

## REVIEW OF 2009 NEW YEAR TIPS

Company	Price (p) 30/12/08	Rating	2009 High	Gain %	Price (p) 24/11/09	Change %
Alterian*	59.0	7	214.0	262.7	209.25	254.7
BATM Adv. Comms.	31.0	7	58.5	88.7	50.25	62.1
Clearstream Tech.*	19.5	6	40.0	105.1	26.0	33.3
Datalex (Euro)*	22.0	8	30.0	36.4	14.0	-36.4
IDOX*	8.5	8	13.0	52.9	10.75	26.5
Imaginatik	3.25	6	10.25	215.4	8.0	146.2
Innovation*	5.0	7	13.75	175.0	12.0	140.0
KBC Adv. Tech.	36.0	7	50.0	38.9	40.5	12.5
Norkom (Euro)	50.0	6	150.0	200.0	114.5	129.0
NetDimensions*	7.5	9	20.75	176.7	18.5	146.7
SQS Software	217.5	7	253.5	16.6	199.5	-8.3
System C Healthcare	34.25	8	66.0	92.7	61	78.1

Average (All)				121.75		82.03
<b>Average (Naps)</b>				<b>134.8</b>		<b>94.12</b>
Average (Best 6)				189.15		149.12

FTSE 100	4392.68		5396.96	22.9	5323.96	21.2
FTSE techMARK 100	1220.65		1675.98	37.3	1644.32	34.7

\* Denotes Nap Tip

What a contrast! Whereas our Nap Tips last year ended deeply in the red, the outcome this time couldn't be more different. The average gain this year is 94.1%, the best result since 1999, which was the third best ever. This is far in excess of the 22.9% increase recorded by the FTSE 100 over the same period.

Much of the gain occurred in the first half of the year – the July issue showed an average increase of 64.3%. However, keep in mind that as usual the result for the year is reported on an eleven month basis, that is from the time of the January issue to the following December's. Were we to do it January to January, the outcome would normally be a little better because of the extra month.

The average gain over the 19 years we have been doing this is 44.7%. And it should be remembered that this includes the effect of two shares, one in 1994 and the other in 2002, that each became worthless during the year.

In the January issue, we provided a list of 12 stocks, from which six were selected as the *Techninvest* Nap Tips for the year. Each of the 12 was given a risk rating on a scale of 1 to 10. The less the perceived risk, the higher the number. Subscribers were then invited to compile their own short-list, based on their risk comfort-level and the number of holdings they wished to spread this over.

Far and away the best performer on the list was Alterian, with a gain of a phenomenal 254.7% (it is also the largest holding in the *CF Techninvest Technology Fund*). The next two best were NetDimensions (146.7%) and Imaginatik (146.2%) both with market caps less than £15m. NetDimensions had the highest rating of the top three, 9, because it not only had good prospects but incredibly it was also selling 50% below net cash per share. Mind you, it is also a very thin trader which is why we only have it in the small *CF Techninvest Special Situations Fund* and not the much larger *CF Techninvest Technology Fund*.

Three stocks received the next highest rating of 8. One was System C Healthcare which ended the year up 78.1%. The other two, Datalex and IDOX, were also selected as Nap Tips, but in the end proved disappointing picks. IDOX at least ended in positive territory. However, Datalex proved to be the list's biggest loser. The shares slid to a loss of 36.4% in the wake of a downbeat Interim Management statement on November 19 which covered the six months to September 30 (see Update, Page 6, this issue).

The only other one to show a loss for the year was SQS Software Quality Systems,

down by 8.3%. However, looking into next year, we feel SQS has excellent prospects and fully expect a much better performance from the shares during 2010. Neither would we be inclined to sell out of any of the others on the list, with the possible exception of Datalex.

Of course, had you been smart enough to sell each stock at its high, you would have ended with an average gain of 121.7%. Alternatively, instead of blindly following the *Techninvest* nap choices, if you had used our list as an initial sieve and then been clever enough to pick the six best performers, you would have achieved a year-end result of 149.1%.

