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TWIN CITIES

DAVE BEAL

Perkins Capital prefers local stocks

The economy may be looking comatose these days, but things are rocking and rolling at Perkins Capital Management in Wayzata.

Founder Richard W. Perkins, an expert on the Upper Midwest's emerging companies, is riding the boom in smaller stocks. He tracks 500 stocks regularly, including every publicly traded company in Minnesota from the day of its initial public offering.

This year, he has logged in more Minnesota IFOs — 13 so far — than he can remember seeing in any single year before. His company has money in four of them.



STAFF COLUMNIST

Perkins Capital has made millions of dollars for its investors, much of it by picking right with home-grown companies. The value of its equity accounts has risen at a 22 percent compounded annual rate, after fees and commissions. That's nearly twice the growth of the NASDAQ Composite Index of stocks traded over the counter and more than five times the rise in the Consumer Price Index.

In the process, Perkins — like such other successful regional stock pickers as Bing Carlin of Investment Advisers in Minneapolis and Lee Kopp of Kopp Investment Advisers in Edina — has become an unceasing advocate of the region's stocks.

"He just loves stocks," says Minneapolis Invest-

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Perkins Capital Managerum founder Richard W. Perkins, center, and sons Richard C., left, and Daniel track 500 stocks for Investors.

BEAL /Group likes to kick company tires

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ment adviser Steve Leuthold. "In a good market, he just shoots the lights out."

Leuthold has watched Perkins ever since the two men met, at Piper Jaffray & Hopwood in 1969. He says that while Perkins likes to talk up his technical strategies, his enthusiasm and ability to size up executives count for at least as much.

As word of Perkins' performance has spread, publications and other investment firms are turning to him for stock tips. John G. Kinnard & Co. has retained him for the last two years to pick stocks for its Minnesota growth fund.

Perkins' company manages \$110 million today, up from \$8 million when it opened its doors in 1985. Four years ago, he thought the money he managed would top out at about \$100 million; now he's revised that to around \$250 million.

Perkins Capital is a family affair. Perkins, 60, who spent 19 years at Piper, founded the firm with his son, Daniel, 37. Another son, Richard C., 38, joined them last year after 12 years at Piper. The two sons manage portfolios. Two other employees, spouses Nancy and Harry Lindberg, also came from Piper.

Perkins Capital has sunk about 80 percent of the \$110 million it manages into straight equity accounts. About two-thirds of the money in these accounts is in just 20 stocks. At the moment, Perkins' largest investment by market value

is St. Jude Medical (\$6.5 million), followed in order by SciMed Life, LifeCore Biomedical, Pfizer, Computer Network Technology, Fingerhut, Fortis Corp. (50 percent-owned by North Star Universal), Bandag, Network Systems and Cray Computer.

Other elements of the Perkins strategy: Diligent charting of stocks; long hours; frequent visits to companies; intense searches to find entrepreneurs and managers on the cutting edge of change; sticking with investments he believes in even when others drop them.

After each trading day, technical analyst Chris Dvorak charts the movements of stocks followed by Perkins Capital. "Whenever a company comes public in the region, we start a chart," says the senior Perkins. "That forces us to follow all the companies. Most money managers think charts are some sort of voodoo. I think they give us the edge."

Perkins routinely puts in a 70-hour work week, including four hours every Sunday to review the week's charting.

He drives himself and others to get out of the office at least three times a week, to "kick the tires" in company visits. That way, he figures, Perkins Capital gets to know the top executives better and gets a good feel for whether they are pushing the edge with a good idea or a promising technology.

Perkins sometimes stays with unpopular stocks. He cites as one example Minnetonka-based LecTec, which went public

in 1986 at \$4 a share and then sat flat until it began soaring a few months ago. Last week, it was trading at \$14.

Perkins Capital took a beating when its largest holding at the end of the second quarter, SciMed, suddenly fell out of bed. The stock shot from \$50 at the end of June to \$90 in September, then plunged back down to \$50. The September dive pulled down Perkins Capital's overall third-quarter results by several percentage points.

But Perkins didn't sell. Instead, he sent his clients a two-page explanation. He recalled that Perkins Capital stuck with SciMed before when it dropped precipitously. Soon, the stock had made up the decline and then some.

Perkins is from a small Wisconsin town near La Crosse. He worked his way through college at the University of Wisconsin in Madison as a part-time barber. In 1958, his barbering talents probably landed one of the fastest raises in the history of the Mayo Clinic.

When clinic chief Slade Schuster hired Perkins to help manage Mayo's endowment, he forgot to tell the new employee that the entire clinic staff had to work on Saturday mornings. Unaware of that requirement, Perkins decided to supplement his Mayo salary by cutting hair on Saturdays.

When Schuster discovered where Perkins was when he didn't show up for the first weekend shift, he offered Perkins a \$2,000 raise to make up for his lost hair-

1991 Minnesota initial public offerings

Company	Offering month	Offering price	Current price*	Underwriter	Headquarters
**Seismed	March	4.50	8.00	MJK	Plymouth
**Education Alternatives	April	4.00	3.13	KIN	Bloomington
BallistiVet	May	3.50	2.13	KML	Coon Rapids
Computer Petroleum	May	5.00	3.63	KIN	St. Paul
AudioScience	June	4.13	2.88	KIN	Minnetonka
**Insignia Systems	June	3.63	4.50	MJK	Plymouth
Regis	June	13.00	7.00	PJH	Edina
Rochester Medical	July	15.00	19.25	MJK	Stewartville
MedAmicus	Sept.	3.25	3.38	SUM	Plymouth
Grand Casinos	Oct.	5.00	8.75	EQU	Plymouth
Sunrise Leasing	Oct.	4.50	4.50	MJK	Brooklyn Center
Water Technologies	Oct.	5.00	8.00	HMF	Plymouth
**Appliance Recycling	Nov.	4.50	*	CHI	Minneapolis

* As of market close Nov. 6. Appliance Recycling went public Nov. 7.

**In Perkin Capital's portfolio.

Underwriters

CHI — Craig Hallum	KML — Kennedy Mathews Landis Healy & Pecosa
EQU — Equity Security Trading Co.	MJK — Miller Johnson & Koehn
HMF — Hayne Miller & Farni	PJH — Piper Jaffery & Hopwood
KIN — John G. Kinnard	SUM — Summit Investment Corp.

Source: Perkins Capital Management

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cutting revenues.

In shaping Perkins Capital, he was influenced by Philip Carret, a Manhattan-based money manager still active in his business at age 94. Carret founded a successful investment firm that also specializes in small stocks. He took two sons into his business, too.

It's likely that one of these years, the

sons will take over at Perkins Capital. But the senior Perkins is convinced one thing won't change. With an almost religious faith, he believes the pipeline that takes emerging Minnesota companies public will continue to generate lucrative investment opportunities.

Dave Oeal is senior business editor. His Column appears on Sundays and Mondays.