

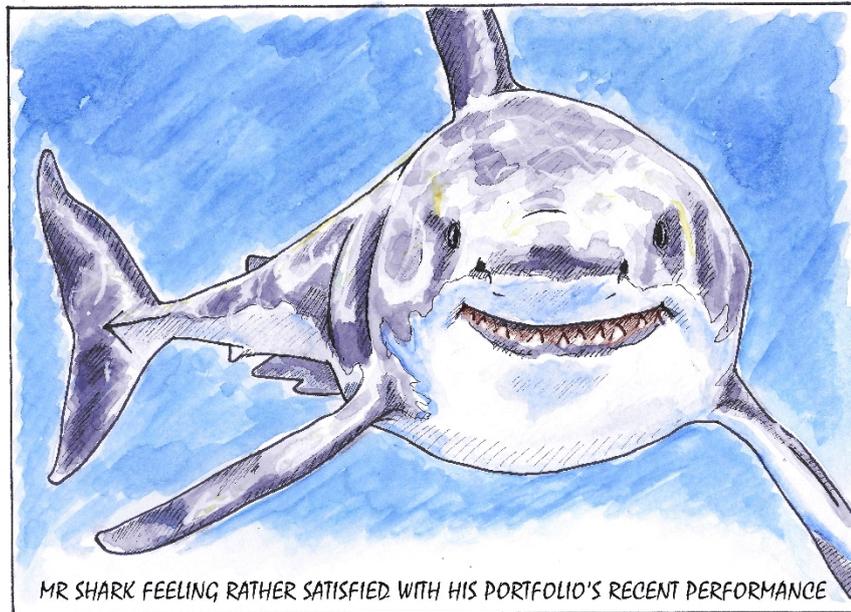


MVAM
MOLE VALLEY
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MVAM Newsletter

'You Can't Go Out with All the Girls'

March 2017



There are investment sayings and there are investment sayings. This one is my favourite. If you try and hunt for it on google you won't find it, as it's kind of original to me!!

The words were uttered by a former colleague who was shuffled into the portfolio manager graveyard long ago. He probably forgot the phrase as soon as he had spoken it. So, I stole it and have used it ever since. So, what do we mean by it?

When you are young you maybe know only the girls and boys in your school class. You tend to become besotted with the one you find most attractive. There aren't too many to choose from, so comparison is easy. As you grow older and move in wider circles you are acquainted with many more potentials. The choice then becomes the problem.

In the European stock market, there are 4,000 stocks to choose from. No matter which one you choose, you are almost certainly likely to meet a more attractive one in the near future. Investment managers tend to choose one then another and have an ever-increasing number of stocks on their portfolios.

Too much choice however makes decision making more difficult and too many stocks make for wishy washy performance. So to run your portfolios, we use three key strategies learned from my "sharking" days.

1. Fish in the best pools, don't go to snooker halls to find a partner (I wondered why I never had a girlfriend) - go to "gatherings", or discos as they were called in my day, to cast your net. For shares we go to company meetings and conferences rather than internet tip sheets.
2. If you are dating but find a better match, make sure to close out one relationship before starting another, i.e. sell before you buy, or things will get out of control and end in tears.
3. Make things simple. Remember in the classroom there was less choice, so we have specific methods to simplify our decision making and focus our choices.

Our latest fishing expeditions have taken us to investment conferences and company meetings. I must confess, I did fall head over heels. Promised the earth...with great looking figures. Let's just hope I wasn't led up the garden path, as if you invest with MVAM, you are now dating them too!! But to ensure the saying was followed, on getting back to the office the current dating list (portfolio of holdings some may term it) was checked. Finding some that had perhaps gone stale we traded them in for exciting new models. So, investing in a stock is like choosing your partner to some degree. The main difference now is that they are attracting me, rather than me trying to attract them. Truth be known that is why I continue to be a stock picker and my sharking days are long gone, if they ever existed at all.....

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