

FINANCE

Technology will fuel future investment portfolios

I recently became engaged in an interesting discussion with one of our brokers at a dinner I hosted in a major metropolitan location. He was very interested in my views and had indicated to me that he had been tracking some of my previous articles and wanted to discuss the outcome or perceived outcome of my prognostications.

I assured him that I had no crystal ball and had written about the trends I felt were on the horizon. My ideas are often a result of the fortunate ability to collect the information that I hear and put it into what I feel may happen as a result of the way people are thinking.

Since he had built up my confidence, I told him where I thought the real action was going to be, which shocked him. It appears to me that the technology revolution has just begun, and some of you may be shocked at that as well. In my opinion, the crash of 2001 was only a minor correction in the long run of the technology revolution. By the way, from a few articles I've recently read, it appears that others are looking at the same data and starting to come to the same conclusions because of the success of some of the tech companies.

You will want to be cautious as to where you put your money in such a "wild side of the market" as it is often characterized. I am not just talking about software, I am talking about all of the



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innovation and the technology that people are developing and selling in the marketplace. You will need to proceed with caution in this new biotech and software world as the risk reward ratios will be at work. The small companies of today will be winners tomorrow through continued growth, or they will be purchased by giants whose products are going by the way of the horse and buggy.

The giants will need to get out of their current businesses or will have to look at diversifying where they put their cash. They will look to the next generations of technology to provide them the fuel they need to exist in the modern world.

We have recently seen the beginnings of this movement with Disney's purchase of Pixar. Next you may see General Motors buy something outside of the car industry. Why? Because many of the giants will have the cash and the infrastructure to grow the new companies. Those companies who choose not to make the move will sit with a warehouse of old technology. Some of the biggest detriments to this occurring will be the pension liabilities of the big companies, which I wrote about some time ago, and small companies will not want to get wrapped up in this bureaucracy. The buying companies will see new and innovative products they can incorporate into their current sales processes and lines of old favorites.

It is like the telephone line in your

home. Check out most of the apartments that young people have today — do you find a phone line? Not very often. You will find a cell phone with a wireless connection for a computer. Who needs a phone line if you are young and understand the system? The extra money for the phone line goes elsewhere. I believe the consumer of the future will be very sophisticated in the technology arena.

So, if you are going to play in that arena, you will need to have something they want. Now keep in mind, this revolution is not going to happen overnight. But just like the 8-track (for those of you who know what that is), it will be ditched for a CD. Trends that are used today will be replaced by this growing and ever-evolving technology, which will continue to fuel this revolution. Inflation should be kept in check because the world seems to be producing enough to keep inflation in check, including technology innovation. People will live longer and consume more, which will fuel this revolution and add to a robust economy. The corrections in the markets and the economic slow downs, or recessions, will only aid in allowing you to invest more when it occurs.

As I have indicated before, it appears to me that absent a major world crisis like the bird flu or an unusual attack, we are setting the foundation for a major run in your investment portfolio.

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