

Gold Bullion, Infrastructure – MacNicol's Manager Picks

Posted: December 19, 2008, 9:39 AM by David Pett

[Manager picks](#), [Market Call](#)

Manager: David MacNicol, MacNicol & Associates Asset Management

Style: Value and growth

Fund: Global Equity

Strategy: Mid to large-cap stocks with a focus on the developed world



Bullish on:

BMG BullionFund class F units

Foster Wheeler Ltd.

First Trust Dow Jones Select MicroCap ETF.

Bearish on:

Canadian Financials

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Commentary:

"There are some good things happening in the market right now. Stocks are bottoming out, LIBOR lending rates appear to be coming down, the Baltic Dry Index, which measures shipping rates, has been straight down forever but appears to have bottomed finally and the VIX, the volatility index, has come down from its lofty levels. Based on these favourable indicators, I'm bullish short term but I still remain cautious mid-term. There will continue to be more bad news, including negative announcements regarding unemployment.

"There are three areas that I will continue to invest in, including precious metals. The physical market for gold is exploding right now. If you wanted to buy gold coins or ounces of gold you either can't because there is no supply or if you can find a dealer, you are likely to pay US\$60 to US\$80 above spot prices. That tells me gold is going to move higher, as is silver and platinum prices. I'm buying BMG BullionFund class F shares.

"I also like infrastructure stocks. The market knows that President-elect Obama is going to step in and provide a big infrastructure package and China recently announced a \$500-billion plan. Some infrastructure stocks that have started to break out include Foster Wheeler Ltd. and I think that trend will continue.

"Although I am a mid to large-cap manager, I think there will be a Santa Claus rally or January Effect on markets in general and, in particular, on the small cap stocks. There is a recent study that looked at the ten worst market years in the past 80 years. It concluded that small cap stocks bounced on average 18% in the year following those ten worst years. I recommend the First Trust Dow Jones Select MicroCap ETF.

"Another area we like in a recessionary climate is the pawn shop space. EZCorp. Inc and Cash America International Inc. are two companies worth consideration. I would still be on the sidelines when it comes to Canadian Financials, however. I don't think these stocks will necessarily go down any further, but I think they will go sideways for the time being."

Morningstar rating: N/A

[David Pett](#)

Photo by Peter Redman/National Post