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## Complete Guide to PC Investing

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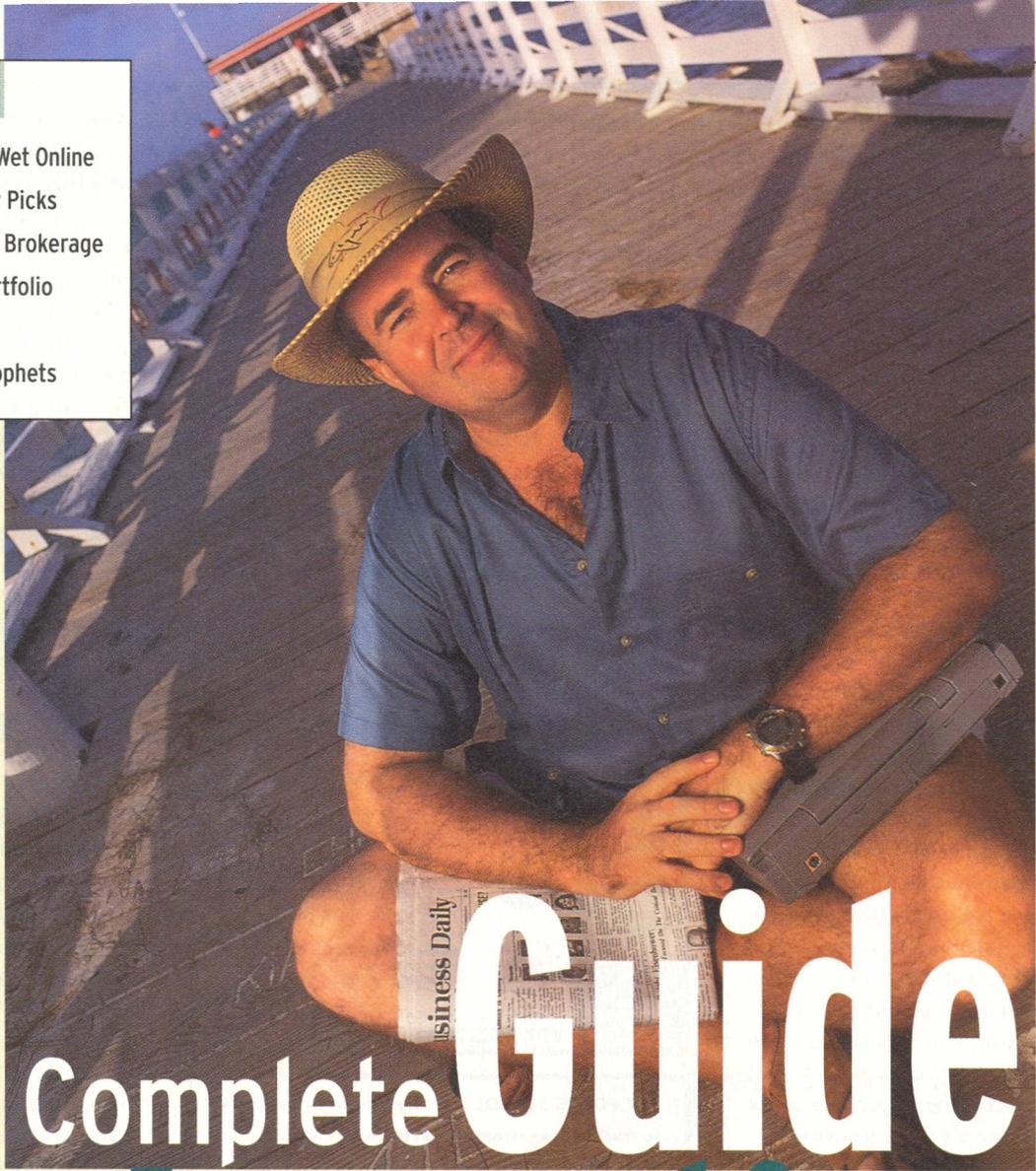
PLUS

HOW TO CHOOSE  
THE RIGHT PC  
RIGHT NOW

## INSIDE

- 150 Get Your Feet Wet Online
- 150 Research Your Picks
- 154 Pick an Online Brokerage
- 158 Track Your Portfolio
- 160 Join a Club
- 164 Shun False Prophets

INVESTING



# The Complete Guide To Investing With Your PC

FLORIDA'S ANNA

Maria Island is a far cry from Wall Street. Hard-

ly a building rises above the tops of the isle's palmetto trees, and the loudest sound comes from the waves lapping at white-sand beaches.

