tional money market funds is yield. One of the 1984 portfolios currently yields approximately 9%, compared with the 7.5% yield of its money market fund.

In-house vehicles. Despite their scramble for new niches, many funds still offer what may prove to be enduring advantages. Some are part of a family of mutual funds, which offer the investor the ability, with a mere phone call, to shift money among stock and bond funds as the investment climate changes. Indeed, transfers between money market and other mutual funds have been running at a record pace, according to the ICI.

Many money fund managers contend that a majority of their lost assets were diverted, not into the new bank accounts, but into the rallying stock and bond markets. Although the Merrill Lynch Ready Assets Trust has lost $5.2 billion, or 23% of its assets, since Dec. 1, $2.5 billion of that amount went into other in-house investment vehicles.

Most observers believe that any fund not affiliated with a brokerage house or a mutual fund family will have an increasingly tough time going it alone. After making an unsuccessful bid for a $300 million fund family, Reserve Fund now plans to start a family of its own. Reserve has also begun offering Cash Performance Accounts—its own version of the money market fund-margin account pioneered by Merrill Lynch—to regional brokerage houses that have not designed copycat accounts.

The cash-management bait. The mutual funds giant Fidelity Group recently unveiled its entry in the cash-management sweepstakes. Fidelity plans to provide its customers with access to their accounts through various bank-owned automated teller systems, in an arrangement similar to one Paine Webber plans for its cash-management clients. Such accounts represent another competitive edge for money fund purveyors because banks and savings and loan associations are unable to offer them directly. Indeed, since early December, Shearson/American Express Inc.'s FMA Cash Fund has posted a 22% rise in assets, to $356 million.

One sign of health in the industry is that companies still are lining up to get into the business. One new entry, managed by a U. S. League of Savings Institutions subsidiary, is the Liquidity Fund for Thrifts, a money market fund for savings and loans. Thrifts used to be among the sharpest critics of the money market funds. ■

Inside Wall Street

By Gene G. Marcial / March 7, 1983

Homegrown stocks thrive in the Sunbelt

It is very clear, says a Texas fund manager, why the "Sunbelt stocks" have been doing so well: "We in America live in two countries—the Sunbelt and the rest of the states."

Spurred on by such regional chauvinism, many investors in states from California to the Carolinas are sticking to their home turf for choice buys. A handful of mutual fund managers also are smiling on the Sunbelt, believing that everything from low taxes to labor availability can only bode well for companies situated there. "Growth attracts capital, and the Sunbelt region is a rapidly growing area, where the demographics, taxes, labor, and politics do favor investors," argues Carroll McGinnis, portfolio manager of Sunbelt Growth Fund, the top 1982 performer among regional funds.

The fund, whose net assets surged nearly 44% in 1982, is one of two "Sunbelt funds" run by Houston-based Funds Advisory Co., which manages $6 billion. The other is London-based American Sunbelt Exempt Trust, which invests pension fund money. Its net assets grew 32.6% last year. Its holdings—mostly high-tech and consumer-related stocks—mirror Sunbelt Growth's except for stakes in some small companies, such as Big B, a drugstore chain, and Bruno's, a supermarket chain, both in Alabama. Among its 1982 winners are E-Systems, Bergen Brunswig, and Pic'n'Save.

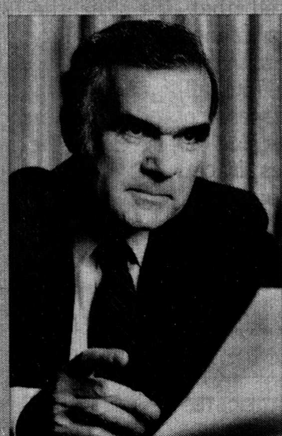
'No Clevelands.' Alan Jenks, publisher of *Southeastern Business Letter* in Atlanta, says Sunbelt stocks will remain good buys largely because states there are in better financial shape than others. "We have no Clevelands or Buffaloes here," he says. Shares of 120 Southeastern companies he tracks gained an average of 34.6% in 1982, outpacing the 19.6% rise by the Dow Jones industrial average. Topping Jenks's list: Salem Carpet Mills Inc., which surged 192%, and Lowe's Cos., which jumped 172%.

McGinnis, meanwhile, favors high-tech stocks that he figures will run up as the economy revives: Apple Computer, Convergent Technologies, and Printronix. And Trust Co. of Georgia, a regional bank that runs the $17 million Retirement Sunbelt Equity Fund, has been buying shares of Harris Corp., Scotty's Inc., and Piedmont Aviation. But it sees clouds over interest-rate-sensitive issues, so it is paring stakes in Wachovia Corp. and First Alabama Bancshares.

Coleco isn't for kids

Wall Street watchers of Coleco Industries Inc.'s stock, which soared 435% last year, are raising all kinds of caveats—lest they get tripped by a surprise as they did last December, when Warner Communications Inc. suddenly revealed problems at its Atari division. Warner's stock plunged more than 50%. So while bullish news about Coleco has lured many investors, analysts warn that the stock is "speculative."

Even so, it has moved grudgingly upward, recently trading at a split-adjusted 25 3/8 from 18 3/8 at yearend 1982. Coleco President Arnold C. Greenberg is not surprised: "Sales—expected to be boosted by a computer keyboard to be introduced in June for the ColecoVision game—should grow by more than 60% in 1983, to more than $800 million." Pretax profit margins in 1982 were better than 16%, and they should be "substantially the same in 1983," Greenberg adds. Analysts estimate that 1983 per-share earnings will be $4 to $4.25, a good jump from 1982's $2.90. Shipments of the hot-selling ColecoVision hardware could soar 150% this year. Basic toy sales could be bolstered by the new "Cabbage Patch Kids" dolls, expected to bring revenues of $20 million in 1983. But Coleco may soon have to decide whether to make toys or high-tech electronic products. Value Line, which rates the stock a timely buy for this year, expects Coleco to opt for the latter.


R. D. Smith

Greenberg: Coleco's new keyboard will help boost sales by more than 60%.