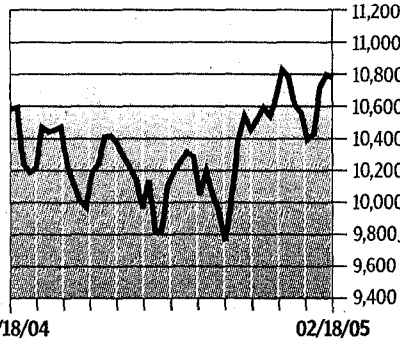


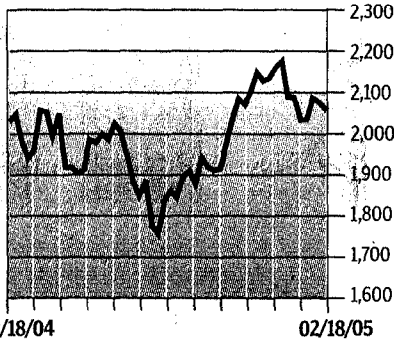
12-month daily closes
**Dow Jones
industrials**
For the week ending
Friday, Feb. 18

10.79
10,785.22
Record high:
11,722.98
Jan. 14, 2000



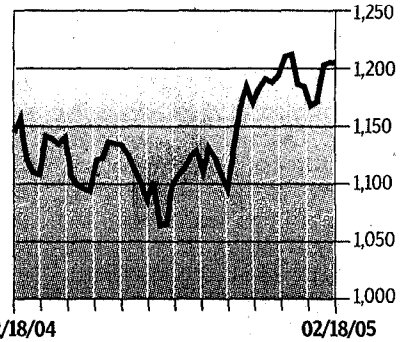
12-month daily closes
**Nasdaq
composite**
For the week ending
Friday, Feb. 18

18.04
2,058.62
Record high:
5,048.62
March 10, 2000



12-month daily closes
**Standard &
Poor's 500**
For the week ending
Friday, Feb. 18

3.71
1,201.59
Record high:
1,527.46
March 24, 2000



Skepticism reigns, but pros see more life in bull market

By **Meg Richards**
Associated Press

NEW YORK — Investors who read their January financial statements might be feeling a little too shell-shocked to go back into the market. Put your trepidation aside, professional investors say, because there are plenty of reasons to buy.

While stocks have recovered somewhat from their poor performance last month, the Standard & Poor's 500 remains stubbornly negative for the year, leaving investors with little motivation to buy. And while money is making its way back into stocks — TrimTabs Investment Research estimates \$7.5 billion

has flowed into domestic equity funds since Jan. 27, compared with outflows up to that point — the lack of enthusiasm for equities is palpable.

Amid the gloom that's hanging over the market, however, a quiet bullishness prevails among professional investors, who point to a robust economy, relatively low interest rates, tame inflation, strong corporate profits and positive earnings growth.

In a quarterly letter sent to shareholders earlier this month, Bill Miller, portfolio manager of the highly regarded Legg Mason Value Trust, said he's quite optimistic about 2005. After a 29 percent increase in the S&P 500 in 2003 and an almost 11 percent in-

crease in 2004, companies are still setting records in terms of profits, cash flow, returns on equity and levels of cash as a percentage of assets, Miller said, yet skepticism reigns.

"I have seen investors more bearish than they are now, but I have never seen more angst amidst such opportunity as there is today," Miller wrote. "Valuations are not demanding, especially in a world of low inflation and low nominal interest rates. Mergers and acquisitions should boom this year, providing windfalls for the shareholders of takeover targets."

Failing to take advantage of such opportunities because of a sense of foreboding or a fear of

loss would be a great mistake, argues Miller, a widely respected value investor who has earned a reputation for his market savvy — he's outperformed the S&P 500 for 14 straight years, a feat unmatched by any other mutual fund manager. But he's far from alone in his belief that opportunities abound in equities.

"The bull market is in its fourth year, but it can go on a lot longer. The trends and the economy and the market are still positive," said Alfred E. Goldman, chief market strategist with A.G. Edwards & Sons Inc. in St. Louis, who is forecasting returns of up to 8 percent this year. "And there are a lot of bears around. That's bullish. The reason investors

should think about being a buyer is that the economy remains healthy."

Of course, it's harder to make money in a more mature bull market. It's more challenging for companies to increase their earnings. Larger, higher-quality stocks may be better positioned than small-caps and riskier issues. Dividends are attractive. And when every percentage point of total return counts, buying low becomes more important than ever.

"The best time to buy stocks is when you're most uncomfortable buying stocks," Goldman said. "The worst time to buy them is when it's easy to buy them, emotionally."