# Different take on the path to recovery

## The gurus

Tanya Powley

Jim Rogers and Anthony Bolton are two other high-profile experts whose views are eagerly awaited by investors around the world. But their views on the prospects for China could hardly be more different.

Rogers, who founded the Quantum Fund with George Soros, is famous for creating the commodities index that bears his name. Bolton is one of the UK's best-known and successful investment fund managers.

## Jim Rogers

The chairman of Rogers Holdings and the man behind the Rogers International Commodities Index, which began in 1998, is no fan of the US stockmarket and instead is looking to Asia.

The American investor famously moved his family from New York to Singapore in 2007, declaring Asia was where the future lay. He has become one of the biggest critics of the US and exults in contrarian investment views: "I'm convinced China is going to be the great country of the 21st century," Rogers has said. "I don't see any way America is going to become the great country in the 21st century."

What is Rogers buying this year? His top picks include the yen, commodities, Chinese and Taiwanese shares and gold.

He remains bullish about commodities, in particular agriculture, despite a fall in prices. He says investors should buy stocks only where the fundamentals have been unimpaired and in his opinion that means buying commodities.

"The fundamentals for commodities are improved by what's happening," Rogers says. "They're getting better, not worse. Prices are down, so that's a bullish opportunity."

He also remains confident about China and says the best way to buy Chinese stocks is to buy commodities. Rogers has been buying Chinese shares since 1988 and says he has never sold any: "Every time the market collapses I buy more. I buy individual shares and commodities, but people can buy ETFs [exchange-traded funds] or mutual funds or whatever is best for them," Rogers says.

In December, Rogers, who retired at 37 and spent 25 years travelling the world on his motorcycle, as well as writing several investment books, said the US dollar's recent rally was artificial and he planned to sell the currency over the next few months.

In an interview with Bloomberg TV, Rogers said the US dollar was "terribly flawed" and likely to go the way pound sterling went when it was the world's reserve currency and medium of exchange.

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>
> ANTHONY BOLTON

Like Marc Faber, publisher of the *Gloom, Boom & Doom Report*, Rogers has also made clear his plan to short more of the US government long bond.

Rogers's investment approach involves being long on good quality stocks where the fundamentals are improving and shorting stocks where the fundamentals are deteriorating. He also likes to hold his investments for a long time.

"I have things I've owned for 30 years. I hope I own them for another 30 years," Rogers says.

## Anthony Bolton

Bolton managed the Fidelity Special Situations fund from 1979 to 2007 and delivered average annual returns of 20.3 per cent compared to a 7.7 per cent growth of the FTSE All Share index.

Bolton has a calm and methodical approach to investing. As a value-based manager, he describes his approach as "turning over a lot of stones" to find snippets of information.

Bolton is one of the few gurus optimistic about this year. In an interview with a British newspaper in December, he said although this is the worst financial crisis he has seen in his 30 years in funds management, indicators such as cheap valuations suggest the market has hit the bottom. He predicted there would be a rally in the first quarter of 2009, noting that the first stage of the bull market will be quite strong followed by a long period of consolidation.

In terms of which stocks will do well, Bolton believes the rally this year will be led by financial stocks and consumer staples, such as retailers. He is not so positive about commodities. "Commodity and mining shares were the main players of the last bull market and you don't find that what has led the last bull market leads the next one," Bolton says.

He also has concerns about airlines. "Airlines are very highly operationally geared, so if conditions get really tough I could see airlines having trouble," he says.

Bolton says now is a good time to own a basket of bank shares despite not being a fan of the sector. "In 28 years I have nearly always been underweight in banks. They are opaque and impossible to analyse, so I have generally been against them. However, sentiment has become extreme and governments have strengthened their balance sheets. One or two may have to raise additional capital, but that is why you should own a basket," he says.

While many gurus are favouring the emerging markets for a revival, Bolton has his eyes set firmly on the developed markets. "Given that the US was the first into the credit crunch, it could be the first out."

He also likes the look of Japan but voiced concerns about China. "The Olympics seemed to be some kind of peak event," Bolton says.

"The economy seems to be slowing down more quickly than anticipated. Emerging markets are great for the long term but China is slowing faster than people realise."