Yet here, just a block from the water, Jim DePorre is as busy as any trader in Manhattan. For the last five years, this onetime certified ▶

BY DOUGLAS GERLACH

public accountant and attorney has turned his attention to the financial markets and made himself millions of dollars buying and selling stocks. DePorre places dozens of trades each day from his second-floor office on the island—all using his computer.

**You can, too.** Sound heavenly? Even if your personal fortune is much more modest than DePorre's, the tools to make it grow are within your reach. Anyone with a PC and an Internet connection can plug into a trove of resources.

You can get your hands on the same data the experts use to play the market, save a bundle on fees by buying and selling stocks directly online, and wield a host of Web-based tools to manage your burgeoning wealth. The best part: It's almost all free.

Whether you've never bought stock in your life or you know what it means to sell short, lots of helpful sites can guide you down the road to financial security. To help you, we've broken online investing into six steps, from getting your feet wet to avoiding cyberswindlers. And check out the Tipper Tape below for sage investment advice.

Of course, no one can guarantee you'll make money investing online. But with all the tools awaiting you on the Internet, you have a fighting chance of retiring in the tropics.



## STEP 1 Get Your Feet Wet Online

WHAT? YOU say you've never invested before? Or maybe you have but feel you don't know enough to go it alone online. No problem. Internet resources can teach you all the basics of investing in stocks or mutual funds. If you're an America Online subscriber, start at the Investing Basics area (keyword: **investing**

**basics**). It provides lots of information, from key concepts to tips for long-term success. Chat rooms and message boards allow you to share thoughts with other beginners, but beware of what you read in these areas: Scam artists are as thick as flies on an unscreened porch (see "Avoid Investment Scams").

Many investors start a portfolio by buying mutual funds. At the Web site of The Vanguard Group ([www.vanguard.com](http://www.vanguard.com)), you can "attend" classes at

lent background. The Motley Fool's premise is that the "wise people" of Wall Street—the investment pros—aren't always so smart, and that individual investors can outperform the pundits by using a little common sense.

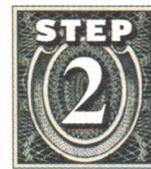
The Fool's School lays out 13 steps to investing, starting with buying *index funds*, which attempt to mirror the per-

formance of the market as a whole. As your learning progresses, The Fool introduces you to different investment styles, such as the "Dow Dividend" method, which requires spending just an hour each year buying the ten stocks in the Dow

Jones Industrial Average that pay the highest dividend yield. The beauty of such methods lies in their simplicity.

**Before you leap.** Read enough about investing but unprepared to lay down the cash? Why not practice with a mock portfolio? Make a few picks and see how well they do. Check on them in newspapers, or use one of the online tracking tools noted in Step 4. Another option is to join a market simulation game like Final Bell ([www.finalbell.com](http://www.finalbell.com)). Players set up a portfolio with play money, and then "buy" and

"sell" shares for the duration of the contest. Winners—those who end up with the most money—even receive real cash prizes. It's easy to sign up, too: Just register at the site. Participation is free.



## STEP 2 Research Your Picks

ONCE YOU have a handle on how to invest, it's time to figure out where to put your money. With thousands of financial Web sites at your disposal, the search for information about stocks and

Vanguard University and complete a ten-course curriculum on the fundamentals of mutual fund investing and retirement planning. Starting with "What Is a Mutual Fund?" the lessons teach you to build a balanced portfolio, covering tax issues, index funds, and guidelines for selecting a mutual fund. And because every university needs a library, Vanguard posts an additional series of articles and commentary.

If you're ready to plunge directly into stocks, The Motley Fool at [www.fool.com](http://www.fool.com) (or AOL keyword: **fool**) provides an excel-

## ONLINE INVESTMENT RESOURCES AT A GLANCE

Research	URL	Comments
DailyStocks	www.dailystocks.com	Plenty of pointers to company research on the Web.
FreeEDGAR	www.freeedgar.com	Real-time access to SEC filings made by companies.
InvesTools	www.investools.com	Newsletters, news, and research reports—some for a fee.
Morningstar	www.morningstar.net	Extensive stock and fund research, plus star ratings of mutual funds.
SEC EDGAR	www.sec.gov/edgarhp.htm	Database of corporate filings made by public companies.
Thomson Real-Time Quotes	www.thomsonrtq.com	Access to free real-time stock quotes, plus other resources.
Wall Street Research Net	www.wsrn.com	Lots of links for stock research; fundamental data, too.
Trading Information		
OnlineInvestors.com	www.onlineinvestors.com	Ratings of discount brokerages—important for finding the right broker.
Gomez Advisors	www.gomezadvisors.com	Research firm ratings and ranking online brokers.
Portfolio Tracking		
Yahoo Finance	quote.yahoo.com	Quick and easy portfolio tracking, plus lots of news, information, and links.
InfoBeat	www.infobeat.com	Free e-mail service that tracks your portfolio.
Investment Clubs		
NAIC	www.better-investing.org	Offers help on starting your own investment club.
Club Web Pages	www.investorama.com/olclubs.shtml	Directory of investment club Web pages.
Stock Talk		
The Silicon Investor	www.techstocks.com	Lots of talk about technology stocks and other industry stocks.
The Motley Fool	www.fool.com	Message boards let investors meet head-to-head and get advice.

