HOW TO EVALUATE HIGH-TECHNOLOGY STOCKS

High technology is the last frontier in American business. Many of the new businesses revolve around some type of technology, whether it is directly computer-related, communications-related or somehow tied in with the "Electronic Superhighway", whose arrival we all eagerly anticipate. Although tech stocks have declined sharply in during bear markets, they have proven to have outperform other stocks, re-bounding more sharply in subsequent recoveries.

There are three major advantages that point to small companies:

1.) They are generally free from government regulation because their earnings are often in a new field.

2.) The company stands to gain a lot of ground if the come up with a unique idea. The growing market will be theirs to dominate.

3.) The impact their earnings will have on their financial status will be considerable... therefore a success can increase their profitability greatly.

There are several rules to follow if you choose to be an investor in this high risk market. Firstly, do not be fooled by the size of the company. It is important to investigate the high-technology expertise of the firm and secure that it is a meaningful part of the firm's business. Secondly, it is vital that the company is serving a current social need in the marketplace.

For example, cable was first introduced in the 1960's and interested investors long before it could draw subscribers.

Look for companies that are operating in the black. Companies that offer terrific scientific break-throughs but operate at a deficit are just too risky. It is also important that you ignore market indexes. Companies with technological superiority are not tied to a stock mar-ket environment over time.

Lastly, keep current on all technological innovations. Buy trade magazines and read scientific papers and investment guides that deal with technology and technology-related fields.