March 23; $2,500 minimum; no load; 800-680-4199).

LAURA SLOATE +25.5%

SLOATE WEISMAN MURRAY & CO., NEW YORK CITY

Like all great value seekers, Laura Sloate (pictured on page 87) favors beaten-down stocks. The twist: She tries to buy them only when they are on the verge of a comeback. "I look for stocks with a trend or catalyst that will lead to an upward valuation," she says. Sloate, who is blind, does her research with the aid of computers that scan printed materials and read

GONZO GROWTH: THE MCKINLEY TEAM TROLLS FOR SURPRISING PROFITS.

them out loud. One company that meets her criteria is $16.8 billion **Federated Department Stores**. A victim of the '80s leveraged buy-out craze, Cincinnati-based Federated has been trading at $32.50, a modest 14.8 times estimated '96 earnings. But Sloate points out that the company has reduced its debt and made savvy acquisitions. "With its purchase of Macy's and Broadway stores, Federated has locked up the upper-middle-class market in California," she says. And Federated is revamping all its stores by offering more fashionable clothing lines and improving the quality of its private-label brands. Those moves are beginning to pay off—the company's sales (at stores open at least one year) rose by an impressive 9% in February. Sloate calculates that even if revenues rise at only one third that rate for the rest of the year, improved inventory management and tighter cost controls will help Federated's earnings expand by 57%. She believes the stock will go to $45 in the next 12 to 18 months for a 39% profit. Sloate recently took the helm of **Strong Value** (up 8.5% since inception Jan. 2, 1996 through March 28; $2,500 minimum; no load; 800-368-1030).

Photograph by Alan Levenson

DICK THORSELL AND TEAM +25.1%
THORSELL PARKER PARTNERS, WESTPORT, CONN.

Thorsell aims for what he calls double plays—promising stocks that 1) are selling at price/earnings multiples that are low relative to their earnings growth rates and 2) could double within three years as investors recognize their earnings potential and therefore bid up the multiple. One stock that he figures for a "twofer" is $1.2 billion **Harman International**. The Washington, D.C.-based company is best known as a leading producer of high-end consumer audio equipment under such brand names as JBL and Infinity. But Thorsell points out that Harman stands to get much of its growth from the overseas sales of its audio equipment for cars, theaters and professional recording studios, which are climbing at a 25% annual clip. The company has also begun to expand into the burgeoning business of providing high-quality speakers for multimedia personal computers. At $37.50, the stock was recently selling at only 11.2 times '96 earnings. Thorsell's forecast: earnings growth of 15%, plus a higher P/E of 13.5, for a one-two punch that will blast the stock 39% to $52 over the next 12 months.

GREG DEPRINCE AND JOHN RACE +23.1%
DEPRINCE RACE & ZOLLO, ORLANDO

DePrince and Race like **Abbott Laboratories**, the $11.6 billion drug manufacturer. At $40.50, the stock was lately selling at only 17.1 times earnings—a recent low—as tougher competition has slowed sales of its medical supplies. But the company plans to boost those sales through the acquisition of faster-growing companies. And DePrince expects that tactic to help Abbott's medical supply business quickly resume its customary double-digit revenue growth. In addition, Abbott has several promising new drugs in its pipeline, including Norvir, an AIDS medication that recently won Food and Drug Administration approval. Moreover, the company is slashing costs and is in the midst of buying back as many as 20 million shares of its own stock, which should help steady the price in a rocky market. DePrince believes that as investors recognize Abbott's earnings potential, they will push up the shares to $52 in the next year and a half. Adding in the company's 2.4% dividend, he's looking forward to a 31% return. DePrince recently began managing two funds: **Riverfront Income Equity** (up an annual average 16.1% for the three years to March 1; $1,000 minimum; 4.5% load: 800-424-2295) and **Harbor Value** (up an annual average 13.7% for the three years to March 1; $2,000; no load; 800-422-1050), which he co-manages with David Tierney.

EDWARD KLEIN +21.5%
KR CAPITAL, NEW YORK CITY

Klein feasts on reasonably priced, well-run businesses in which management holds a sizable stake—and in which he spots strengths other investors have overlooked. That's why $19.8 billion (assets) **SunAmerica** has been on Klein's menu for the past six years. "SunAmerica is still misperceived by Wall Street as an interest-rate-sensitive life insurance company," Klein says. "But it's really a fast-growing investment company." Selling everything from annuities to mutual funds, the Los Angeles-based company should see earnings grow 15% to 20% through 1999, says Klein, as aging baby boomers scramble to save for retirement. Klein also foresees SunAmerica being acquired by a bank or other financial institution that wants to break into the insurance business. Yet at $49.25, the stock recently sported a P/E ratio of 12.6, which is 37% below its projected three-year earnings growth rate of 20%. Even without a buy-out, Klein believes the stock price will climb roughly in line with earnings to hit $75 within 12 to 18 months for a 53% profit.

