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Chris Donabedian

Winston Advisors Inc.

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While the stock market's daily pratfall has many investors ready to throw in the towel, **Winston Advisors** is happily rolling along.

Its strategy of owning just a handful of stocks and knowing their fundamentals intimately has paid off. Winston's average stock account gained 1.5 percent for the 12 months through Sept. 15, while the S&P 500 was down 17.9 percent.

Its avoidance of diversifying its portfolio is the key, said Chris Donabedian, president and portfolio manager. Winston often holds just 12 to 15 stocks at any one time. It might go to 20, but not much beyond that.

"We're not afraid to stay completely away from a sector if it's a problem area," said Donabedian, who co-founded Winston in 1994. "The core idea is to buy great businesses that we believe we can own for a long period of time."

It focuses on valuation. It will only buy stocks at what it views as a fair price. That helped it avoid financials.

It saw financial problems looming, so it started buying companies with very strong balance sheets and credit quality.

"We call them financial fortress companies," Donabedian said.

Procter & Gamble (PG) is one that made the grade and is one of its strong performers. It's held up well in the market's recent firestorm. **Wal-Mart Stores** (WMT) is another, as Donabedian saw people trading down to lower-cost items.

Other strong recent performers include tobacco company **UST Inc.** (UST), software company **Adobe Systems** (ADBE) and **Anheuser-Busch** (BUD).

Beyond that, earlier this year it moved out of the bond market and put that money in cash.

Winston recently bought a chunk of **Fifth Third Bancorp** (FITB) when it was trading below \$10 in late September. It later jumped above \$13.

"They're really not players in the subprime market, and they have a clean balance sheet," said Chuck Donabedian, who co-founded Winston with his son, Chris.

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