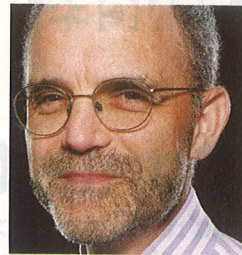


BY JASON ZWEIG



## The Soul of an Investor

Jack Hurst isn't famous, and he doesn't run a billion-dollar fund. But he may be the most amazing money manager I've ever met

PHOTOGRAPHS BY DAN WINTERS

**M**ost of us manage our money the way St. Augustine prayed before he was fully ready to give up the pleasures of the flesh: "Make me virtuous, O Lord—but not yet." We're always just about ready to save more, spend less, invest more wisely, but somehow we can't quite follow through. Tomorrow always seems like the right day to get started.

If that sounds like you (and I'll admit it sounds a bit like me), then you need to meet Jack Hurst. A retired salesman for General Electric who lives outside Atlanta, Hurst has been saving steadily for decades, has no debt other than a small mortgage and keeps his entire financial life in parade-ground order on his computer. He didn't get caught up in the tech bubble of the late 1990s; instead, he built a solid portfolio of 30 stocks and five mutual funds. In 2004 his accounts grew by roughly 10%, to more than \$300,000. Hurst watches CNBC three hours a day during trading hours, and yet he has such self-control that he almost never trades.

But this isn't just a story about someone who got his financial life together and picked good stocks and funds. It is, rather, the story of someone who does a very respectable job of managing his money when, by all rights, he shouldn't be able to manage at all. You see, Jack Hurst cannot walk, talk or so much as lift a fingertip. Other than a few muscles in his forehead and face, he is completely paralyzed. He's had ALS (Lou Gehrig's disease) for more than 17



Almost totally paralyzed, Hurst runs his portfolio through an electrode taped to his cheek.

years. Hurst runs his financial life and communicates with the outside world through an electrode taped to his right cheek. Designed for him by an Atlanta company called Neural Signals, the device converts the electrical activity in his facial muscles into signals that are transmitted to a laptop computer. (Hurst can also communicate through a voice synthesizer or with a Morse code of tiny facial twitches that his wife Anna translates for visitors.)

The great financial analyst Benjamin Graham wrote that, for an investor, intelligence "is a trait more of the character than of the brain." Having a high IQ or studying the market obsessively, he said, is much less valuable than cultivating such simple virtues as patience, prudence, independence and discipline. I have known plenty of money managers who analyze stocks better or have flashier records than Hurst. But I have met almost none who better embody the traits Graham had in mind. Jack Hurst doesn't just have the virtues of a great investor. More than almost anyone else I've ever met, he personifies them.

**H**urst grew up in Ochlocknee, Ga. (pop. 500), the son of an electrician and a supermarket clerk. He majored in physics at North Georgia College and then went into the Army. Hurst served as a communications officer in Germany, Vietnam, Taiwan and Korea, retiring from duty in



"I credit my longevity primarily to a dedicated wife," Jack says of Anna Hurst.

## When I'd prod Hurst for details about his finances, he'd fire back a perfectly formatted answer within minutes

1980 as a lieutenant colonel. Then he went to work for General Electric as a mobile-radio salesman. In 1986 he began to stumble during his daily three-mile jog. Before long, Hurst was falling down frequently and could no longer drive; by 1988 he could no longer walk at all. That year, his lungs began to fail,

and by 1989 he was on a feeding tube and a ventilator.

Once a strapping, 185-pound six-footer who could do 50 push-ups and barely break a sweat, Hurst was now imprisoned in a frozen body. Drawing on her training as a nurse, Anna Hurst saved Jack's life again and again, adminis-

tering the Heimlich maneuver, suctioning his breathing tube to keep it open, leaping to his rescue when a hospital aide left his ventilator disconnected. If he started to choke at night, Hurst would grind his teeth; amplified by a baby monitor, the sound would wake Anna, and she would jump out of bed to clear his lungs. "I credit my longevity primarily to a dedicated wife," Jack says.

Anna has health troubles of her own. In 2001 she was diagnosed with breast cancer and had a bilateral mastectomy. (Anna says her two hospital stays were the only times she has been away from Jack in at least 14 years.) The chemo-



therapy rekindled arthritis in her neck that sent shooting pains down her left arm. But Anna is not a complainer. "This is the way things are," she says, "and I accept it." The closest she comes to acknowledging the stress in her life is when she lets slip that she gets a weekly house call from a massage therapist. "I do need that," she says.