mutual funds can be daunting. Fortunately, we know a couple of good places for you to start looking. Both DailyStocks (www.dailystocks.com) and Wall Street Research Net (www.wsrn.com) are free virtual gateways to all sorts of financial resources, including research, government data, and brokerage sites. The two sites also offer fundamental data of their own—historical financial statements, earnings estimates, and so forth—but the emphasis is on cutting through the nonessentials and providing a springboard to the important information you need on the Web.

**A super source.** After sampling what's available, visit Yahoo Finance (quote.yahoo.com), which provides comprehensive, free information about stocks and mutual funds. Type a stock ticker symbol, and you'll get a price chart for various time periods, plus news stories, a brief company profile, analysts' earnings estimates, and the company's quarterly and annual filings with the Securities and Exchange Commission. Yahoo Finance's

mutual fund reports include an overview of each fund, plus performance statistics and a summary of its holdings. The selection of information, while not especially broad, is extensive enough to be valuable for most investors no matter what their skill level. The site's simple design and fast response make it one of the easiest to use on the Web.

If you want to dig deeper, check out Morningstar.net (www.morningstar.net), the Web site of the venerable publisher of mutual fund analyses. It provides free Quick Take Reports on 7000 mutual funds and 7500 stocks. These reports provide a gold mine of data for would-be investors, including descriptive profiles, financial statements, performance returns, valuation models, and recent news stories. The fund

reports include performance statistics, Morningstar ratings, the fund's top holdings, and management information. An especially neat feature is the Morningstar Style Box, a visual representation ▶

**Oakmark**  
 Ticker: OAKMX  
 Morningstar Category: Large Value  
 Net assets: \$6,814.9 mil  
 NAV: \$40.27

Year	1990	1991	1992	1993	1994	1995	1996
Total return %	---	---	48.90	30.50	3.32	34.42	16.21
+/- S&P 500	---	---	41.28	20.44	2.00	-3.11	-6.74

**MORNINGSTAR.NET** gives loads of data, besides Morningstar's famous mutual fund star ratings.

contribution before investing. .... Check the Web sites of public companies for investor information. ....▶

of the fundamental statistics of a stock or fund.

If you want to find out why one of your stocks reported an unexpected loss last quarter, you'll need to check out EDGAR (Electronic Data Gathering and Retrieval), the system that companies use to file reports with the SEC. The compilation of annual and quarterly filings is a good place to discover details about a company's operations.

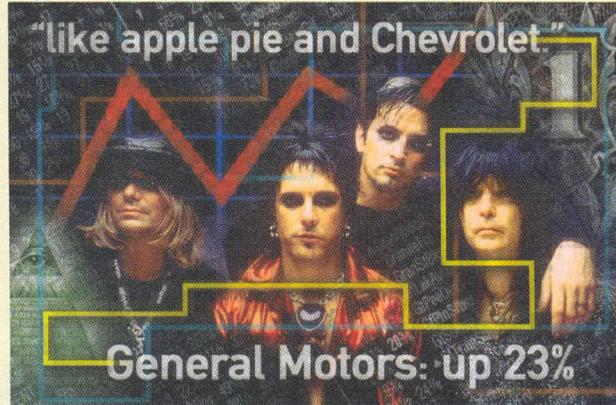
**Free filings.** The SEC manages its own EDGAR database at its official Web site ([www.sec.gov](http://www.sec.gov)), where company filings are available for free—but not until 24 hours after the SEC has received them. An alternative source of data is FreeEDGAR ([www.freeedgar.com](http://www.freeedgar.com)), which offers real-time access to filings.

FreeEDGAR takes the raw text of the filings and rearranges it into a format that's much easier to view. Microsoft Excel 97 users can download an add-in program that turns the spreadsheet into a browser and automatically pulls in data from FreeEDGAR. The site also offers a customized e-mail watch list to notify you when filings are made for companies you're tracking. And it's all free.