10 GREAT GROWTH STOCKS

ROBERT GILLAM, CHRIS GUPTILL AND BILL O'HEARN +33.6%
MCKINLEY CAPITAL, ANCHORAGE

From their outpost in Anchorage, the managers at McKinley (pictured on page 85) specialize in spotting stocks that repeatedly exceed Wall Street's earnings estimates. One such trophy: $3.2 billion **Guidant Corp.**, a leading maker of cardiac medical devices, including defibrillators that regulate irregular heartbeats. In the 15 months since Indianapolis-based Guidant went public, its 69% earnings growth has consistently surpassed analysts' expectations. In December the FDA approved its newly designed implantable defibrillator, which is 15% smaller and more efficient than current devices. Based on early sales, Bill O'Hearn figures the new model will boost Guidant's earnings growth to 30% a year and help the company grab market share from rival Medtronics. His prognosis: Guidant's stock price is likely to surge from $47 to $75 over the next 18 months for a 60% gain.

JAMES OELSCHLAGER AND TEAM +29.7%
OAK ASSOCIATES, AKRON

The managers at Oak Associates like to concentrate on a few fast growers, typically holding no more than 18 stocks at a time. One company that they deem an especially timely buy, according to team member Douglas MacKay, is $1.7 billion **Bay Networks**, the Santa Clara, Calif.-based maker of computer networking software and hardware. As more customers log on to the Internet and commercial online services, the company has seen sales double for its wide-area-networking systems, which manage high-volume data traffic. This volatile stock dropped 26% in March to $30.25, as the investors worried that Bay's second-quarter earnings would fall short of Wall Street's consensus 38¢-per-share estimate. MacKay's view: This is a prime buying opportunity. "Bay Networks is likely to deliver explosive 30% to 50% earnings growth over the next two years," he predicts, stating that Bay could sprint 82% to $55 in the next 18 months. This investing team also runs two funds, **White Oak Growth Stock** (up an annual average 22.9% for the three years to March 1; $2,000 minimum; no load; 800-932-7781) and **Pin Oak Aggressive Stock** (up 17.4%).

JENNIFER SILVER, MICHAEL MUFSON AND ANTHONY SANTOSUS +26.6%
PUTNAM INVESTMENTS, BOSTON

The Putnam pros prefer mid-size stocks with surprisingly big earnings growth such as $398 million **California Energy**.

The Omaha-based company develops and manages geothermal power plants, which draw heat from the earth's core to generate electricity. While most of its operations are in Southern California, its future lies in the new facilities it has opened in Indonesia and the Philippines. Mufson predicts that those new installations will quadruple its energy production by the end of the decade and steam earnings ahead by 20% annually. The market has been wary of independent power producers because many posted disappointing earnings in the late '80s and early '90s. But Mufson, who bought the stock in January at $21, cites three factors that make it a comparatively low-risk choice: 1) It has a relatively moderate P/E of 16.8; 2) Unlike traditional power producers, it is not vulnerable to spikes in the price of oil or coal; and 3) its share price tends to move independently of the overall market. He expects the stock to rise 54% from its recent $26 to $40 over the next 12 to 18 months. This team also runs **Putnam Vista** (up 40.9% for the 12 months to March 1; $500 minimum; 5.75% load; 800-225-1581).

GAIL SENECA, RON JACKS AND RICK LITTLE +26.5%

GMG/SENECA CAPITAL MANAGEMENT, SAN FRANCISCO

GMG/Seneca's team say to check out $204 million **Checkpoint Systems**, a Thorofare, N.J. firm that designs and manufacturers bar-code scanners for cash registers and electronic surveillance equipment. Checkpoint has been ringing up 30% sales growth as it expands aggressively into supermarkets—only 4% of the nation's stores have installed scanners—and overseas. Checkpoint dominates the industry, Little and Jacks note, with an 85% share of the drugstore market and a 62% share in supermarkets. They foresee Checkpoint punching up 25% average annual earnings gains over the next five years. Although the stock trades at a relatively high price/earnings ratio of 38, Little and Jacks look for it to jump from its recent $24.75 to $40 over the next 12 to 18 months for a 62% gain. Little and Jacks recently launched two funds—**Seneca Growth** and **Seneca Midcap Edge** (both with $10,000 minimums; no load; 800-990-9331).

