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The Gazette BUSINESS

Happy days for market bears

Montreal money manager Benjamin Horwood rejoiced every time the stock market dropped in recent weeks. Horwood manages the \$6.5-million Value Contrarian Canadian Equity Fund and he's pleased with the 27-per-cent fall in the Toronto Stock Exchange 300 composite index from its high on April 22.

"The merchandise is finally going on sale," he says. In his shoebox-size office in the Sun Life building, Horwood keeps a large sun-bleached bone on his paper-strewn desk. It's a souvenir of a trek through the Botswana wilderness, but it would be more appropriate if had been extracted from the carcass of a slain bull.

THE MARKETS DON MACDONALD

The market plunge is sweet vindication for bearish investors like Horwood who were often ridiculed and scorned for their pessimism when the bull market was running strong.

Then cash was trash. Now cash is king. Indeed, Horwood's fund - which requires an initial investment of at least \$100,000 - was holding almost a third of its value in cash going into the plunge because he says he couldn't find enough reasonably priced stocks in an overheated market.

Now his investors are benefiting from his caution. In 1998, his fund is down just 4 per cent to Aug. 31, compared with a decline of 17.5 per cent for the TSE 300. He says he's moving into the market with his cash and a list of stocks he's interested in buying when the price is right.

Horwood, like his heroes Warren Buffett and Benjamin Graham, is a value investor. That means he seeks out stocks trading at a discounted price compared with earnings, book value and other measures.

Buffett, who has produced an 25.6 per-cent average annual return on his investments since 1967, counsels investors to buy stock in quality companies at favourable prices and hold on. And he advises those who will be buyers of stocks in coming years, such as members of the big baby boom generation, to be optimistic in the face of market pessimism.

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PIERRE GRENDRAUF/GAZETTE
Benjamin Horwood's desk features the bones of African wildlife.

HOW THEY CLOSED

	CLOSE	CHANGE	%CHG.	% YTD*
NORTH/LATIN AMERICA				
ME	2937.37	+21.53	+0.73	-13.85
TSE	5711.18	+29.70	+0.50	-14.75
DOW	7682.22	-100.15	-1.29	-2.86
S & P 500	982.26	-8.22	-0.83	+1.22
NASDAQ	1571.86	-20.99	-1.32	+0.10
MEXICO	3102.39	-76.17	-2.40	-40.67
BRAZIL	6218.51	-586.12	-8.61	-39.01
EUROPE				
LONDON (FTSE 100)	5118.70	-117.10	-2.24	-0.33
PARIS (CAC 40)	3646.46	-83.21	-2.23	+21.59
GERMANY (DAX)	4797.12	-151.38	-3.06	+13.56
SPAIN (IBEX 35)	8380.40	-168.30	-1.97	+15.51
MILAN (MIB 30)	30420.00	-975.00	-3.11	+21.96
BRUSSELS	18799.81	-118.51	-0.63	+31.20
AMSTERDAM	1069.83	-30.43	-2.77	+17.09
STOCKHOLM (OMX)	624.03	-19.86	-3.08	+4.05
ZURICH	6605.10	-235.80	-3.45	+5.42
PACIFIC RIM				
TOKYO	14261.24	-115.38	-0.80	-6.54
HONG KONG	7318.59	-37.08	-0.50	-31.75
SYDNEY (ASX 30)	2513.30	-2.70	-0.11	-3.94
GOLD (IN U.S.)				
	\$285.20	+\$4.90		
DOLLAR				
	65.00	+0.17		

*Percentage change in the year to date.