Of course, not everything online is free. In general, if you want to obtain more analysis and less raw data, you'll have to pay for it. And once you've located a promising stock or mutual fund, you'll probably want an expert's opinion to bolster—or denigrate—your choice. InvesTools ([www.investools.com](http://www.investools.com)) is an affordable source of opinions. This site is made up of content from third-party providers such as newsletter publishers, research services, and financial advisers. You don't need to buy pricey subscriptions to access this information; if you prefer, you can purchase it on an à la

**E**verywhere you look on the Internet, someone has a stock tip for you. But is the advice that's being offered any good?

As an informal experiment, we compiled mini-portfolios using advice culled from an investment newsgroup, stock-picking Web sites, electronic newsletters, and The Motley



carte basis. Prices range from 25 cents for a news story to \$50 and up for some research reports.

Two of the best for-pay sites are TheStreet.com ([www.thestreet.com](http://www.thestreet.com)) and Quote.com ([www.quote.com](http://www.quote.com)). Both are ideal for serious, active investors. TheStreet.com costs \$6.95 per month (\$9.95 if you want a daily e-mail bulletin). Some of its features—including news, quotes, and basic commentary—are free, but you'll pay extra for the really good stuff, including financial models and other analyses.

**Real-time quotes.** Quote.com's basic package costs \$9.95 a month. If you just can't accept the normal 20-minute delay on most free sites, you can get real-time stock prices at the site, but you'll have to sign up for the \$99.95-per-month premium package. Most of what Quote.com delivers—including portfolios, charts, news, and even annual reports—can be had for free elsewhere if you apply yourself. If you simply can't live without real-

# Motley Fool Meets

## Can you get rock-solid stock tips on the

Fool, one of the Web's most popular sources of stock information. Then, to see how these cybertips compared to old-world methods, we asked professionals at MFS Investment Management, the nation's old-

est mutual fund company, for some of their picks. And finally, we made a series of picks at random—by scanning the lyrics of rock band Mötley Crüe for company references.

Wouldn't you know it? The random picks based on Mötley Crüe's lyrics fared the best. So should you start consulting heavy metal songs for investment advice? Not necessarily. Remember: Past performance is no guarantee of future earnings. Our Mötley Crüe portfolio excelled because it contained the stocks of large companies like General Motors, which performed well at the end of 1997 while other companies' stocks

time quotes, you should consider picking them up for free at Thomson Real-Time Quotes ([www.thomsonrtq.com](http://www.thomsonrtq.com)).



### Pick an Online Brokerage

IF YOU'RE ready to buy a few shares of stock, you'll need a broker.

Despite occasional glitches like overloaded servers, online brokerages are attractive. They take commissions as low as \$8 per trade and offer round-the-clock access to your portfolio—as well as free research, charts, and stock quotes. You can choose from established names like Charles Schwab ([www.schwab.com](http://www.schwab.com)) or relative upstarts like Datek ([www.datek.com](http://www.datek.com)). Minimum commissions typically range from \$8 to \$29 per transaction, and they may cost even less in some cases: Web Street Securities ([www.webstreetsecurities.com](http://www.webstreetsecurities.com)) charges its customers no commissions on Nasdaq market orders

.....▶ *Set aside money for investing on a regular basis. .... Don't go looking for a tax loss. Nobody ever got rich*

# Mötley Crüe

## Internet? Well, yes and no.

suffered fallout from Asia's economic woes. If there's a lesson to be learned, it's that blue-chip stocks make good investments.

Lesson number two: Don't pay much attention to what you read in Usenet newsgroups. The recommendations we took from misc.invest.stocks lost over 30 percent. In newsgroups, you never know the source of the tip, so following advice there is like picking a stock at random.

As for Web sites and electronic newsletters, what can we say? Sometimes they're right; sometimes they're wrong. We got a good pick called Dycom from Cousin Bob's Stock Picks. But Netscape, which we culled from

of 1000 shares or more.

The savings add up fast. Joe Barocio, a manager at an electronics manufacturing firm in Lewisburg, Tennessee, had used full-service brokers for 33 years. In 1994, annoyed at poor investment advice and high commissions, he decided he'd rather switch than fight. Barocio eventually opened accounts at three discount online brokerage firms; he estimates that he has saved \$3500 in commissions as a result. "Brokerage fees have ceased to be a consideration in my investment decisions," he says. "What used to be 4 percent is now usually under 1 percent."