The Hursts' out-of-pocket medical expenses come to roughly \$1,600 a month. Jack's military pension, plus Social Security, are enough to cover the health-care bills and the rest of the Hursts' living expenses. They still have a small mortgage on their house. But, says Jack, "we pay off our credit cards monthly; we don't buy anything we can't afford." One of his only regular splurges is fresh flowers: Every few weeks, he orders a dozen red roses for Anna over the Internet.

In the Hurst home, the financial center is the living room, where Jack sits in his recliner from late morning into the evening. (The early morning is taken up with intensive physical and pulmonary therapy.) If he rolls his eyes to the left, he can see hummingbirds hovering at the feeder outside and the pinewoods beyond; if he looks straight ahead, he can see his laptop monitor; a bit to the right, on the opposite wall, are the TV and a clock. Samantha, the Hursts' 18-year-old calico cat, keeps Jack company curled up inside the crook of his left arm. "I do sometimes call him The Colonel," says Randall Routh, one of a network of friends and neighbors who rotate evening duty at the Hurst household, giving Anna a helping hand. "You get

the impression of him standing tall, even when he's lying in a recliner chair."

After some unhappy experiences with full-service brokers, Hurst has moved most of his and Anna's money to Vanguard's discount operation, where he pays \$25 a trade and makes all his own decisions. He gravitates toward blue chips like Coca-Cola, Home Depot, Johnson & Johnson, McDonald's, Southern Co. and 3M, which he holds for years on end. (Hurst has owned Coke since 1990, two years after Warren Buffett bought it.) He looks for a strong brand name or dominant business franchise, stable management and a solid dividend. Hurst reads each company's annual report online, then checks to see what Richard C. Young's *Intelligence Report* (a newsletter he's read for years) has to say about it. He says that if he can't "read and learn" enough to get "reasonable knowledge of the business," then nothing can induce him to buy into a stock. Even in the silly season of 1999, Hurst never wavered from his path. "I didn't buy any of those Internet stocks," he scoffs. "I didn't understand their business." (How many people who spent all day on a computer back in 1999 had the humility to admit that they weren't experts in online commerce?) Hurst updates the portfolio through Quicken, but he resists the temptation to trade by staying away from stock chat rooms—"I don't have time," he says—and by watching CNBC with the sound off. In a typical year, Hurst makes four to six trades, half of them to lock in losses for tax purposes.

(Naturally, Hurst does his own taxes too, at TurboTax.com.) Today the Hurst portfolio, at about \$314,000, is down about 7% from its value at the end of 1999—not bad for a period in which the S&P 500 index lost 11%.

While Hurst describes his investment approach as "fairly conservative," he permits himself an occasional gamble. Besides his blue chips, he also owns a handful of racy stocks like EMC, JDS Uniphase and Sirius Satellite Radio. (He bought the tech stocks *after* the

bubble burst.) Prudently, he isolates those picks in a part of his account that he calls the "play" area, and he strictly limits his losses to \$3,000. (That way his speculations can't infect his investments with short-term thinking.) To top it all off, every once in a while—"when the prize gets really big," says Anna—he sends his wife out to buy a Mega Millions ticket in the Georgia lottery.

Even the gambles have a goal, however. "Did Jack tell you," asks Anna, "about his two dreams?" It turns out that if Hurst hits it big, he plans to use the winnings to fund a pair of pet projects: an "ALS house," where

patients would receive care so their families could get some desperately needed vacation, and a Winnebago so that he and Anna could go away together. (It's been more than 16 years since Jack has traveled anywhere except to a nearby hospital that he visits quarterly—and even then, he can't see out the windows of the Hursts' 1985 Ford van.) Hurst calls these two goals his "lottery desires." He figures that the ALS house would cost about \$2 million a year to operate; a custom Winnebago, he reckons, would run

## EMOTIONAL INTELLIGENCE

**Jack Hurst's investment approach is built on these four worthy pillars.**

### ■ DISCIPLINE

**Know what your long-term goals are. Stay focused on tomorrow even if today is going badly.**

### ■ INDEPENDENCE

**No matter what the crowds say, don't buy any stock unless its business and valuation make sense to you.**

### ■ PATIENCE

**To be a true investor, you have to hold on for years, not a few months or weeks.**

### ■ PRUDENCE

**If you must speculate, do so with a small amount kept in a special account. Never mingle this money with your long-term holdings.**