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Portfolio Review: Commodities Dip Seen As Good Time To Buy

Written by Murray Coleman

While the market was sinking in February, Ian Naismith managed to turn a slight profit.

The portfolio manager at Sarasota Capital Strategies in Osprey, Fla., says the firm produced almost a 1% gain for his high net-worth and institutional clients during the month. By contrast, the broad stock market lost around 3.5% during that timeframe.

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He uses technical indicators to tell him when to transact in ETFs. "Most of the technicals were giving us signs that the S&P 500 was oversold, which turned out to be correct," Naismith said. "There was a short rally and the markets continued to get more choppy right after we moved out of SDS."

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If the S&P 500 rallies past 1380, Naismith plans to start putting more cash to work. "But it also has to hold past 1380 for three- to-five business days," he added. "If it does that and shows the broader market is forming a solid base, then we'll start getting back into the domestic markets."

In the U.S., Sarasota does own PowerShares Dynamic Consumer Staples (AMEX: PSL). Another largely domestic holding is PowerShares WilderHill Clean Energy Index (AMEX: PBW). "These are ones we've held through this rough patch," Naismith said.

PBW is a call he's making on the long-term prospects for alternative energy. Naismith is also planning to keep a small position in PowerShares Water Resources (AMEX: PHO). Each position represents about 5% of the firm's total assets.

"Whenever these things get beat up, we tend to gather more shares. It's inevitable that water and clean energy is going to face rising demand going forward," Naismith said. "We've got a crisis taking place in clean water. And moving from fossil fuels to cleaner fuels is inevitable."

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