The strategy of using several brokers is not uncommon. It allows you to take advantage of different resources while minimizing commissions. If you plan to make lots of trades, you might consider opening an account with a dirt-cheap brokerage; for a less active (but more important) retirement account, you should

Henry Weingarten's Astrologer's Fund, tanked. The biggest winner among all the

stocks we tracked was 3D chip-maker 3Dfx, which we got from The TJK Market Letter, written by a recent graduate of Brown University. But a second pick we took from the same newsletter, Activision, went down in price.

Even The Motley Fool, usually an excellent source of advice, isn't right all the time. Our mini-portfolio, gleaned from what The Motley Fool calls its Boring Portfolio, was dragged into the red by one huge loser—Green Tree Financial—even though another of The Fool's picks, Cisco, rose 30 percent.

In short, use the Internet for research, not surefire picks. If you decide to follow the advice of an online resource, make sure that you investigate how the resource came up with the pick and see if you agree. And if you don't want to do all the home-

probably go with a more expensive firm that offers lots of research.

Another new benefit of online brokers is easier access to initial public offerings. Getting customers in on the ground floor with a company has traditionally been the province of full-service brokerages, but now discount brokers such as Schwab, E-Trade ([www.etrade.com](http://www.etrade.com)), and DLJ Direct ([www.dljdirect.com](http://www.dljdirect.com)) are beginning to make IPOs available to their online account holders. New sites like IPO.com ([www.ipo.com](http://www.ipo.com)) that specialize in IPOs are also popping up.

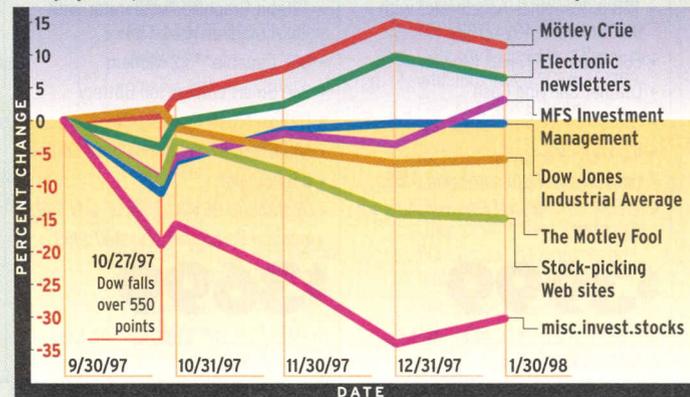
**No IPO for you.** There's no sure thing, though. Just because a company is going public doesn't mean your brokerage can sell you the new stock. And since IPO shares are subject to various kinds of offer restrictions, small investors may

work required for picking stocks online, there are always flesh-and-blood professionals who'll do the research for you. The folks at MFS Investment Man-

agement put together a portfolio for us that went up in January and at press time was showing encouraging signs of really taking off. —Brad Grimes

## Blüe Chip Crüe

Song lyrics provided sound investment advice in a rocky market.



**How We Picked Them.** Each portfolio was composed of five stocks and tracked from market close on September 30, 1997, until market close on January 30, 1998. The picks were taken from their respective sources just prior to September 30. The stock-picking Web sites we looked at were: Cousin Bob's Stock Picks ([www.stocksites.com](http://www.stocksites.com)), Henry Weingarten's Astrologer's Fund ([www.afund.com](http://www.afund.com)), Inside Wall Street ([www.insidewallstreet.com](http://www.insidewallstreet.com)), and The Short Term Stock Selector ([www.flash.net/~hesler](http://www.flash.net/~hesler)). The electronic newsletters we looked at were: Jack's Picks ([www.jackm.com](http://www.jackm.com)), The Napeague Letter ([www.napeague.com](http://www.napeague.com)), The TJK Market Letter ([www.oursquare.com/members/tjk](http://www.oursquare.com/members/tjk)), and Weekly Economic Update ([www.stockresearch.com](http://www.stockresearch.com)). For a detailed list of the stocks held in each portfolio, plus an analysis by Joel Tepp, vice president at a national stock brokerage firm, visit PC World Online ([www.pcworld.com/may98/invest](http://www.pcworld.com/may98/invest)).

still find themselves shut out of the deal.

To get started trading online, all you need is a Web browser that supports the Secure Sockets Layer protocol—as Netscape Navigator 3.0 and Microsoft Internet Explorer 3.0 and later do. Opening an account is simple. Some online firms, like DLJ Direct, have even dispensed with the formalities of paper application forms, allowing users to open a new account on the site with just a few mouse clicks and keystrokes. Other companies still require you to fill out a paper application, but they provide the necessary forms on their Web site so you can download and print them.

