

TriadBusinessNews

Friday, May 31, 2002 Edition

Business Features

Slow and Steady

Trent Capital Management's conservative approach has paid off well for its owners

GREENSBORO — When two kids, David Millikan and Jim Folds, met each other playing basketball 34 years ago, they had no idea that their friendship would, decades later, turn into one of the best-performing money management firms in the country.



Members of Trent Capital Management's staff are, from left, I. James Folds, Partner & Director of Corp. Development; William C. Thacker Jr., Executive VP and Director of Benefit Plan Assets; David C. Millikan, Partner and Portfolio Manager; and David M. Labiak, CFA, Chief Financial Officer.

But, it did. Folds and Millikan are two of the three co-owners of Trent Capital Management Inc., a Greensboro-based money management company that was recently ranked again in Nelson Information's "World's Best" Money Managers.

For the financial quarter ended March 31, 2002, and for the year that ended on the same date, the firm was placed by Nelson's in the "Top 20" money managers of the entire nation for both time periods. Trent Capital came in second for the quarter and fifth for the year, out of 141 managers in their category — "U.S. Large-Cap Growth & Value Equity."

The funny thing is, when the company started out, it didn't have any plans to be in this business.

"We started the company in late 1987, after the stock market crash," said David Millikan. "Jim Folds and I founded it with the prospect of raising funds to put into private partnerships in the wireless industry. We had a great deal of success in the cellular market."

In 1990, they added another owner, Bob May, opened up an office in Lexington, Ky., and broadened the nature of the company's investments.

con't on back

“I’ve known Jim since I was 7 or 8,” Millikan said. “We met playing basketball back in the third or fourth grade. Over time, we would always talk about investments.”

They both ended up as stockbrokers. Then, in the mid-1980s they began talking about starting their own company.

Though Bob May was not part of the pair’s childhood, May also has a tight connection outside of business: May’s wife and Millikan’s wife are sisters.

All of the elements came together in the late ’80s and early ’90s. Now Trent Capital handles investments for individuals, endowments, foundations, partnerships, corporations and an assortment of benefit plans.

Between the two offices, the company has nine employees.

How have they been able to have such a high return on investments at a time when the stock market has been in the doldrums? By keeping focused on fundamentals and not being taken in by hype.

“One reason we’ve done well is that we focus on GARP, growth at reasonable prices,” said David Labiak, chief financial officer of Trent Capital. “We like stocks that are good growth companies and that have been beaten down by short-term correctable problems.”

Trent Management puts people into stocks and bonds. The company doesn’t sell short or buy options. It doesn’t use technical analysis. It just sticks to basics.

“We like companies that are dominant in their industry, have good earnings growth, have a high return on assets and good cash flow,” he said.

He mentioned Nokia as one stock that currently fits this pattern and one that Trent expects to do well over the next few years.

Labiak said that in the late ’90s, when stocks were going up like crazy, some people told them they should be in high-flying tech stocks.

“You’re not going to see us buying a Cisco at 60 times earnings or a Yahoo at sky-high prices,” he said. “Though at the time, we felt some pressure to do so. But we kept our focus.”

Just as a conservative, steady pace worked for the tortoise in its contest with the hare, it seems to be paying off for Trent Management as well.

Scott Yost is a reporter for Triad Business News.