

MY STORY A one-trick pony nearly galloped off with my fortune.

I got a **DIVERSIFIED** portfolio just in time

Atlanta resident Joan Macdonald, 48, worked to bring a device to market that helped heart-surgery patients avoid future operations. Stock in her employer provided a windfall, but she learned how fleeting paper profits can be.

I'm a scientist by training, with a PhD in physiology, and I thought I was going to spend my career as a professor teaching at a small liberal arts college. But I ended up selling my soul and going into industry at one of the big multinational conglomerates. After three years I realized that although it was a good experience, it really wasn't where my heart was.

Through networking I found a small start-up and joined as employee number 11 in 1994. Lo and behold, seven years later, after a lot of hard work and blood, sweat and tears, the company had grown to a hundred people and was valued at \$1 billion. I was Novoste's vice-president of clinical and regulatory affairs, and I helped get approval for the company's product, which prevented blood vessels from closing again after being opened with stents and balloons.

Novoste, unfortunately, was a one-trick pony. In the medical-device industry, if you don't have something coming out every six to nine months, you

are falling behind. It was clear to me that after I saw the product through the approval process, it was time to go.

So in 2000 I left with a lot of stock options. I had cashed in some options earlier, but there were restrictions on selling them, and I figured I was being conservative by holding onto them. And besides, the chief financial officer of the company told me that some of the richest people at IBM were the secretaries who had held onto their stock forever and ridden it out.

Still, I needed to do something, but I had no idea what. I'm a scientist—I don't know nuthin' about birthing these stock options. I recognized that I was in a very vulnerable position.

I was lucky to seek help from Brian Preston, a financial planner who told me that putting all your eggs in one basket—one company—is a bad idea 95% of the time. But I still felt bullish on the stock. So he had me buy put options to

protect the value of my stock options in case the stock price dropped. The stock reached about \$60 a share, and I sold most of mine for between \$40 and \$52. I did hang on to about 1,000 shares much too long and finally sold at \$9. Now the stock is virtually worthless. It's very sad.

My portfolio now is totally diversified. In big companies I have the Standard & Poor's 500-stock index and Dodge & Cox Stock fund. Overseas stocks are covered by Artisan International and Oakmark International Small Cap. Mid-size companies are in Oakmark Select and Ariel Appreciation funds; small companies in Artisan

Small Cap Value and Royce Low Priced Stock funds. And there's real estate in both a REIT mutual fund and a private real estate deal.

Because of being very, very lucky with those options, I could retire today, if my husband and I didn't have this dream of buying a big farm and reenacting *Green Acres*. We may raise horses and dogs. My husband is the horse person, and we're both dog people. Our current menagerie is one 13-year-old "pound puppy," one beautiful 6-year-old German shepherd and a happy-go-lucky one-and-a-half-year-old American Staffordshire terrier.

I'll call it retiring, but I'll be doing something quite different in five to seven years. **K**
—AS TOLD
TO ROBERT
FRICK



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