BOLTON WANDERER NOW PLAYING IN CHINA

Back in July 2007 I wrote about a fund manager with a great track record, Anthony Bolton (Opinion Piece 22). At the time he had decided to step back from managing the Fidelity European Special Situations Fund and I like most others assumed that he would not return to managing another fund.

I was not surprised in 2009 to see him publish a book about investing: *"Investing Against the Tide: Lessons from a Life Running Money"* (it is on my list of books to read.... if only I could find the time).

You can therefore imagine my surprise when earlier this year at the age of 60 it was announced that he was returning to manage an investment trust. If that wasn't enough of a surprise it was a bigger shock to hear that he was going to specialise in Chinese investments. Not only was he going to manage the fund but he was also taking the major step of going to live in Hong Kong. He felt this would give him the necessary time to meet the companies and get close to management as well as other important contacts.

(How appropriate it now appears that I played on words to call that opinion piece Bolton Wanderer when within 3 years he would go wandering off to China!)

I have also written about my own experience of China and Chinese companies (Opinion Piece 34). In particular I highlighted my frustration with not finding any companies that I felt could be long term members of my portfolio.

As I mentioned in that piece I last visited China in 1996 and at that time nearly all quoted companies were still majority owned by government. I know that many companies have come to the market in the last fourteen years so I have to admit that I am now way out of date. I can therefore find it quite believable that Anthony Bolton is genuinely excited at the amount of interesting companies he is meeting. I can also find it quite believable that he is excited by the opportunities that he is finding among domestic companies in areas like retailing and I really think he may be on to something when he says that a lot of the smaller companies he meets do not have any research written about them by any stock broking analyst. In other words he is saying that he is coming across a number of undiscovered gems that in the long run will turn out to be great investments.

The great thing about the internet age is that you don't have to believe me when I talk about my interpretation of what Anthony Bolton says because you can now listen to him for yourself at the following webpage:

https://www.fidelity.co.uk/investor/research-funds/investment-trusts/china-video-update.page

I was particularly intrigued to hear him say that he is finding plenty of really cheap companies and in fact he stated that there are many companies cheaper than you can find back in Europe. This makes me think that I need to devote some of my time to finding some of these companies.

I am sure that many people would think that the logical thing for me to do is to invest some of my own money into Anthony's investment trust but I am reluctant to do this because the investment trust is expensive (it sells at a premium to the value of the underlying shares) and I also wonder whether Anthony really is going to continue for more than a few years because if he really loves his work (like Buffett at 80) why did he step back four years ago?

At the moment I cannot get a list of all the holdings in the trust to see what interesting gems he has come up with. A list of the top ten holdings is included in the monthly newsletter. This can be found at:
https://www.fidelity.co.uk/static/pdf/common/investment-trusts/china-special-situations/chinamonthlysummary.pdf?WT.mc_id=BDC0298
 In the interview he only talks about holdings within this top ten but these tend to be larger companies and I get the impression that the real gems are among the smaller companies. I will therefore have to wait until the annual report comes out next year to get a list of all the names. So watch this space because hopefully at that stage I will find one or two of these gems.