ED SPELMAN AND RUDY CARRYL +25.8%

MACKAY-SHIELDS FINANCIAL GROUP, NEW YORK CITY

As growth managers, Spelman and Carryl naturally look for companies they can count on to deliver rapidly rising earnings. To avoid overpaying, however, they restrict themselves to shares selling at reasonable P/E ratios. That's why they like $900 million **Green Tree Financial**. Based in St. Paul, Green Tree is the nation's leading lender to buyers of manufactured housing—moderately priced homes that are built in modules at a factory and assembled on-site. It's a booming market: Sales of these homes have soared from 190,000 five years ago to more than 300,000 today. Financing many of those homes has helped Green Tree's earnings sprout an average annual 40% over the past five years. And Spelman and Carryl believe profits will continue to rise at a 30% clip over the next few years. Even so, Green Tree trades at a bargain 15 times '96 earnings, chiefly because Wall Street fears that higher interest rates will slow demand for loans, depressing Green Tree's earnings. Wrong, says Spelman. "The people who buy manufactured homes aren't put off by a point or two rise in interest rates," he says. "As long as they have jobs and can afford the monthly payments, they'll continue to borrow." Spelman and Carryl, who have owned Green Tree stock for four years and recently bought more, look for the shares to blossom $9 (or 26%) to $43 in the next 12 to 18 months. Spelman and Carryl also manage **Mainstay Capital Appreciation** (up an annual average 18.7% for the three years to March 1; $500 minimum; 5.5% load; 800-522-4202)

SUZANNE ZAK +25.1%

INVESTMENT ADVISERS, MINNEAPOLIS

Striving to avoid high-priced growth stocks, Zak often finds herself buying firms that few Wall Street analysts follow, like **Roper Industries**, a $194 million maker of specialty industrial controls and fluid-handling products such as valves and compressors. The Bogart, Ga.-based company has boosted its profit margins from 6% to 15% through acquisitions of rival firms and increased use of technology, notes Zak, who expects Roper's earnings to flow 20% annually for the next two years. And as the company grows, Zak reasons, more Wall Street analysts will start to follow and recommend the stock, helping to pump up the share price. Recently trading at $45, the stock will likely jump to $60 in the next 12 months, Zak says, for a 33% gain. She also runs **IAI Midcap Growth** (up an annual average 19.7% for the three years to March 29; $5,000 minimum; no load; 800-945-3863).

BRIAN SPENGEMANN +24.8%

COVENTRY CAPITAL, CHICAGO

Brian Spengemann fills his portfolio with fast-growing large companies that dominate their markets. One standout among his goliaths is $17 billion drugmaker **Merck**, which produces such best-selling medications as Vasotec, a high-blood-pressure treatment, and Mevacor, a cholesterol-reducing agent. And the company is not resting on its residuals. It has a stellar lineup of new potions, including Crixivan, a drug recently approved by the FDA that slows the development of HIV. Spengemann predicts that the company will book 12% to 15% annual earnings gains for the next five years. At $63, the stock's P/E ratio is 20, vs. the market's average of 15. But Spengemann figures Merck's consistent profitability will help it maintain that P/E ratio and send the price to $85 in the next 12 to 18 months for a 37% gain. (For a different view of consumer nondurable stocks similar to Merck, see The Value Investor on page 63.)

TONY BROWN AND KEVIN RIELEY +23.2%

ROXBURY CAPITAL, SANTA MONICA, CALIF.

Like Zak, Brown and Rieley prefer not to pay a lot for their growth stocks. So they seek powerfully profitable companies that the market misunderstands. Example: $275 billion (assets) **Citicorp**. "Investors still think of Citicorp as the bank that made huge mistakes in the '80s," Rieley notes, "but management has cleaned up those problems, and the bank still has an unrivaled worldwide consumer franchise."

22 STOCKS POISED TO RETURN 15% TO 82%

These 22 stocks, listed in the order they appear in the story, were selected for MONEY by some of America's top money managers. The companies make everything from soup (Campbell) to modems (U.S. Robotics).

