[STAR-ADVERTISER STOCK CONTEST]

BEST INVESTMENT IDEAS OF 2010

Hawaii stock experts began the year with a $20,000 hypothetical portfolio:

Barry Hyman
FIM Group Ltd. vice president, private client group

FINAL RETURN: +32.1%

COMPANY	TICKER	SECTOR	12/31 CLOSE	SHARES	QUARTER RETURN	12/31 VALUE
U.S. Global Investors	GROW	Investment management	$8.13	720	+29.6%	$5,896.80
Gaiam	GAIA	Lifestyle marketing	$7.70	405	+17.3%	$3,179.25
Vodafone	VOD	Cellular telecommunications	$26.44	190	+8.4%	$5,111.72
Cohen & Steers Infrastructure Fund	UTF	Infrastructure fund	$16.42	395	+5.4%	$6,628.10
Cheung Kong Ltd.	CHEUY	Hong Kong developer	$15.40	350	+2.1%	$5,390.00
Cash*						$219.20
Total						**$26,425.07**

Richard Dole
Dole Capital LLC chief executive

FINAL RETURN: +28.8%

COMPANY	TICKER	SECTOR	12/31 CLOSE	SHARES	QUARTER RETURN	12/31 VALUE
Newport	NEWP	Scientific and technical instruments	$17.43	450	+53.7%	$7,843.50
Territorial Bancorp	TBNK	Banking	$19.91	200	+18.8%	$3,996.00
Alexander & Baldwin	ALEX	Ocean transportation / real estate	$40.03	100	+15.9%	$4,034.50
Vale SA	VALE	Diversified minerals	$34.40	150	+11.7%	$5,234.29
Pfizer	PFE	Medical / drugs	$17.51	200	+3.0%	$3,538.00
Cash*						$1,104.84
Total						**$25,751.13**

Norm Caris
Caris and Co. managing director for institutional sales

FINAL RETURN: +22.5%

COMPANY	TICKER	SECTOR	12/31 CLOSE	SHARES	QUARTER RETURN	12/31 VALUE
Hawaiian Holdings	HA	Airlines	$7.84	570	+30.9%	$4,468.80
Collective Brands	PSS	Retail apparel / shoes	$21.10	253	+30.7%	$5,338.30
Novellus	NVLS	Semiconductor equipment	$32.32	157	+21.6%	$5,074.24
Intel	INTC	Semiconductors	$21.05	196	+10.4%	$4,156.67
Alcatel-Lucent	ALU	Telecommunications equipment	$2.96	1,183	-12.4%	$3,501.68
Cash*						$1,967.70
Total						**$24,507.39**

Dwight Melton
Hawaii Stocks and Options Group co-founder

FINAL RETURN: +16.3%

COMPANY	TICKER	SECTOR	12/31 CLOSE	SHARES	QUARTER TOTAL RETURN	12/31 VALUE
F5 Networks	FFIV	Internet infrastructure software	$130.16	46	+25.4%	$5,987.36
Priceline.com	PCLN	Online travel	$399.55	16	+14.7%	$6,392.80
Amazon.com	AMZN	Online retail	$180.00	26	+14.6%	$4,680.00
Netflix	NFLX	Online movie rentals	$175.70	32	+8.4%	$5,622.40
Cash*						$583.42
Total						**$23,265.98**

* Cash received highest rate listed by Bankrate.com, Capital One Bank (1.34%), at the start of the quarter. Note: Total returns and sold stocks include reinvested dividends.

STAR-ADVERTISER

Hyman rides bull to second contest win

BY DAVE SEGAL
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Local stock expert Barry Hyman calls the events that led to the strong rebound on Wall Street last year the "mother of all bull markets."

And as stocks charged ahead in 2010, so did the four participants in the Star-Advertiser's ninth annual investment contest.

Hyman, private client group vice president for the Maui branch of FIM Group Ltd., took top honors for the second year in a row as his hypothetical $20,000 portfolio soared 32.1 percent to $26,425.07.

"Investors with trillions of dollars on the sidelines piled into CDs, bonds, bond funds and other very low-paying vehicles which was dry timber waiting to be ignited," Hyman said.

The other three participants in the contest also posted strong results.

Richard Dole, chief executive officer of Honolulu investment adviser Dole Capital LLC, saw his portfolio jump 28.8 percent to $25,751.13. Norm Caris, a Kauai resident and managing director for institutional sales for Caris and Co., was up 22.5 percent to $24,507.39. And Dwight Melton, co-founder of the Hawaii Stocks and Options Group, gained 16.3 percent to $23,265.98.

Hyman said the stock market recovery that began in March 2009 was fueled by an increase in Americans' personal savings rate, decreased personal debt, improved consumer confidence, federal actions to stimulate the economy, and strong personal consumption combined with reduced inventories that boosted manufacturing.

He ended the year on a strong note as his portfolio rose 11.2 percent in the fourth quarter with investment management company U.S. Global Investors his top pick with a 29.6 percent increase over the final three months.

Dole, a longtime follower of Newport, a supplier of scientific and technical instruments, was rewarded in the fourth quarter as it posted a 53.7 percent gain, the best performance of any of the local expert's stocks during the period. His portfolio rose 21.6 percent during the last three months of the year.

