

Business

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Rockland mutual fund at age 10

Volumetric still bullish after all these years

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Rockland's only home-grown mutual fund has turned 10 years old and its money manager has stayed bullish on the stock market.

Gabriel Gibs, who runs the \$3.5 million Volumetric Fund out of his Pearl River home, has 85 percent of the fund's money in stocks, up from 60 percent in

August.

"Our indicators have shown that the market is going to temporarily pick up," Gibs said. "But I am still not sure how it will be after January."

It might be wise to follow his advice. While the asset value of a share in the Volumetric fund fell nearly 2 percent in the three months that ended Sept. 30, that value has climbed nearly 19 percent since the beginning of the year.

Since the fund was founded in 1978, its annual return has averaged nearly 17 percent, outpacing the general market in all but 1986 and 1987. Last year, the fund saw its value plunge 20 percent in the stock-

market crash, but a strong recovery trimmed the loss to 1.5 percent by yearend.

The fund generally holds 40 to 55 stocks in its portfolio. These usually constitute about 75 percent of the fund's assets, but depending on Gibs' reading of market conditions, that amount can range from 20 percent to 100 percent.

Gibs says there are several reasons to believe the market is going improve.

• His volume analysis shows that stocks' up volumes are 47 percent greater than their down volumes,



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meaning there is more money flowing into the market than is being removed.

• Institutional and individual investors who are still skeptical about the market and sitting on large amounts of cash are getting itchy. Gibs said that even a small amount of good news, such as lower interest rates, could spark a market rally.

• Bond prices are firming and short-term interest rates have been stabilizing and may have reached a peak. This could send investors back to the market, Gibbs said.

While Gibs said he does not intentionally look for takeover stocks, several of the fund's present holdings are rumored to be possible targets, including broker Bear Stearns, lawn mower giant Toro, Union Carbide and Jerrico, the parent company of the Long John Silver's fast food chain. One stock, that of textile manufacturer West Point-Pepperell, is already involved in a takeover struggle.

The presence of such stocks isn't surprising to students of the market. Gibs purchases stocks based on a technical method he devised that relies primarily on trading volume. And heavy trading often precedes a bid for a company or a restruc-

turing of its operations.

Simply put, soaring volume in a company's stock sends Gibs off to investigate its products, sales, earnings and other fundamental factors to find an explanation for the rising trading. If he believes the stock's price doesn't reflect its true value, he will purchase shares for the fund.

The fund's three major takeover stocks this year have been Roper, which the fund bought at \$15 a share sold for \$53; Payless Cashways, which Gibs snapped up for \$14.37 and sold at \$27; and J.P. Stevens, purchased at \$40.12 and tendered at \$69.

"I try to follow the smart money," the 51-year-old Gibs said yesterday.

Recent concern that the takeover craze may be getting out of hand — apparently triggered by a \$20-billion-plus offer for RJR Nabisco and news that the Fed has been warning banks to be careful about lending for such deals — sent shudders through the stock market this week.

But Gibs believes the concern will not put on chill on buyout fever or hurt the fund.

"I think it this will be just a temporary slowdown," he said. "There are limits to

what the government can do."

And there seem to be few limits to what the Volumetric fund can do. According to the fund's quarterly report, if \$10,000 was invested in 1978, and dividends from that investment were re-invested in the fund, it would be worth more than \$46,000 today.

During that time, the fund's assets have grown from \$25,000 to \$3.5 million and its shareholder list has increased from 25 to more than 400.

Gibs, who left a job as a chemist to launch the fund, is currently offering investors the opportunity to join the fund with only a \$100 investment. There are no sales commissions and he charges a 2 percent annual fee to manage the fund.

His goal is to increase the number of fund members to 1,000 so the mutual fund can qualify for the National Association of Securities Dealers Association's list of more than 1,200 funds whose daily asset values are distributed to newspapers.

Investors in recent years have been turning increasingly to mutual funds. There are currently more than 2,000 funds registered with the federal Securities and Exchange Commission, more than the number of stocks that trade on the New York Stock Exchange.