Company	Ticker symbol	Exchange	Dividend yield	Price/ earnngs ratio[1]	Recent price[2]	Target price	Projected return[3]
Hannaford Bros.	HRD	NYSE	1.7%	14.7	$28.00	$36	30%
Toys R Us	TOY	NYSE	—	14.3	27.25	40	47
American Express	AXP	NYSE	1.8	13.8	49.50	70	43
Federated Stores	FD	NYSE	—	14.8	32.50	45	39
Harman Intl.	HAR	NYSE	0.5	11.2	37.50	52	39
Abbott Laboratories	ABT	NYSE	2.4	17.1	40.50	52	31
SunAmerica	SAI	NYSE	0.6	12.6	49.25	75	53
Guidant Corp.	GDT	NYSE	0.2	24.9	47.00	75	60
Bay Networks	BAY	NYSE	—	20.0	30.25	55	82
California Energy	CE	NYSE	—	16.8	26.00	40	54
Checkpoint Systems	CKP	NYSE	—	38.1	24.75	40	62
Green Tree Financial	GNT	NYSE	0.7	15.1	34.25	43	26
Roper Industries	ROPR	NASDAQ	0.7	16.7	45.00	60	34
Merck	MRK	NYSE	2.2	20.3	63.00	85	37
Citicorp	CCI	NYSE	2.3	9.4	79.25	100	29
Campbell Soup	CPB	NYSE	2.2	19.4	61.50	80	32
Monsanto	MTC	NYSE	1.8	20.4	153.25	200	32
Value Health	VH	NYSE	—	17.7	28.25	37	31
Stanford Telecom.	STII	NASDAQ	—	32.9	30.25	40	32
U.S. Robotics	USRX	NASDAQ	—	30.6	130.00	150	15
HealthSouth	HRC	NYSE	—	25.0	35.75	45	26
WorldCom	WCOM	NASDAQ	—	25.0	45.00	56	24

Notes: [1]Based on managers' 1996 earnings estimates [2]As of March 28, 1996 [3]Managers' estimates of total return over 12 to 18 months

These days some 50% of Citicorp's profits are earned in fast-growing emerging markets, which has helped Citicorp's revenues soar 10%, twice as much as the average bank's. As a result, its earnings should double through the end of the decade. And Brown and Rieley predict Citicorp, now at $79.25, will rise 26% to reach $100 in the next 12 to 18 months.

DAVID AND PETER SIPHRON +22.6%
SIPHRON CAPITAL MANAGEMENT, BEVERLY HILLS

David Siphron and his son Peter snap up blue-chip stocks with strong management and solid growth prospects, such as $7.7 billion **Campbell Soup**. "Although most investors think of it as a sleepy soup company, Campbell is really a turnaround situation," says David Siphron, who bought the stock three years ago. With tough, cost-cutting management in the kitchen, Campbell's profit margins have already improved to 9.6% from 4.9%. And on the strength of new products such as low-fat soups and cookies, and acquisitions such as specialty food company Pace Picante, Siphron expects Campbell to chalk up double-digit earnings growth over the next few years. Although Campbell's stock price has warmed 4.2% this year to $61.50, Siphron predicts it will bubble another 30% to reach $80 over the next 12 to 18 months. The Siphrons also run **Reserve Large Cap Value** (up 5.2% from its inception Jan. 2, 1996 to Feb. 29; $1,000 minimum; 4.5% load; 800-637-1700).

FRANK HUSIC AND TEAM +22.1%
HUSIC CAPITAL MANAGEMENT, SAN FRANCISCO

A self-described "opportunistic" growth investor who pounces on winners that other investors have not yet spotted, Husic sees big possibilities in **Monsanto**, the $8.9 billion chemical and agricultural product manufacturer. With new CEO Robert Shapiro at the helm, the once stodgy company has shed its low-margin plastics subsidiary and other laggards to concentrate on its most profitable businesses: pharmaceuticals and agricultural chemical products, such as its best-selling Roundup herbicide. That shift should gear up the company's growth rate to 25% over the next few years from its recent 19.5%. Husic, who bought Monsanto when it was in the low $80s, expects the stock (lately trading at $153.25) to rise 31% to $200 in the next 18 months—and move as high as $300 by 1999. Husic also runs **Vanguard Horizon Capital Opportunity** fund (down 2.8% since its inception June 30, 1995 to Feb. 29; $3,000 minimum; no load; 800-662-7447).

FIVE SIZZLING SMALL-COMPANY STOCKS

STEVE ABERNATHY AND GARY LEET +64.3%

COWEN & CO., NEW YORK CITY

Abernathy (pictured on our cover as well as on page 83) focuses with laser intensity on just eight to 12 stocks that he expects to climb by at least 25% a year for the next three to five years. "We don't try to predict the market," says Abernathy. "We just try to understand our stocks." Among current holdings, he has especially high hopes for **Value Health**, a $1.8 billion managed-care provider that specializes in mental-health services and mail-order prescription drugs. "Companies will award more than $1.1 billion in mental-health-care management contracts this year and $5 billion in '97," says Abernathy. "Since Value Health has a 25% market share, there's no reason to think it won't get at least 25% of that business." At $28.25, the stock carries a slightly above-market price/earnings ratio of 18. But Abernathy predicts the company's earnings will climb 20% over the next two to three years, as it adds more customers. Over the next year and half, he says, the price should jump 31% up to $37.