"The stock market in 2010 benefited from the expected recovery, particularly with corporate profits, a flight from the U.S. dollar, low interest rates, and a continued favorable income tax treatment for investors," Dole said.

Caris had two stocks that rose at least 30 percent during the fourth quarter en route to a 14.6 portfolio gain during that period. Hawaiian Holdings, the holding company for Hawaiian Airlines, jumped 30.9 percent while Collective Brands, formerly Payless ShoeSource, gained 30.7 percent. He said the final three months characterized the stock market for the year.

"It was all about the fourth-quarter political shift that gave us the best rally of the year," he said.

Melton, a former three-time contest champion, came in last despite his 16.3 percent full-year return beating two of the three major indexes.

The Dow Jones industrial average had a total return for the year of 14.1 percent while the Standard & Poor's 500 index was up 15.1 percent. The Nasdaq composite index rose 18.2 percent.

Melton's best performer in the fourth quarter was F5 Networks, which makes software for managing computer networks. The stock rose 25.4 percent during the final three months to help Melton's portfolio gain 15.2 percent during the quarter.

"As the year began, we were buffeted with concerns about China's likely moves to rein in economic growth; by Europe's travails, especially in Greece; by the fractious political climate in Washington, and by our own economic worries," Melton said. "The situation worsened in the second quarter as the Dow stumbled badly, losing 10 percent. However, the market corrected itself after midyear as fear about the economy ebbed both statewide and globally."

The end result, Melton said, was that investors grew more tolerant of the economic environment, and a U.S. election that "appears to have produced a divided Congress that is expected to be more friendly to business."

Next Sunday: The investors make their picks for 2011

A LONG LINE OF WINNERS

Champions of the Star-Advertiser's annual survey of best investment ideas:

2010	Barry Hyman	FIM Group Ltd.	+32.1%
2009	Barry Hyman	FIM Group Ltd.	+125.0%
2008	Norm Caris	Caris and Co.	-13.8%
2007	Dwight Melton	Hawaii Stocks and Options Group	+13.3%
2006	Barry Hyman	FIM Group Ltd.	+19.5%
2005	Dwight Melton	Hawaii Stocks and Options Group	+72.0%
2004	Dwight Melton	Hawaii Stocks and Options Group	+23.3%
2003	Paul Loo*	Morgan Stanley	+157.4%
2002	Richard Behnke*	Abel-Behnke Corp. Securities	+19.6%

* Deceased

Notes: 2005: The first year that investors were allowed to change picks at the end of each quarter. 2004: The first year that investors were given a hypothetical $20,000 portfolio. 2002-2003: Investors' results were calculated by averaging the return of all their selections

2010 YEAR-END FORECASTS

Hawaii stock experts collectively underestimated how the major indexes fared in 2010.

WHO	DOW	NASDAQ	S&P 500
Norm Caris	10,000	2,000	1,050
Richard Dole	10,700	2,400	1,150
Barry Hyman	10,428.05	2,269.15	1,115.10
Dwight Melton	11,400	2,500	1,230
2009 close	10,428.05	2,269.15	1,115.10
Dec. 31 close	11,577.51	2,652.87	1,257.64
2010 consensus	10,632.01	2,292.29	1,136.28

Experts expect rally to continue in 2011

BY MARK JEWELL
Associated Press

BOSTON >> Investors are finally inching back into the stock market. But are they too late?

While millions sought refuge in traditionally stable bonds over the past two years, they missed a more than 90 percent rally in stocks. Suddenly bonds don't look so safe, and some of the $11 trillion that Americans have parked in mutual funds is shifting back to stocks.

After putting more than $570 billion into bonds over the past two years, mutual fund investors reversed course last fall, worried that the prospect of rising interest rates and the growing deficits of state and local governments were bringing bond prices down.

In the last two months of 2010, investors withdrew a net $23 billion from bond funds, according to industry consultant Strategic Insight.

At the same time, corporate bottom lines are improving. So investors are finally starting to take another look at stocks after being burned in the 2008 financial crisis and scared by the market's "flash crash" single-day plunge in May.

"Most investors have been in a capital-preservation mentality, because they saw so much of their net worth destroyed in the bear market," says Chris Jones, chief investment officer with J.P. Morgan Asset Management.

Few have fully recovered since the stock market began sliding from its historic peak in October 2007. The Standard & Poor's 500 index is 17 percent shy of that level, despite recent gains.

The momentum has shifted, and now, with a couple of years of solid market performance, many risk-averse investors may be ready to get back in. But there are cautionary voices.

The economic recovery is still fragile in the eyes of Tom Roseen, an analyst with fund-tracker Lipper Inc.

"I wouldn't be surprised if we have a little bit of a pull-back over the next couple months, as people re-evaluate their portfolios and take a look at how much the market has gained," he says.

Until recently, investors got a decent return from their play-it-safe strategy. Diversified bond funds gained an average of 10.8 percent last year, beating their average annual gain of 6.2 percent over the past five years, according to Morningstar.

Still, nearly all types of bonds lost money in the fourth quarter.

Many stock market pros are predicting another year of double-digit gains. They point to several positive economic indicators: factories cranking up production, hiring activity picking up, growing corporate investment in technology. Consumers also are more confident.