

Some Managers Turn to Tulane in Search for Stock Tips

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Some Louisiana money managers are turning to an unusual source for stock tips: Tulane University students' homework.

Thirty students at Tulane's Freeman School of Business are following 13 publicly traded companies that tend to be too small and out of the way for professional analysts to bother with. After a year of tracking these Louisiana-based companies, they publish reports -- complete with recommendations -- in what the American Assembly of Collegiate Schools of Business calls the only program of its kind.

Although Tulane's Freeman Reports are little known on Wall Street, they are being taken seriously by a loyal coterie of Cajun investors. Bryan Dutt, an oil and gas analyst at Howard, Weil Financial Corp. in New Orleans, purchased stock in Shaw Group Inc., a pipe manufacturer in Baton Rouge, for his personal portfolio after reading a Freeman "buy" recommendation.

"I bought it at five [dollars a share], and sold it six months later at nine," Mr. Dutt says. "That's pretty good -- just like they said." The stock was quoted yesterday at \$8.594 on the Nasdaq Stock Market.

Not all of the students' picks soar 80% in six months, of course. Steve Rueb, an analyst at Dorsey & Co. in New Orleans and a Freeman alumnus, followed a Freeman recommendation and purchased 100 shares of Ambar Inc., an oil and gas services company in Lafayette. When he bought Ambar last year, its shares were trading at about \$4.50. The Nasdaq stock closed yesterday at \$5.625.

A 25% gain is nothing to sneeze at, but Mr. Rueb says the stock is "still pretty slow." He figures that for it to move sharply higher, a larger volume of Ambar shares need to be traded -- which is an argument, he says, for wider distribution of the Freeman Reports. (Only 5,200 shares of Ambar changed hands yesterday.) "You need to get traders and sellers to see" these analyses, he says.

But Tulane, which spends about \$12,000 a year on the program, doesn't have the incentive -- or money -- for vast printings and mailings. In all, it distributes about 200 reports on each company, free of charge, to large shareholders,

analysts and others.

In the two years the Freeman Reports have been up and running, the students have yet to issue a "sell" recommendation. Peter Ricchiuti, the program's director and an assistant dean, says that's largely because the stocks aren't widely followed and, therefore, are rarely overpriced.

"These are just estimates on companies that no one's really cared about," Mr. Ricchiuti says. But, he adds, "We may get a sell this year." Meanwhile, eight stocks are currently rated either "buy" or "market performer," which means share price is keeping pace with that of comparable companies. Five others are also being analyzed and are awaiting a rating.

Despite the Freeman Reports' relatively small circulation, market players praise them for their quality and for avoiding the conflicts inherent when analysts follow a company in which their firm has a financial stake. Mostly, though, investors say they rely on the Freeman Reports because there's often no place else to turn to for information on these firms.

"The students provide a source of information that's unbiased and pretty credible," says Gerald Kennedy, chief investment officer of Kennedy Capital Management in St. Louis, who has relied on the reports for initial "toe-in-the-water" investments when "there just aren't a lot of regional analysts."

Not surprisingly, some of the program's participants have gone on to become professional analysts. And they say following companies in the real world isn't much different from what they did in the classroom.

"It's learning how to analyze the company, what questions to ask, what measures to consider," says Ray Carpenter, who graduated from Tulane in June and now works as a corporate-finance analyst at Rauscher Pierce Refsnes Inc. in Dallas.

For their part, company executives say they welcome the students' scrutiny.

"Would I prefer to have an analyst from Morgan Stanley? Sure," says Richard Gonzalez, chief financial officer at Bayou Steel Corp., which has been rated a buy for two years. "But I'm happy to have any coverage."

--- Student Stock Picks

Current ratings of Louisiana companies by the Freeman Reports program at Tulane University's Freeman School of Business

STOCK SYMBOL MARKET RECOMMENDATION

American Oilfield Divers DIVE Nasdaq Buy

Ambar AMBR Nasdaq Market performer

Bayou Steel BYX Amex Buy

Campo Electronics CMPO Nasdaq Market performer

Melamine Chemicals MTWO Nasdaq Market performer

Piccadilly Cafeterias PIC NYSE Buy

Ramsay Healthcare RHCI Nasdaq Market performer

Shaw Group SHAW Nasdaq Market performer

New companies, not yet rated:

Akorn AKRN Nasdaq --

Avondale Industries AVDL Nasdaq --

Amedysis AMED Nasdaq --

International Shipholding ISH NYSE --

Network Long Distance NTKW Nasdaq --