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## **Diary of a Dumb Investor: I'm investing in the North Sea**

I've luxuriated in tropical surf, taking my money to emerging markets, but now I want to dip my toe into home waters: I'm investing in the North Sea.

It's clear from my portfolio that I'm not yet great at picking stocks, but I'm not bad at scrounging the right ideas off fund managers.

A reminder of my strategy: I identify shrewd fund managers (with the help of Citywire ratings and recommendations) and filter through their big holdings, the ones they're really proud of, to find ones I think look good and that can still be picked up at a decent price. I'm an investment vulture, scavenging at the experienced lions' cast-offs.

This strategy yielded double-digit returns on AZ Electronics (AZEM.L) and Hutchison China Meditech (HCM.L). I alone was responsible for Aurum Mining (AURU.L), which is yet to bear fruit (by which I mean the shares are down 31% since I bought them).

My portfolio: [Click to enlarge](#)

And now I have been alerted by two fund managers, Citywire AAA-rated Nigel Thomas and AA-rated Paul Mumford, to a further potential target: Ithaca Energy (IAE.L).

Thomas, who runs the Citywire Selection-tipped AXA Framlington UK Select Opportunities Fund, is seeking to profit from resurgent North Sea oil and gas investment that has been boosted by new technology and tax incentives after years of decline from a 1999 peak in production.

'It is not only North Dakota and Norway that are seeing an uplift in oil and gas production,' he said recently, citing Premier Oil (PMO.L), Ithaca (IAE.L) and Serica (SQZ.L) as companies that 'all have significant exposure to the North Sea' and which he holds in his fund.

North Sea focused Ithaca recently bought Valiant Petroleum in a deal that the Aberdeen-headquartered company said would allow it to double its 2013 production forecast from oilfields in the North Sea. It then delivered a decent first quarter trading update and announced a deal with Shell to reduce the amount it will have to pay to develop one of its North Sea wells.

The so-called 'sell-side' gives its approval too. Ithaca is 'cheap versus the peer group' and a 'low risk model', say Jefferies analysts who name it their 'top pick for value' in the sector. Most of the analysts covering the stock label it a 'strong buy'.

And importantly buying Ithaca allows me to diversify out of emerging markets, where I'm possibly a little over-exposed.

I'm still waiting on some extra cash before I can buy, but the company goes to the top of my wish list.

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<http://www.citywire.co.uk/money/diary-of-a-dumb-investor-i-m-investing-in-the-north-sea/a682728>

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