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## My big bets for 2010

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After a busy old month in November, described at length in my last column, I'm settling down to a long hard slog over 2010. I've purchased a bunch of funds that I hope will put me in good stead over the next few turbulent years with three big purchases figuring prominently.

First off, I've decided to take a plunge on an interesting fund from Barclays Capital, managed by their top strategist Tim Bond. It's called the RADAR fund and it essentially invests in Tim's big calls, which at the moment are very bullish and very focussed on cyclical recovery and the rise of China. I like its unconstrained approach and its curious mixture of short-term tactical asset allocation and longer-term structural plays like resource stocks.

I've also bought into a bunch of hard-to-trade, Elders-listed [Merrill Lynch](#) secondary market structured products, and in particular their UK income fund which tracks the FTSE 100 through to 2013, plus a strange vehicle nominally based on Japan. This latter listed fund is called the Elders Investment Co 17B Merrill Lyn Japan Capital Protected Shares and it's supposed to track the Topix index, but is in fact a synthetic zero that will wind up in 2011 and payout 100p a share as long as the underlying zero bonds pay out. These Elders vehicles are probably not a great idea unless you're willing to hold on to them until maturity; if the market were to plunge and volatility to shoot up, they'd probably be difficult to get out of. But I like the conservative payout profile and I'm happy to tuck them away in the hope that they'll do well in most market conditions.

Looking at the rest of my stocks, I'm especially pleased with the likes of [Low Carbon Accelerator](#), [BH Macro](#), Local Shopping REIT and the clutch of oil equipment stocks. I'll be looking to add to all these positions on any market weakness. Low Carbon is a very niche fund which is shaping up to be a star performer, as a bunch of its underlying private investments begin to approach the IPO market and business booms across the range of its technology solutions.

I also think we'll have plenty more nasty surprises like Dubai over the next few years and I think we're about to enter a perfect trading environment for a large macro hedge fund like BH - so again I'll be looking to buy some more stock if it trades below 1600. Also in the hedge fund space, I'm eying up any chance to buy into [Third Point Offshore](#) and [Phaunos Timber](#).

In real estate, [Local Shopping REIT](#) has been a pleasant surprise - up 58 per cent in a few months - and I'd probably like to own one more quality play in this sector, like **Primary Healthcare** if it slips below 270p. Lastly, in the oil equipment space I still have Quorum on my radar but I'm probably happy with my exposure as it is at 13 per cent of my total portfolio.

There's been much comment in the Investors Chronicle recently on the issue of Lloyds Banking Group preference shares (see [Lloyds caves in over new notes](#) and [Two cheers for Sir Win](#)). My Sipp is a holder of both the 9.25 per cent (LLPC) and 9.75 per cent (LLPD) issues, and I have to say I'm mightily vexed by what I think is the absolutely scandalous mistreatment of shareholders in these instruments. As I understand it, neither of these issues made it onto the shortlist for conversion into enhanced capital notes, and only one is partially eligible for a cash reimbursement. That leaves me holding income shares that will generate no income so long as the bank remains state-supported!

Given the pricing, there seems little point in selling these now and I may even buy some more, given that the shares are cheap will start producing income again in due course. In the meantime, I wholeheartedly support the campaign that Mark Taber, a private investor just like me, has mounted on this issue. You can see more on that at [www.fixedincomeinvestments.org.uk](http://www.fixedincomeinvestments.org.uk).

Regular readers may remember that I also run a portfolio of highly speculative stocks under the moniker of Dr Strangelove, after the satirical Stanley Kubrick film. The reason I mention it here is that one of its star performers is Dragon Oil, which is also the subject of a rip-off takeover bid. Someone is doing something about that one at [www.savedragon.com](http://www.savedragon.com).

UK EQUITIES

B1R1XY7	Elders Investment Co Merrill Lynch 7% Fixed Income Shares - 24B *1	8,391.76	6,377.16	327.59	5.4	6,049.57
LCA	Low Carbon Accelerator	3,675.375	1,378.13	628.18	83.8	749.95
RBS	Royal Bank Of Scotland	519	37.66	195.43	-	599.14
					403.71	67.4

<http://www.investorchronicle.co.uk/Columnists/GuestColumnists/article/20091201/d07cbd54-de64-11de-a6d5-00144f2af8e8/My-big-bets-for-2010.jsp>