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WHAT THEY'RE BUYING: ENERGY, INTERNATIONAL, GROWTH STOCKS

Compiled by Max Jarman, The Arizona Republic

Valley investment advisers see opportunities, express cautious optimism, anticipate market correction.
Keith Baum

Lowry Hill, Scottsdale

Baum is optimistic about the market's prospects for 2007 and sees opportunities among undervalued S&P 500 companies.

"Earnings have doubled, but valuations are not up accordingly," he said.

Baum notes that the economy is still in good shape and inflation is in check.

Baum favors large-cap, growth and international stocks. Specifically, he is buying information manager EMC Corp. (EMC) and education lender SLM Financial Corp. (SLM).

He also is adding semiconductor maker Microchip Technology Inc. (MCHP) to his portfolio.

Robert Wong

Raymond James, Scottsdale

Wong is cautiously optimistic about the market's performance in 2007.

The economy is doing reasonably well and stock values are still not out of whack the way they were in 2000, he says.

Wong notes that low-volume market pullbacks generally are followed by high-volume rebounds, indicating support from institutional buyers.

Wong is buying voice-recognition software maker Nuance Communications Inc. (NUAN), Chinese Internet search engine Baidu (BIDU) and oil-well services provider National Oilwell Varco (NOV).

David Fernandez

Wealth Engineering LLC, Scottsdale

Fernandez says he believes the market is overheated and due for a short-term correction.

International stocks will outperform U.S. issues in the near term, he says, noting there are opportunities in sectors that have corrected, such as energy. He is buying the Hussman Strategic Growth Fund (HSGFX) and the Vanguard Energy exchange-traded fund (VDE). He also favors the Pimco Real Return Strategic Institutional fund (PCRIZ).

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