Next month we shall present our choices for 2010. As usual, these will inevitably include a number of our more recent favourites.

### NINETEEN YEAR RECORD

The Table below lists the performance of the nap portfolios in each of the last nineteen years. Using mid-market prices, the table shows both the subsequent average highs of the various constituents and the overall results for each portfolio at the time of the following December issue of *Techninvest*.

The average year-end result was a gain of 44.7%. Anyone smart enough to sell at or close to the individual highs obviously did a lot better. In general, the portfolios do better in the first half of a year, although 1995 was a notable exception

Year	Gain (%)	
	Average High	Year-end (December issue)
1991	98.7	71.6
1992	72.3	21.0
1993	276.3	183.7
1994	63.8	11.9
1995	294.4	226.2
1996	67.2	8.5
1997	95.0	45.3
1998	93.7	17.5
1999	218.3	141.8
2000	88.9	-25.6
2001	49.4	-1.6
2002	34.1	-53.7
2003	99.8	86.1
2004	92.9	21.1
2005	52.5	-9.4
2006	56.4	9.6
2007	105.3	40.4
2008	36.1	-38.7
2009	121.7	94.1
<b>Average</b>	<b>106.1%</b>	<b>44.7%</b>

## NORTH AMERICAN TIPS

Company	Price (\$)		Change	
	30/12/08	High	24/11/09	%
Actividentity	1.63	3.04	2.30	41.1
Alvarion	3.29	4.80	3.90	18.5
Bridgewater Sys(C\$)	2.10	10.37	8.18	289.5
ClickSoftware Tech.	1.81	9.18	5.32	193.9
March Networks(C\$)	1.87	4.89	3.75 <sup>(1)</sup>	100.5
Openwave Systems	0.60	3.13	2.43	305.0

<b>Average</b>				<b>158.1</b>
Nasdaq Comp.	1550.70	2205.32	2169.18	39.9

(1) Price at which stop-loss triggered

This was the best year for our North American New Year tips since the 317.5% increase recorded as long ago as 1995. This year's 158.1% has even outpaced that for 1999, the fabled top of the last high-tech boom.

The increase is almost four times better than the 39.9% advance by the Nasdaq and has improved the performance for the 16 years we have been doing this exercise to an annual 41.1% (see table below).

In the absence of systematic Update coverage for the North American tips, most years we instead protect some or all positions with appropriate stop-losses as the year goes on. With markets so depressed in the first quarter this year, we didn't recommend any early on. As markets then turned sharply upwards, with our selections performing even better – average gain at the end of June was as much as 118.7%, with 35.0% as the lowest – we saw nothing to justify a stop-loss.

With one exception. The late summer price performance of March Networks made us a little nervous. In the September issue we placed a stop-loss at C\$3.75 which was triggered on August 9 (latest C\$3.82).

Two best performers were mobile data software specialist Openwave Systems (+305.0%) and Ottawa-based Bridgewater Systems (+289.5%), which sells software for the management of subscribers on mobile networks. Both could yet go a lot higher. By comparison, Actividentity and Alvarion are slow burners. Both are turnaround situations, with plenty of cash. Of the two, Alvarion looks the better placed near-term.

ClickSoftware hit a high of \$9.18 back in July and has since trailed back on little evidence of any significant change in the Company's prospects. In fact, management sounded very confident on the October 21 Q3 Conference Call. To be safe, place a stop-loss just below \$5.00, say \$4.90.

We have only given North American New Year tips since 1994. The table below shows the result for each year since, up to the time of the December issue.

The average gain over that period was 41.1%. The massive increase of 317.5% recorded in 1995 dominates the picture. No other year came near, although this year has achieved a superb result of 158.1%.

Year	Gain (%)
1994	12.9
1995	317.5
1996	13.8
1997	47.4
1998	-2.0
1999	90.0
2000	-1.6
2001	8.0
2002	-28.7
2003	46.2
2004	5.2
2005	12.5
2006	31.5
2007	-1.3
2008	-52.4
2009	158.1
<b>Average</b>	<b>41.1%</b>