Of course, you'll need to add some cash to your new account before buying any stock. Send a check or have your bank wire funds to get started trading. ►

from selling stocks at a loss. .... Invest in industries you know about. .... If the market tanks, stay calm. ....►

Many online brokers will open an account with no minimum balance, though some do require an initial investment of \$1000 to \$10,000 (and sometimes more). If you already have a brokerage account, your new online broker will gladly take care of transferring your cash and securities from the old firm.

**Mind the pitfalls.** The downsides to using online brokers? First, many firms charge fees for some services, such as sending stock certificates to you, closing an account, or even letting you place an order by phone instead of from the Web site. Second, the firm with the lowest minimum commission may not be the cheapest broker. Some companies levy additional charges for large trades—say, 5000 shares or more—raising the commission well above the advertised minimum. Check the commission and fee schedules of online brokers carefully.

And third, as the market crash last October demonstrated, trading with online brokers may not be as reliable as those companies would have investors believe. Clients reported that they found it nearly impossible to get through to

*What are the **downsides** to using online brokers? Many firms charge **fees** for some services. And trading online **may not be as reliable as the brokers would have investors believe.***

several online brokerage sites, spawning an SEC inquiry into the capacity of these firms, as well as at least one class-action lawsuit filed by disgruntled investors. Companies are promising to add more servers to handle the heavier Web traffic. Some, like Charles Schwab, say that online investors can now trade over the phone—or even at a Schwab office—for the same fee as trading online, if their Web sites are overloaded.

**Major decisions.** Which online brokerage should you choose? We didn't have the funds to open accounts at all of them, so we can't say for sure. But some Web sites monitor the online brokers and offer advice and information; OnlineInvestors.com ([www.onlineinvestors.com](http://www.onlineinvestors.com)) is one of the best. It gives background information on brokers, makes recommendations, and fields complaints from users.

Another excellent site for uncovering facts about brokers is Gomez Advisors ([www.gomezadvisors.com](http://www.gomezadvisors.com)). One feature of its home page is the Internet Broker Scorecard, which lists the current top five online brokerages. Rankings are based on a variety of factors, including ease of use, consumer confidence, and overall cost. As this article went to press, Gomez Advisors' favorite online brokers included Web Street Securities, E-Trade, and DLJ Direct. Circumstances change quickly in the

investment world, however, so be sure to consult the Gomez site yourself for the latest news and rankings.



## Track Your Portfolio

YOU'RE NOW the proud owner of a carefully researched portfolio of stocks and mutual funds, but your investing tasks are far from finished. You need to keep tabs on how your shares are performing and on any important news that might affect your portfolio.

If you have a Net connection and personal finance software such as Intuit Quicken or Microsoft Money, you can update the prices of your stocks and funds with just a few mouse clicks. You need not own Money or Quicken to track your portfolio, but it makes the process more convenient. Aside from downloading prices, these programs deliver news about stocks or funds that you own.

**Easy tracking.** Subscribers to America Online can gain access to AOL's portfolio tracker by entering the keyword **portfolio**. This isn't the most detailed tracker, but it's easy to use and perfect for new investors.

You can create 20 different portfolios with up to 100 stocks and funds in each. A simple table identifies prices, numbers of shares, and the amounts you've lost or gained. When you double-click a stock or mutual fund, AOL provides a summary of current data and statistics for it. Prices are usually delayed at least 20 minutes—standard for most online quotes. You can also get news about your holdings, but it's from a fairly small list of sources.

On the Web, almost every financial site lets you track a portfolio for free; ▶

The screenshot shows the OnlineInvestors.com website. The main heading is "The Directory of Online Brokers". Under "Back to the Front Page", there is a link for "Directory requests". A text box explains that this is the leading directory of online brokers and provides a resource for finding information on or off the web. Below this, there is a section for "Broker Information" with details for Ameritrade:

- Ameritrade**
- [www.ameritrade.com](http://www.ameritrade.com)
- [info@ameritrade.com](mailto:info@ameritrade.com)
- 1-800/454-9272
- P.O. Box 2209
- Omaha, NE 68103

**Broker Information**

- Web Commissions:** \$8 with unlimited number of shares; \$5 additional fee limit, stop, and stop limit orders.
- Offline Commissions:** \$12 with touch-tone and \$18 with a broker.
- Account Minimums:** \$2000 in cash or equity.
- Interest paid on cash:** 3% interest paid on credit balances over \$1000.
- IRA accounts:** No annual fees.
- Penny Stocks:** information n/a.

At the bottom of the screenshot, a text box reads: "CHOOSING an online broker? OnlineInvestors.com has a sizable directory peppered with helpful advice."

