

Sunday Journal-News

BUSINESS

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ROCKLAND COUNTY, N.Y., SUNDAY, OCTOBER 12, 1986

House of the week

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MUTUAL RESPECT

Rockland's Volumetric Fund is ready for the big time

By **GEORGE M. WALSH**

Staff Writer

W

hen Gabriel J. Gibbs speaks, about 150 people listen.

But he hopes for more attention in the future.

As the founder and president of the Volumetric Fund Inc. — Rockland County's only home-grown mutual

fund — Gibbs is seeking to tap a national market by transforming an operation that began as an investment club and now manages almost \$2.1 million in assets.

In the process, the 50-year-old stock picker shows a track record of besting the New York Stock Exchange Index in each of the eight years since he began investing other peoples' money. He even profited in the dreadful market of 1981.

How does he do it? The old-fashioned way, of course, with hard work. But the real key is his technical theory of price and volume activity that has demonstrated an uncanny ability to flag takeover stocks and other big movers before they are discovered by the investment herd.

Working out of his Pearl River home, Gibbs and Volumetric vice president Irene J. Zawitkowski, 33, use ledger paper, pencils and calculators to compete with the large funds and investment firms with their banks of computers and stock market analysts.

"Many times, we don't know why a stock goes up on heavy volume," Gibbs explained last week.

And he doesn't really care to know.

In fact, Gibbs looks very little at the fundamen-

talts of a company once it is flagged by his system, generally checking only to see that the target's debt isn't overwhelming.

"We use volume exclusively," Gibbs said, and almost all of his investment is in issues listed on the Big Board.

A chemist by training, Gibbs began his investment career by dabbling in the stock market 20 years ago.

"Back in the late 1960s, I got interested in the stock market and took it up as a hobby," he said.

Gibbs was working at the time for Lederle Laboratories and St. Regis Paper Co. and decided to expand his interest in the market by earning a master's degree in finance at Pace University in 1974.

"Also in the '70s, I started a little family fund," he said,



Gabriel J. Gibbs, founder and president of Volumetric Fund Inc., conducts business out of his Pearl River home.

The Journal-News/Warren Inglese

VOLUMETRIC FUND				% Change from Previous December 31		
At December 31	Net Asset Value Per Share	Net Assets	Value of \$10,000 Investment	Volumetric N.A.V. per Share	N.Y.S.E. Index	Inflation Rate (C.P.I.)
1985	\$35.83	\$1,568,787	\$36,524	+ 31.9%	+ 26.1%	+ 3.7%
1984	27.17	986,240	27,696	+ 6.7	+ 1.3	+ 4.0
1983	25.47	852,103	26,321	+ 18.7	+ 17.4	+ 3.8
1982	21.46	505,861	21,876	+ 16.9	+ 14.0	+ 3.9
1981	18.36	290,709	18,712	+ 17.0	- 8.7	+ 8.9
1980	15.69	174,533	15,991	+ 37.5	+ 25.7	+ 12.4
1979	11.41	73,187	11,630	+ 16.3	+ 15.5	+ 13.3
1978	9.81	25,428	10,000	—	—	—

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The Journal-News/Warren Ingless

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describing what has since evolved into the Volumetric Fund, a no-load fund which was incorporated in July and went public in mid-September.

Volumetric's most recent prior incarnation was as an investment club of friends and relatives that Gibbs launched at the request of co-workers at the New Jersey chemical company Lonza Inc. in 1978. Gibbs resigned from Lonza in January to devote all of his time to running Volumetric.

The heart of the fund is the price-volume theory he devised for his Pace thesis, entitled "Forecasting Stock Trends by Volume Analysis."

While many of the principles behind Gibbs' system are widely known and understood, his amalgamation of those theories is not, said Gibbs.

"Exactly how it's done is secret," he said.

Essentially, though, Gibbs culls through financial and charting service publications looking for a day that heavy volume was coupled with a rise in share price. Using his secret formula (to all appearances a chaos of numbers, some highlighted with red and blue ink), Gibbs looks back at the price and volume action in the stock and follows the issue for a few days looking for "confirmation" of heavy demand before buying.

Then, he said, "If (a stock) has already moved 50 percent from its low, we won't buy it."

Gibbs said the system seems to ferret out two general categories of trading: insider buying in advance of good news and intense buying of what turns out to be a good, solid company.

At play are a pair of market realities. The "smart money" often acts on information not publicly available and good companies will eventually

be recognized and bid up.

Surprisingly, the system does not produce much churning in Volumetric's portfolio, a bullish 88 percent of which is currently invested in 46 stocks and 12 percent in cash.

"Typically, we keep a stock for six months on average," Gibbs said, with sales triggered by negative

Please see **VOLUMETRIC** on page H3

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VOLUMETRIC

Continued from H1

price action on heavy volume as the selection process is reversed.

Among the successes registered by Gibs' system have been the takeovers of the toy company Milton Bradley, Richardson-Vicks, Chicago Pneumatic Tool, NL Industries and, most recently, Hammermill Paper.

So far, Gibs said, 1986 has shaped up as "probably

not one of our best years," with the fund up only 8 percent compared to 11 percent in the NYSE Index.

But he said the past several weeks have shown improvement in the portfolio and he expects another winning year.

Gibs said he will soon begin advertising the fund — first registered with the federal Securities and Exchange Commission in January when it topped 100 investors — in financial publications and is considering forming agreements with brokerages to market shares.

As of Wednesday, the net asset value of the fund was \$38.69 per share.