BIZNEWS

FRIDAY'S CLOSE

DOW JONES	NASDAQ	S&P 500
+ 7.36	+ 2.54	+ 1.35
8,601.38	1,510.09	933.22

Consider selling in pricey climate

One of the problems with being a fundamental investor is that I am usually very early in predicting turns in the market.

In 2000, I said the market was overpriced, and then watched in pain as it rallied to ridiculous levels. Last summer, I said the market was dirt cheap and then watched, in pain again, as the panic crushed many of my favorite holdings.

Fortunately, fundamentals do usually win out. My fund made money during the steep market drop, and this year it's up more than 20%. But picking tops and bottoms is always difficult, since momentum-driven investors can take stocks to extremes.

I'm still fully invested, but as I look at fundamentals, I no longer see a lot of stocks that are dirt cheap. I'm seeing more stocks that are downright expensive.

GUERRILLA INVESTING

PETER SIRIS

The prices of most tech stocks are getting out of sight. Tech may be cool, but my family of four already owns 12 computers. Outside of Wi-fi, there are few new compelling applications, and world economies are in a funk. While some service companies could do well, I think most of tech is greatly overestimating the possible recovery.

Consumer stocks also are getting pricey. Retail sales have been weak. Analysts blame a wet spring and the war. But I suspect there are too many stores chasing too few customers.

Chains that have a niche, like Pacific Sunwear and Hot Topic, are doing great. Others may be suffering from something more serious. Inventories at companies like Kohl's and Wal-Mart are too high. These and other companies could start cutting price to boost sales. This could lead to a price war that could hurt earnings at drug stores, supermarkets, department stores, and other mass retailers. Banks and financial service stocks also look expensive. Many of these stocks have benefited from low interest rates. Their prices say that the economy will stay punk, while tech and retail stocks say a recovery is at hand.

If the truth is somewhere in between, financial stocks could be at risk. Even my favorite real estate investment trusts (REITs) are no longer dirt cheap. Many are now selling above the value of their investments. While they still have good yields, much of the growth is behind them.

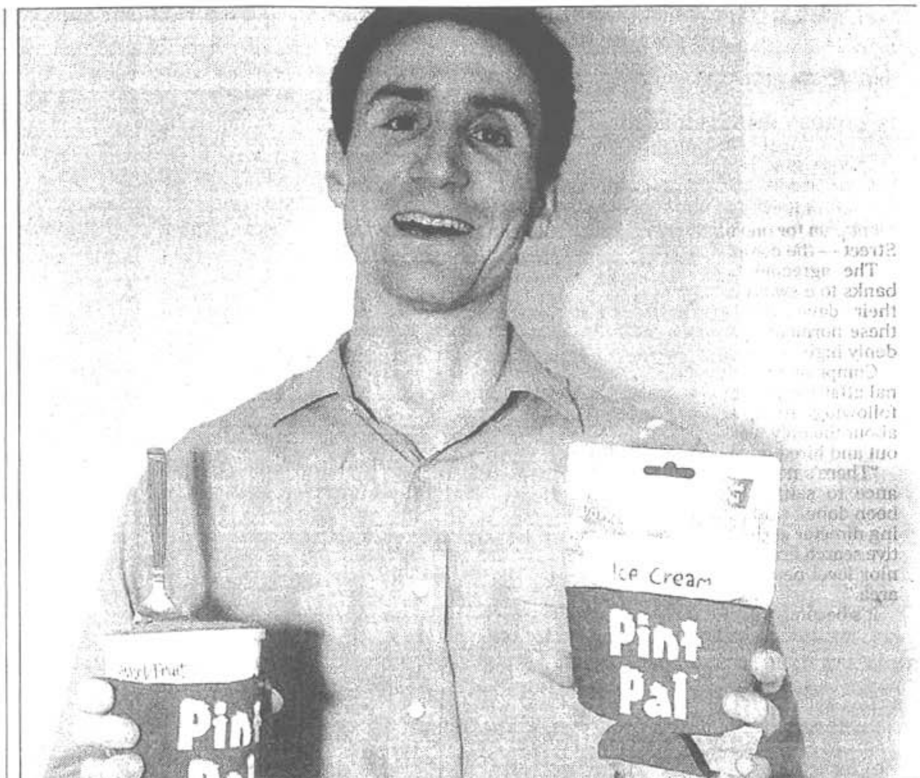
Does this mean the market is heading down? Probably not right now. People relying on fundamentals, like me, are usually early in buying and selling. Technically, the market acts strong. But the key could be the actions of the hedge funds.

