

# Players Pick Top Stocks

March 15, 2001: 9:14 a.m. ET



## What four former NCAA tournament participants like in the markets

By Staff Writer Mark McLaughlin

**NEW YORK (CNNfn)** - Breaking down a 2-3 zone defense and breaking down a quarterly financial statement are not as different as you might think. Just ask Jimmy Black, the former University of North Carolina player and college basketball coach, now a financial adviser for regional investment firm Morgan Keegan & Co.

"There is a tremendous parallel in athletics and in business," says Black, who helps clients tailor investment portfolios from his office in Durham, N.C. "Both are extremely competitive. Most athletes want some challenge in their professional lives."

These days, picking winning stocks has become as challenging as advancing to the Final Four of the NCAA men's basketball tournament, which kicks off Thursday. Seeking some wisdom in these trying times, we turned to a quartet of former tourney participants turned investment pros for their game plan.

Black joined the Morgan Keegan team after a hoops career highlighted by North Carolina's victory over Georgetown in the 1982 NCAA championship game. Black was the point guard on a [Tar Heels squad](#) that also included Michael Jordan and future NBA stars James Worthy and Sam Perkins. Black started his storied senior season by gracing the cover of *Sports Illustrated* with Perkins, Worthy and current UNC coach Matt Doherty.

After being drafted and then cut by the New Jersey Nets, Black became an assistant coach at St. Joseph's, South Carolina and then Notre Dame. But after 14 years of coaching college kids, he gained his investment certifications and began coaching clients in how to add value to their portfolios.

In Black's estimation, tech stocks have been beaten down to point where long-term investors can start to nibble on the quality names. At the moment, he would take bites into [Cisco Systems](#) ([CSCO: Research, Estimates](#)), [BMC Software](#) ([BMCS: Research, Estimates](#)) and fiber optics supplier [Corning](#) ([GLW: Research, Estimates](#)). Keeping with his North Carolina roots, Black also likes [Cree Inc.](#) ([CREE: Research, Estimates](#)), a Durham-based maker of light emitting diodes or LEDs that go into everything from cell phones to automobile dashboards.

### WHAT THE PLAYERS LIKE

- \* Jimmy Black: Cisco Systems, BMC Software, Corning, Cree
- \* Doug Elstun: Andrx, Sun, Network Appliance, Calpine, Americredit
- \* Tim Mullen: Finova, Consec, Kinder Morgan, Cendant
- \* John Hummer: Wind River Systems

Like Black, **Doug Elstun** spent a few years as a Tar Heel before finishing his college career at the [University of Kansas](#). He too wrapped up his senior season in an NCAA title game, but came out on the losing end of the 1991 finale to North Carolina's archrival, Duke.

Armed with an economics degree, Elstun pursued his childhood dream by joining an investment firm -- William Larmer & Associates in Overland Park, Kan. -- that catered to athletes. Under the guidance of his boss, Bill Larmer, Elstun used his hoops connections to land such clients as former UNC teammate and current L.A. Lakers forward Rick Fox, Utah Jazz forward Danny Manning, Dallas Mavericks guard Steve Nash and retired major league pitcher Jimmy Key.

Elstun builds a base for most of his clients with mutual funds -- he currently favors mid-cap funds -- and then fills out up to 20 percent of a portfolio with individual stocks. Among the growth stocks he likes now are pharmaceutical firm [Andrx \(ADRX: Research, Estimates\)](#), [Sun Microsystems \(SUNW: Research, Estimates\)](#), [Network Appliance \(NTAP: Research, Estimates\)](#) and independent power generator [Calpine \(CPN: Research, Estimates\)](#). A cyclical pick is [Americredit \(ACE: Research, Estimates\)](#), a provider of auto loans, mortgages and insurance which stands to benefit from a rebound in auto sales.

Coming off the bench to offer a contrarian outlook on the stock market is [University of Virginia](#) alumnus Tim Mullen. Mullen, a sharpshooting southpaw guard, played in three NCAA tourneys for the Cavaliers and made it all the way to the Final Four as a junior in 1984 before heading into hedge funds.

Mullen started out doing odd jobs at a New York City hedge fund where his brother worked. In exchange for a chance to learn the business, Mullen called investment banks to check on impending deals and analyzed bankruptcies. After adding an MBA at Columbia, Mullen spent a few years at a firm that specialized in risk arbitrage, the practice of profiting from spread between the market price and the asking price of a takeover or spinoff.

All those years studying deals gave Mullen an appreciation for distressed companies whose stock prices have been socked by financial difficulties. He has put that "buying what everyone else hates" approach to work in the investment and trust group of the Charlottesville, Va., startup Virginia National Bank.

"There are opportunities across the distressed and default areas," says Mullen, who currently has his eye on [Finova \(FNV: Research, Estimates\)](#), a financial services firm heavily in debt that is expected to come out of a restructuring in much better shape. He also likes beaten-down financial services outfit [Conseco \(CNC: Research, Estimates\)](#), pipeline operator [Kinder Morgan \(KMI: Research, Estimates\)](#) and [Cendant \(CD: Research, Estimates\)](#), a conglomerate that was decimated by an accounting scandal but is now back making solid acquisitions.

No March Madness story would be complete without mentioning a Cinderella story and for that we turn to venture capitalist and Princeton grad John Hummer. Just as teams like [Princeton](#) that do not give out athletic scholarships must do battle in the tournament with big-budget state universities, so too do startup companies like Napster vie for business against established blue chip firms. Napster is just one of dozens Hummer has funded as a partner at the Silicon Valley VC firm Hummer-Winblad.



**John Hummer**  
(Courtesy: Hummer  
Winblad)

Prior to managing nearly a billion dollars in the firm's five venture funds, Hummer made a living on the hardwood. Hummer, who played forward and center, led Princeton to the 1969 Ivy League championship and a berth in the NCAA tournament. He then spent six years with the NBA's Seattle Supersonics before earning an MBA from [Stanford](#).

Coming out of Stanford in 1983 around the time Apple Computer was first making waves, Hummer caught the VC bug. By 1989, he had made enough connections to found Hummer-Winblad. While he does not pick stocks as a VC, Hummer is comfortable recommending one of his original investments, [Wind River Systems \(WIND: Research, Estimates\)](#), a maker of systems to create imbedded software programs.

But Hummer is more cautious on the overall stock market. "I remember 1987 and 1973-74," he says. "I have seen this movie before and it could stay bad for longer than most people think."