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## David Stevenson: Give us a break: share out free research data

By David Stevenson

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With the obvious exception of a few august publications – the FT clearly being an example – I reckon investors get a raw deal when it comes to research material. There are lots of useless surveys, awards, tips and “state of the market” reports, but I think investors find it nearly impossible to find sources of genuinely good investment ideas and analysis that can help them make money.

So, before I try to help you in this quest, I’m going to issue a challenge. I believe the UK financial services industry should start treating investors as adults, by producing decent research and giving it away for free. If you know of anyone doing this (other than the firms I’m about to mention) – or if you do this yourself – let me know. If the research is interesting and useful, I’ll highlight it at the end of the year, and reward the winning reader with a bottle of champagne and a lunch with me and Matthew Vincent, FT Money’s editor (are you sure this is an incentive? – Ed).

In the US, taking investors seriously is common practice, so sensible outfits such as Vanguard are more than willing to give away their research papers. They want to make people “better investors”. But here in the UK, we are – as always – the poorer cousins.

Nevertheless, for those willing to be a bit more adventurous, it is possible to seek out some exceptions to the rule. Here are some:

- Blue Sky Asset Management [www.bluesky-am.com](http://www.bluesky-am.com).

This is a new, small and friendly outfit that develops interesting structured products. It also gives away interesting research on its website – look for the Observer bulletins. I’ve found these consistently refreshing and very useful if you’re trying to work out your asset allocation: should you buy gold, dump commodities, invest in pharmaceutical shares or hedge against inflation? It’s all there in short, pithy commentaries.

My favourite piece of research in recent times is Blue Sky’s paper on time in the market, from March this year. It makes an important point: don’t bother trying to time when to buy, as the key is to be in the market long term and not to keep trying to sell on the dips and buy on the pick-ups.

Here is the central insight at some length. “For investors missing just the first 12 months of the most recent bull market, returns would have been significantly curtailed – with a five-year gain scaled back from 86 per cent to just 32 per cent. The 1987 peak-to- trough tumble saw the All-Share shed 37 per cent of its value in less than four months. The returns of the index one year later, however, saw positive gains of 22 per cent, from the trough and, five years later, over 50 per cent. The total returns of the market from the 1987 trough to the next peak, in March 2000, were over 300 per cent. Missing just the first 12 months of the market would have seen five-year returns cut back by half to 26 per cent, whilst trough to peak returns would have been nearly 75 per cent less.”

- Gold hedge fund Hinde [www.hindecapital.com](http://www.hindecapital.com)

Regular readers may remember me writing about this specialist fund last year. Its managers love producing very long, ever-so- slightly rambling investor letters with glorious titles, such as “Smokin’ POTash” and “Return of the Wombles”. Sometimes, the “it’s all gone terribly wrong and we blame Greenspan” view can seem slightly paranoid, but if you can get past that, you’ll find a brilliant series of narratives about how to make money from gold.

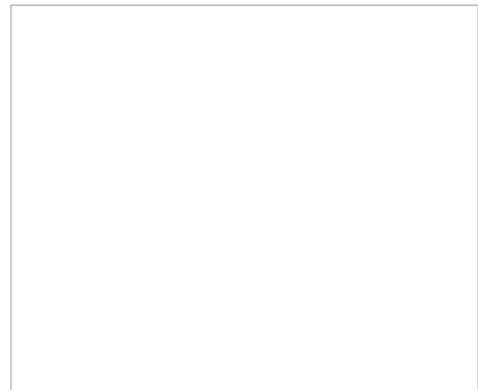
For me, the most revealing insight came in its discussion of the three gold miners it holds in its fund. There’s usually too much spin and ramping up surrounding the shares of the junior gold mining companies, so to hear some experts lay out a carefully nuanced, value-based case for three shares in particular was illuminating. For the record, they are Newmont Mining (NEM), Silver Wheaton (SLW – a silver royalty company that looks really interesting) and tiddler Columbia Metals (COL). I wouldn’t rush out to buy shares tomorrow, but I was prompted to do more research.

- SVM [www.svmonline.co.uk](http://www.svmonline.co.uk)

Visit the website of this Scottish fund management group, click on Investment Trusts, and then select the SVM Global fund. Scroll down to the bottom of the page and check out its Featured Investments. This is a document that explains the investment case for all the companies featured in the fund’s portfolio over the past few years.

For an adventurous investor, it’s always a good read – Cuba, Russia, hedge funds and Eurovestech feature prominently. But I found the manager’s take on investing in private equity really compelling. Would you invest in a fund from Bear Stearns in the private equity sector? I can’t say I would, but SVM certainly has and is happy to explain why, as follows:

“The fund was launched in June 2005 and has demonstrated a net asset value and share price return in excess of 20 per cent subsequently. Unlike many private equity funds, where



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returns are heavily skewed towards the end of their lives, this fund books profits through distributions on an ongoing basis. These distributions allow for the recycling of capital into new funds. This is particularly helpful in the current market where secondary assets are available at attractive levels from motivated or distressed sellers. The fund tends to concentrate on smaller deals where there is less competition."

*If you provide free insightful analysis, commentary and analysis for investors, why not nominate yourself? If it helps investors, I might feature it. E-mail me at [adventurous@ft.com](mailto:adventurous@ft.com)*

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