

Tuesday, June 5, 2007

Time to jump off the parabola

As readers of this blog know, I typically stay away from "hot" investment sectors because I'm antisocial and dislike crowds. Over the last few days I have seen what can only be called red flashing warning lights from a few different places like The Privateer ("Warning lights flashing worldwide"), Larry Wallman's "Sunday Comments" ("We are someplace in the "mania" segment of the bull run." and George Ure's Urban Survival.

I have yet to read Marc Faber's May GloomBoomDoom but then again, he already said this last month. So imagine to my surprise when my memory jogs and I realize: I've been socking somewhere around 40% of my company RRSP contributions into emerging markets for over 5 years! Those same markets Bucker is calling "parabolic" and in the "blow-off" phase and with China taking near-weekly 8% dumps in the stock market. Oh my!

I nearly forgot about these holdings because I simply did a "set and forget" about 6 years ago, when I setup my corporate RRSP contribs go into 1) Emerging markets 2) Japan (don't laugh), 3) income producing real estate funds and 4) natural resources. I managed to average about a 20% annual return with that formula but I don't think his mix can continue that pace.

As such I've redeemed my emerging markets into cash (money markets) and lowered my contributions into Japanese equities. I've added an income fund and allotted more into money markets.

In short, as far as this particular RRSP goes, I've bailed on emerging markets, stuck it out with Japan (hey, they're due) and gone "above weight" in cash. Which bankers hate, but hey, when everything is overvalued what the hell else am I going to do with it? Buy domain names on the aftermarket?

Remember, this is not investment advice, remove cellophane before eating, etc.

Posted by Mark Jeftovic in This is not investment advice at 14:29