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ON THE WEB

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Ten Years After

By FLOYD NORRIS

I've been working on a year-end piece — this is my last day at the office in 2009 — and I came across an article from Feb. 20, 2000, in which 10 money managers each chose one stock to buy then and hold until 2010.

It's almost 2010, so I checked to see how they had done. For most, not well.

Because I am a kind soul, I'll start with the good picks.

What stands out is that the two winners were talking about value, something that should never go out of fashion but had in those days. Bill Nasgovitz of Heartland Value Fund picked something called Henry Schein, a distributor of dental equipment. He saw a growth business because aging baby boomers would need more dental work, and a stock that was depressed.

Had you bought it the Friday before the article appeared in the Sunday paper, and sold today, your profit would have been over 600 percent.

I called Mr. Nasgovitz today.

"We made a lot of money in Henry," he said. "We're not a holder now."

So what would he recommend for the next decade? Steris (ticker STE), a stock that is in his fund now. It's a medical equipment company that has recently slumped because the F.D.A. is upset with it. Mr. Nasgovitz says that has put the stock on sale, and while he doubts it is another Henry, he does think it will do well.

That stock closed today at $27.83. A few weeks ago, it was over $33.

The other winner came from Bill Miller of Legg Mason. His pick was Waste Management, a company that had repeatedly disappointed Wall Street and lost a lot of value. It more than doubled in the decade.

For the others, I won't name names. You can get them, but somehow it seems cruel to hold people to words uttered in the midst of a mass mania.

Consider this quote, at a time when technology stocks were trading at huge multiples to anything you could think of, whether sales or profits, if there were any.

"To me," said a manager a few weeks before the all-time peak in tech stocks, "it is fairly easy to suggest that technology will be the area that will be the big winner" in the decade. Her choice was JDS Uniphase, a stock that at that point was up 984 percent over the previous year.

It was, she explained, a maker of fiber-optic equipment. "The only hindrance is that there is too much demand," she said.

JDS Uniphase is still around, and has more than doubled this year, although it is (again) losing money. It is down 99 percent since the article appeared.

Here is one man who chose Nokia, which had risen 3,600 percent in the previous decade: "The stock probably won't do better than it did in the 1990s," he said, correctly. "But it will continue to rise," he added, incorrectly. It is down more than 70 percent since then.

Another quote: "By traditional measures, the stock is not cheap," a manager said of Oracle, which was then trading at 125 times forecast profits. (That forecast would not be realized.) "But if you are looking at a 10-year hold, the current valuation parameters will not matter."

He was sort of right. Oracle is only 17 percent below where it was then.

Here is more good news. Thanks largely to Henry Schein, an investor who bought $1,000 of each of those 10 companies, and held on, would now have more than $13,000, even with losses on eight of the holdings. That performance is much better than that of the overall market.