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# Touchbutton

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## Sniper shot

Investors who study the broad movements of stockmarket indices could be forgiven for believing that markets seem to be trapped in a narrow band that is seemingly without end. 2012, rather like 2011, started in fine form, but after a positive first quarter nerves have become frayed, risk has been more 'on' than 'off', and the mood is generally downbeat. Latest economic data in the US and the UK has done nothing to improve things.

But dig deeper, and some fund managers continue to find special value, and have been making money for investors, including our clients, over the last year or so. To be successful in this environment, however, needs the skills of the sniper, not the heavy guns of artillery.

The largest investment in one of our favoured Asian thematic funds, CC Asian Evolution, is Asia Pacific Breweries, who produce Tiger Beer. Asia Pacific have received a bid from Heineken, and this is likely to start a bidding war, as other interested bidders come into the frame to acquire control of this well known Asian brand. Shares in Asia Pacific Breweries have risen by around 25% in the last few days, and the fund itself is now up by about 18% in the year to date.

Closer to home in the UK, the hunt for income continues. However, some managers searching for solid dividend paying ideas outside the concentration of the blue chip stocks have been turning over stones in the medium and smaller companies arena, finding companies that are well positioned in this tough economic climate. The performance of one FTSE 250 company, Domino's Pizza, whose shares are up around 30% in the year to date, has been boosting the performance of some UK equity funds. Domino's Pizza have managed to increase profit by about 13%, with the economic gloom and the bad weather being cited as key reasons for the success. Contrast the fortunes of Domino's Pizza with another FTSE 250 company, Halfords Group, whose woes have resulted in a share price drop of about 26% this year.

Picking the good from the bad remains key to active management, and the differences between winners and losers seems larger than ever. The broad markets may be making heavy weather of things, but these conditions create opportunities for the investor with the focus, patience and steady hand of the sniper.

In the year of the Diamond Jubilee and the London 2012 Olympics now in full swing, it's good to see gains being driven by beer and pizza.



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