.....▶ *Don't chase last year's hot mutual fund. .... Don't aim for millions immediately—get rich slowly.* ▶.....

# Avoid Investment Scams

With the rapid growth of online investing, it's only natural that crooks should recognize opportunities of their own on the Internet. Last year, SEC chair Arthur Levitt told a group about a con artist who convinced credulous Net users to invest in eel farms that did not exist.

Other scams may not be so obvious. Beware of stock newsletters—some are nothing more than glorified online infomercials, for which companies pay

to have their stocks promoted.

Online discussion groups are another area rife with fraud. One common ploy is the *pump and dump*. An individual, or a group of people working in cahoots, posts a message touting a stock. As the excitement fueled by the tipsters grows, the share price is pumped up. When the stock's price reaches new heights, the promoters dump their shares. The share

prices then fall, leaving later investors with only pennies on each original investment dollar.

How can you protect yourself? Use common sense and a healthy dose of cynicism. To find out whether a Web site or newsletter has been paid to recommend a stock, read the fine print. Then research every investment thoroughly. If you suspect you've been victimized by a deception—or if you just want to stave off the rogues in advance—check out these sites:

■ **The Enforcement Division of the Securities and Exchange Commission** ([www.sec.gov](http://www.sec.gov)) has Investor Alerts posted that describe common rackets used to defraud online investors. You can also file a complaint here.

■ **The National Fraud Information Center** ([www.fraud.org](http://www.fraud.org)) is home to the Internet Fraud

Watch, which offers tips for investing and lists the warning signs of potential scams.

■ **The Investor Protection Trust** ([www.investorprotection.org](http://www.investorprotection.org)) is an organization that assists in prosecuting investment fraud. It also provides links to articles and resources that can help you become a smarter investor.

■ **The Stock Detective** ([www.stockdetective.org](http://www.stockdetective.org)) keeps an eye on stock promoters operating on the Web and regularly exposes flagrant examples of abuse and fraud.

Ironically, investor greed is what makes most deception possible in the first place. So don't abandon common sense in pursuit of a quick buck. When someone online tells you about an extraordinary opportunity, don't forget: It might turn out to be an eel farm. —D.G.



usually you just have to register at the site. But our favorite portfolio manager is at Yahoo Finance ([quote.yahoo.com](http://quote.yahoo.com)).

**Fast stock access.** With its plain and easy-to-navigate user interface, Yahoo Finance is one of the Web's simple pleasures. It offers access to an unlimited number of portfolios with unlimited securities in each, all presented in a clean, straightforward way. The minimalist design ensures that pages load quickly. You can view your portfolio in several formats and easily link to additional research about any stock, including charts and news items. (Current stories and quotes are delayed by 15 or 20 minutes.) Yahoo Finance also gives you the option of downloading your portfolio into a spreadsheet or importing it into a personal finance program.

Besides using your Web browser to

track your portfolio, you can also arrange to have the information e-mailed to you daily. InfoBeat ([www.infobeat.com](http://www.infobeat.com)) is a free, personalized e-mail service that delivers news, weather reports, sports headlines, and financial information to subscribers. Its InfoBeat Finance service sends a daily report with closing quotes and news for up to three portfolios in any of several formats, including an attached file suitable for importing into Quicken or a spreadsheet. InfoBeat is free to users, but each e-mail message includes a brief advertisement that some people may find annoying, though it isn't terribly intrusive.

**Beware the ides of April.** Regrettably, Web portfolio trackers lack record-keeping features you'll need at tax time. To see details on taxable gains, dividends, and losses, you'll need to use a software

program like Quicken or Money, and you'll have to record every transaction in your portfolio by hand.



## Join a Club

IF LONE-WOLF investing isn't your style, you might want to join an investment club. There are over 33,000 investment clubs in the United States, all composed of like-minded individuals who pool their funds and invest in a single portfolio as a sort of mini-mutual fund.

Besides advancing your investment education, a club may prove financially profitable to you. Each year, according to the National Association of Investors Corporation, the percentage of investment clubs that outperform the Standard & Poor's 500 is higher than the ►

.....► **Avoid penny stocks. .... Don't buy stocks on the theory that they can't go any lower—they can. ....►**

percentage of professionally managed mutual funds that do.

These days, a great many investment clubs operate exclusively online. Using message boards, mailing lists, and Web pages, the club's members buy and sell stocks in a single portfolio but may never meet other members face to face.

