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CORRECT:=Fund Managers Field Queries But Don't See Flight From Stocks

("=Fund Managers Field Queries But Don't See Flight From Stocks," published at 2:28 p.m. EDT, misstated the percentage of increased call volume at American Century in the 10th paragraph. A correct version follows.)

By Kerry Grace Benn
Of DOW JONES NEWSWIRES

NEW YORK (Dow Jones)--Financial advisers and fund managers are fielding plenty of questions from investors about what Thursday's precipitous stock-market decline means for their portfolios, but they said the drop didn't appear to exacerbate a more recent trend toward safer investments.

Some managers have been recommending specific stocks with high dividend yields, while others have been lessening their equity positions and holding more cash as a way to decrease risk without abandoning the stock market entirely.

For more than a year, the lion's share of investment in mutual funds has gone to bonds, which typically thrive in a lower interest-rate environment. Meanwhile, stock funds have failed to consistently attract new interest despite the equity market's rally.

Peter Mauthe, the president of Rhoads Lucca Capital Partners LP, said he recently cut his fund's equity position by about 20% from where it was about a month ago and is still underweighted in equities. Rhoads Lucca's fund usually holds between six and 12 mutual funds, he said, and right now has about eight.

"We're not afraid to use cash as a defensive position," Mauthe said.

Still, he said he hasn't seen investors looking to get out of stocks and into bonds recently. In fact, he has seen the exact opposite. The bonds have been in a 30-year bull market, which people understand has to end some time, he said.

"People are wondering more when to get out of bonds than when to get in," he said, but the problem is with all the turmoil in the stock markets and worries about Greece and other European countries, they're "not really comfortable getting out of bonds and having substantial equity positions."

Mike McGarr, portfolio manager at Becker Capital Management, said his firm has been telling clients there are some good values cropping up in the stock market, and that there are some better yields among dividend payers than in the bond markets right now.

One of his recent recommendations was utility holding company FPL Group Inc. (FPL), which he said has a solid dividend and is one of the best power companies in the country. His firm has also been pointing people toward telecommunications companies AT&T Inc. (T) and Verizon Communications Inc. (VZ), which he said aren't that exciting when it comes to growth, but have solid cash flow and good yields.

Meanwhile, John Leis, who oversees the brokerage and call centers at American Century Investments, said Thursday's call volume was 16% higher than the company had forecast and was 70% higher than projected at the height of the market downturn. The length of the calls was also longer, he said, because instead of a quick transaction, people were asking in-depth questions.

Leis said his company has had a lot of calls from investors wondering whether they should move into bonds, but hasn't seen "a broad running for cover."

"There wasn't a whole lot of panic like what we saw in early 2008," he said.

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