make pilgrimages to the company's Andover, Mass. headquarters (à la Berkshire Hathaway and Buffett); some even vacation together. Nor is his following limited to individuals: Intel, Microsoft and Fidelity have all taken sizable stakes in CMGI to gain access to his Internet insights.

Of course, this could all turn out to be an empire of air. But Wetherell has been uncannily prescient about the commercial potential of the Internet. And he's ideally positioned to talk about the Net's future, since CMGI gets first looks at thousands of business plans a month. "We are now doing two to four venture investments a month, while a year ago it was just one every month and a half. And we are making one acquisition a month and starting three companies a year," he says.

We sat down with this conjurer of Web fortunes to learn what he thinks will be making money on the Internet in coming years. His favorite stock is his own, of course, but his vision suggests other attractive opportunities as well.

One obvious trend, Wetherell believes, is that increased Internet traffic will require more servers: the powerful computers that store and deliver information on the Web. That makes **Compaq** (the second largest investor in CMGI), a logical choice. "Compaq is one of the two best, if not the best, to provide them," he says. Others that could benefit, although Wetherell doesn't cite them by name, would be **Sun Microsystems**, **Hewlett-Packard** and **Dell**.

Wetherell also sees a huge business in delivering services to the builders of websites. "It may sound trite and simplistic, but somebody has to create, implement, maintain and service the websites," he says. "And there aren't enough people who know how to do that." CMGI units NaviNet and Navisite provide such services; Wetherell hopes to take them public soon.

Wetherell is also betting that with people wanting to connect to the Internet everywhere and anywhere, the number of handheld Internet appliances will exceed PCs by 2003. Companies like **3Com**, **Nokia** and **Apple**, which are taking the lead in wireless Internet access, would be likely to benefit from this trend.

Finally, Wetherell is still sold on old-fashioned content. "Information is key," he says. "It can be leveraged up for all kinds of commercial purposes, including e-commerce as well as advertising." That accounts for his recent $2.3 billion acquisition of search engine and portal Altavista. Another content producer he sees with great potential is **Time Warner** (the parent company of MONEY): "It's got the richest set of content out there." —P.G.

If you could boil Fayez Sarofim's philosophy down, it would be "Buy quality" and "Never sell."

THE STOCK COLLECTOR

FAYEZ SAROFIM

DAPPERLY ATTIRED in a three-piece pinstripe suit, Fayez Sarofim reaches into a humidor, lights a cigar and smiles contentedly behind a plume of smoke. His offices here in Houston could be a museum. He has a 429-year-old painting by El Greco on one wall, a De Kooning on another. On the floor is a fifth-century mosaic that once lay in a Syrian church. Among the books piled on his desk is *I've Been Rich. I've Been Poor. Rich Is Better.* Sarofim clearly knows about the joys of wealth. He's said to be worth $1.5 billion, and he recently bought a $15 million estate in Hawaii.

Born in Egypt and educated at Harvard Business School, Sarofim is one of the grand masters of investing. He founded his firm, Fayez Sarofim & Co., in 1958, and he now manages $60 billion for clients such as Ford Motor, Rice University and Houston's Museum of Fine Arts. (He also runs five Dreyfus mutual funds, including Dreyfus Appreciation.) While other stars have risen and fallen, Sarofim has continued to dazzle, consistently outperforming the market for four decades. The courtly and urbane 70-year-old spent several hours with MONEY, chatting extensively about his stocks and the art of investing.

Sarofim's success stems largely from his gift for picking great growth stocks—from Wal-Mart to GE, Gillette to Merck. Equally important, though, he's had the mental strength to hang on to his favorites for years, while lesser investors jump in and out on every quarterly earnings report. "Basically, everybody is a short-term investor today," he says, with an air of quiet amusement. What quality sets him apart? "Patience."

Take **Coca-Cola**, his largest holding. Sarofim has owned it since 1981 and now has 2% of the company—a stake worth about $3 billion. The stock has lost a fifth of its value in the past year, but his long-term perspective keeps him bullish. "The last time Coke experienced a down year in sales was 44 years ago," he says. "I could see its profits more than doubling—at least—over the next 10 years." The company boasts impres-

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sive management, and "it's the best franchise in the world," he says. Plus, it produces almost 50% of the world's carbonated drinks, so it's tough for competitors "to displace it."

Of course, a powerhouse stock like Coca-Cola doesn't come cheap. Even after its recent decline, it sports a P/E ratio of 48. Yet Sarofim says he continues to buy it for new clients. A common investing mistake, he asserts, is to focus too intently on finding a bargain. Usually, he says, "There's a reason why it's a bargain. You're better off buying something that's going to grow, and Coca-Cola will still be here in 20 years." Unlike Peter Lynch, he believes the best growth comes from big companies: "It's typically the No. 1 and the No. 2 companies in an industry that make most of the profits."

Another longtime favorite of Sarofim's is **Philip Morris**, which he's owned for 40 years. He digs out a chart that shows just how lucrative the stock has been: If you'd invested $10,000 in 1977, he points out, you'd now have about $700,000. Despite the firm's legal woes, Sarofim remains a staunch believer. "It's an extremely well-run company" with a "very strong food business" and a tobacco business that's still thriving globally, he says. "And it's so cheap that we think it's discounted most of its problems."

Sarofim also recommends **Intel**, which he first bought for "pennies a share" in the 1950s, before it went public. "Everything is dependent on the microprocessor," he says, "and Intel dominates" that market. By 1980 he owned more than 5% of the company, but he cashed out around 1985, not certain it could reinvent itself. After missing out on "several billion dollars" in gains, he bought in again in 1995 and still rues the day he sold. "Never again," he vows. "The biggest mistake is selling your winners. You should hold on to the ones that have done well and sell the others. It's the exact opposite of what most people do."

In fact, he rarely sells anything, keeping turnover to as little as 5% of his total portfolio each year. This cuts taxes to a minimum and allows his profits to multiply dramatically. He points out that a dollar grows to $16.37 in 20 years if it compounds at 15% a year.

Sarofim is also a big fan of pharmaceutical stocks, and he holds huge stakes in **Merck** and **Johnson & Johnson**. His favorite is **Pfizer**, which he's owned for about eight years: "It's a marketing power, and it outspends everybody on research." He expects demand for pharmaceutical products to surge as the population ages. Certainly, that's been his own experience. "I have high blood pressure, so they gave me Norvasc, which is made by Pfizer. And they said I've got high cholesterol, so they gave me Lipitor. That's happening on a bigger scale."

Before I leave, Sarofim gives me a tour of his paintings, sculptures and 3,000-year-old Chinese vases. As he strolls happily from treasure to treasure, he confides, "My mistakes in art were the same as my mistakes in stocks." The first painting he bought was by an unknown Texas artist: "I paid about $300, and it's probably worth $300 today," he says. The lesson? "Buy quality."

He pauses for a moment to recount another humbling mistake. In the 1950s, he says, he sold a painting by Childe Hassam for $25,000; he'd bought it for $1,100, and he was delighted with his profit. "Now," he chuckles, "it would be worth $400,000." The lesson? "Never sell." —W.G.