Hedge funds are paid to outperform the market. When the market dropped, many did well, because they were hedged. This year, many are doing lousy, because they are still hedged.

I am starting to look for stocks to sell. Things are getting better, but the economy isn't out of the woods, and many stocks are getting pricey. I'm buying hospitals, energy stocks, broadcasters, and a number of special situations. But when I look at fundamentals, I think we're ready for a break.

As I said, I am usually very early. My guess is the rally will continue. But this is a good time to look at the fundamentals and get ready to sell those that are becoming overpriced.

Peter Siris (guerrillainvesting@hotmail.com), a New York hedge fund manager, owns Pacific Sunwear and Hot Topic and is short Kohl's.



BRYAN SMITH

SWEET Joshua Braunfeld's Pint Pal keeps hand warm while eating cold ice cream from carton.

Getting grip on new career

By TOM VAN RIPER
DAILY NEWS WRITER

Joshua Braunfeld is probably not the first laid off investment banker to devour pints of ice cream on his living room sofa.

But he's the first to turn the concept into a business.

After six years on Wall Street, the 29-year-old health care investment banker suddenly found himself out of a job in October 2001 after his employer, Bear Stearns, downsized its workforce in the wake of the Sept. 11 terrorists attacks.

"There was some shock initially," Braunfeld told the Daily News. "Investment banking was all I had done. You feel you have these skills that you suddenly can't use."

After taking a few weeks to relax and ponder his next move, Braunfeld was hit with an idea one night while downing a pint of his beloved Ben & Jerry's in his East Side Manhattan co-op he's held onto.

"After a few minutes of eating I thought, wow, my hands are cold," he said.

By the next morning, he was busy surfing the Internet for any device that could be used to hold a frigid ice cream container.

"I found one heavy stainless steel thing that cost about $40," he said.

His market research, including customer surveys at local supermarkets, showed that about 20 million Americans buy their ice cream by the pint, and about half of those eat it as he does, straight from the carton.

An idea was born. Within months, he had a signed agreement with RBX Corp., a manufacturer of foam holders for beer and soft-drink cans.

They agreed to produce Pint-Pal, a hand-held container for pints of ice cream and frozen yogurt that retails for $3.99. Made from neoprene, it's designed to keep the hands warm and the ice cream cold right to the bottom of the carton.

"My thought was to pursue this in my spare time, while also looking for another banking job,Braunfeld said. But "the response was good right from the start."

He's secured orders for 60,000 units across 40 states. Big retailers like Food Emporium, D'Agostino, and Kroger have agreed to test it.

His goal is to sell 100,000 units by the end of the summer, and 150,000 by year-end.

"But more important than the numbers is proving to myself and future business partners that I can take something from an idea to the marketplace successfully," he said.

Like any start-up, Braunfeld's company still faces hurdles."Selling through to the customer is tough for a start-up," said Geoff Ficke, a small business consultant in Cincinnati.

For now, Braunfeld spends his days working from home, dealing with store buyers and distributors rather than bankers and analysts. "I miss the office camaraderie, but I don't miss the 60-80 hour work weeks with people looking over my shoulder."

AOL rethinks China TV venture

AOL Time Warner is close to selling a controlling stake in its Mandarin TV station to Asia's richest man, a source close to the deal said, a marked about-face less than two years after winning rights to broadcast in China.

Talks on a sale are relatively advanced, and would give a majority of Chinese Entertainment Television (CETV) to Li Ka-shing's Hong Kong media firm tom.com, said the source.

Analysts said the debt-strapped media giant may now be looking to sell the stake as it comes under pressure to offload ventures that are losing money or show no profit prospects in the near term.

"While they've been able to derive advertising (revenue) I don't think it's been sufficient enough to offset the costs of investment in that market," said Vivek Couto, a director of Media Partners Asia Ltd.

He estimated CETV could have a current market value of up to $70 million.

Reuters