



MVAM  
MOLE VALLEY  
ASSET MANAGEMENT

# MVAM Newsletter

'Strong Upward Moves Come After Sharp Falls'

January 2019



Two quotes from Sir John Templeton sum up how to invest in these financial markets.

'Outperforming the majority of investors requires doing what they are not doing. Buying when others have despaired, and selling when they are full of hope, takes fortitude.'

'If you are not prepared to be different in the financial market, you will not make money'

The equity financial markets around the world have taken a beating as the central banks started to increase interest rates. The quote above requires a crystal ball to detect when others have despaired. Our crystal ball remains hazy and we are not convinced the bottom is in place. However, for investors willing to look out beyond this financial malaise, the news headlines and the short term, bargains are beginning to appear. The chart above confirms that the greatest opportunity appears when markets are in correction mode. Big up moves follow sharp falls.

This is not the time to be shouting from the rafters, but as this bear market develops the opportunities appear tempting and should be selectively increased as the general market falls. Buy selectively when others are despairing.

MVAM is taking a different path from the industry. Whilst the asset management industry in consolidating to amalgamate assets, reduce the personal contact through Robo-advice investing, MVAM is expanding, opening a 'new York' office. There will be no Robo-advice, no machine trading which now dominates markets, investing at MVAM York, just Rachel and Duncan running a sustainable income portfolio and a portfolio dedicated to investing in Yorkshire companies. Whilst Yorkshire is fond of quoting the number of gold medals they would have won at the recent Olympics had they been an independent country, they also have a number of companies who are world leaders in their niche areas, no not just swimming, triathlon and team pursuit cycling.

Returning to the market. We, like everyone else, suffer as the market declines. However, as bottom-up stock pickers we are watching carefully as opportunities begin to appear as valuations in certain companies reach extremes as the financial markets drag all equities down together. When markets are like this, the machines go into overdrive, all jumping the same way, leading to flash crashes (the Aussie Dollar fell over 8% in hours) or daily rises or falls in the stock markets of 2% or more become the norm. If we stick to our investment principles it will be the machines that are the ones providing the opportunities for active stock pickers in 2019...

For those willing to venture North, the opening will be on the 7th February at the local chocolate factory. Those preferring to stay closer to home are naturally invited to our regular Denbies event on the 31st January. Please get in contact if you wish to attend either event.

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