LEE KOPP, SALLY ANDERSON AND STEVE CROWLEY +49.5%

KOPP INVESTMENT MANAGEMENT, EDINA, MINN.

Kopp targets so-called emerging growth companies—small firms (market values of $1 billion or less) with profits surging an average of 20% annually. No surprise, then, that a whopping 80% of his portfolio is in technology stocks, including top pick **Stanford Telecommunications**, a $114 million manufacturer of products for satellite and wireless communications and cable systems. Earnings at the Sunnyvale, Calif.-based company slumped in '94 largely because it lost a $1.6 million lawsuit stemming from a failed joint venture. But Kopp notes that Stanford has installed a new management team that is focusing the company on its most popular products, such as software designed to prevent high-tech eavesdroppers from tapping into private communications. Profits increased nearly threefold last year and should climb by better than 25% annually for the next three years. Moreover, Kopp believes that Stanford is unlikely to be caught in a broad market downdraft because few Wall Street analysts follow the firm. "Stanford flies below the radar of most market watchers," Kopp says. "But those who know it understand that it has great earnings momentum." He expects the stock to jump 32% from $30.25 to $40 in the next 12 months.

WILLIAM WYKLE AND TEAM +33.5%

PNC EQUITY ADVISORS, PHILADELPHIA

Wykle raves about **U.S. Robotics**—and why not? He bought his first shares in January 1994 when it was a $553 million up-and-comer and has hung on for the ride as it grew into a $1.6 billion dynamo. A leading manufacturer of modems and computer networking gear, U.S. Robotics is rapidly expanding overseas, where it gets 26% of its revenues. And it stands to be one of the prime beneficiaries of the Internet boom—some 80% of Internet service providers use U.S. Robotics gear. Wykle predicts the company's earnings will climb 25% a year through the rest of the decade. Although the stock isn't cheap—at $130, it recently traded at 31 times '96 earnings—Wykle believes it will reach $150 in the next 12 months for a 15% gain. He also runs **Compass Small Cap Growth** (up 50.9% for the 12 months to March 1; $100 minimum; 4.5% load; 800-441-7762).

JIM COLLINS +32.6%

INSIGHT CAPITAL RESEARCH & MANAGEMENT, WALNUT CREEK, CALIF.

Collins, who screens nearly 5,000 stocks each week to identify those with the strongest growth prospects, singles out $1.5 billion **HealthSouth**. Thanks to its recent purchase of $236 million Surgical Care Affiliates, the Birmingham-based company is now the nation's largest operator of ambulatory-surgery centers and outpatient rehabilitation facilities, with 850 locations around the country. Collins expects HealthSouth's earnings growth to average more than 20% annually over the next five years as the company makes further acquisitions. "Through the end of the decade, we will see a continued consolidation of the health-care industry," says Collins. "HealthSouth, with its aggressive management, will be one of the big winners." Within the next 12 months, he expects the stock to spurt 26% from $35.75 to $45. Collins also guides **Dominion Insight Growth** (up an annual average 26.8% for the three years to March 1; $5,000 minimum; 3.5% load; 800-880-1095).

DAVID KLASKIN AND TEAM +32.3%

OAK RIDGE INVESTMENTS, CHICAGO

The managers at Oak Ridge will take their stocks small or mid-size, but the profits have to be high and the price cannot be. Currently their largest single holding is $4.5 billion **WorldCom**, the nation's fourth-largest long-distance carrier, which Oak Ridge added to its portfolio late '94 at $25 a share. WorldCom has carved out a profitable niche serving business customers at low prices that its larger competitors, such as AT&T and MCI, have not matched. And it is rapidly expanding its client list with aggressive marketing—for example, the company recently signed Chicago Bulls star Michael Jordan for an advertising campaign. Klaskin notes that WorldCom has been piling up profits at a 20% annual rate. And with the recent acquisition of a fiber-optics company, WorldCom is poised to compete in the cable and online arenas. The company has also hinted that it is open to a buy-out, and Klaskin believes it will eventually be acquired. In any case, the Oak Ridge boys expect WorldCom stock to climb 24% from $45 to $56 in the next 12 months. Klaskin also runs **ORI Growth** (up 36.8% for the 12 months to March 29; $2,000 minimum; no load; 800-407-7298).

Reporter associate: Amanda Walmac