One of the oldest online clubs, the six-year-old Windy City Investment Club, boasts a portfolio worth over \$200,000. What makes meeting online better than meeting in person? According to Windy City member Robert Borough of Reno, Nevada, immediacy is the appeal: "It's like having 30 meetings each month instead of just one. If the fundamentals of one of our holdings change, the next day you can trust that some member has caught this change and posted a message." In addition, members aren't bound by geographical limitations.

**Get the ball rolling.** NAIC has been helping interested individuals form investment clubs for more than 45 years. Its Web site ([www.better-investing.org](http://www.better-investing.org)) offers complete instructions for starting a club and operating it successfully.

More than 120 investment clubs have sites on the Web. But because rules forbid the clubs from advertising to attract new members, the sites can be difficult to find. Try going to a search engine like Yahoo and search on **investment clubs**—you're sure to get lots of leads.



## Shun False Prophets

WHEN YOU tackle Wall Street online, you will probably want to share ideas with other investors. There are a number of Usenet newsgroups where investors can meet to share insights, but these carry little more than noise and hype, making them a hotbed for penny-stock promotions and other spurious claims (see "Avoid Investment Scams"). To get an idea of what a *bad* dialogue

**"Brokerage fees have ceased to be a consideration in my investment decisions. What used to be 4 percent is now under 1 percent."**

JOE BAROCIO, online investor

about investments is like, browse around for a while in `misc.invest.stocks` and `misc.invest.mutual-funds`.

To occupy the void left regrettably vacant by inane newsgroups, several online discussion boards have been launched. The Silicon Investor ([www.techstocks.com](http://www.techstocks.com)) is one of the oldest financial sites on the Web—and also one of the busiest, with more than 300,000 messages posted on its discussion boards each month. As its name and URL imply, The Silicon Investor focuses primarily on technology stocks, but boards devoted to dozens of other sectors and topics are also available at the site. Anyone can read messages on the SI discussion boards, but to post messages you must be a member, which requires a \$200 lifetime fee.

The Motley Fool is also a good source of stock talk. But be warned: Its discussion areas are sometimes overwhelmed by Foolishness—aimless, disjointed spouting-off by loyal adherents to the Fool philosophy of investing.

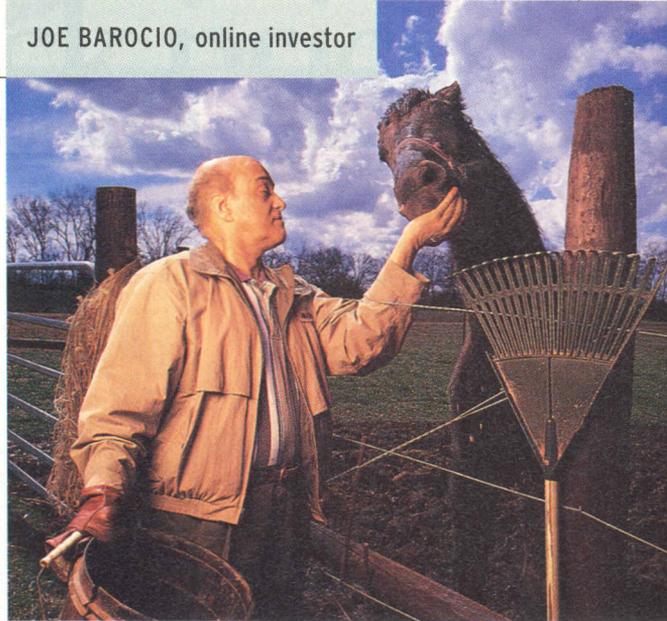
One danger of discussion boards, warns veteran online trader Jim DePorre, is that one investor's exuberance can tip the scales for others looking at the same stock—often inappropriately. "The stock boards on America Online and The Silicon Investor site provide good sources for information about individual stocks," DePorre says. "But often they serve as a means for people to reassure themselves about a stock they're already committed to, and they end up being cheerleaders

rather than sources of objective information." But if you've armed yourself with even a fraction of the information the Internet has to offer, you're less likely to be swayed by the hype that sometimes appears in online discussion areas.

**Don't miss out.** Arming yourself with the right information is the key to online investing. You won't necessarily become rich, but DePorre is adamant that every investor should be online. "The Internet levels the playing field and allows you to know as much as the professionals. It is empowering to have all the information and tools at your disposal," he says. "If you want to control your own investing future, you have to be on the Net."



For more about our stock portfolio visit [www.pcworld.com/may98/invest](http://www.pcworld.com/may98/invest). Douglas Gerlach is the author of *Investors Web Guide* (Lycos Press); the creator of *Invest-O-Rama*, a financial Web site; and senior editor of *The Armchair Millionaire* site. Brad Grimes is a senior associate editor for PC World. ■



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