



**“If you believe in a recovery of the stockmarket, it makes more sense to invest in a more aggressive portfolio and you should have the stocks that have really suffered, such as autos and insurance. You want stocks that will participate when markets go up.”**

*Hans-Peter Schupp*

**Continue your research...**



## **Flood of money could cause new bubble, says veteran**

By [Philip Haddon](#) | 09:31:00 | 10 December 2008

### **Schupp in Erwartung stark sinkender Ölpreise für Aktien ausgesprochen optimistisch**

Veteran German fund manager Hans Peter Schupp has warned that the next bubble could come from an oversupply of money flooding the market.

Schupp, who founded MainFirst in Frankfurt, set up the Fidcum boutique earlier this year. He thinks that once money starts really circulating around the financial system again it could make a major impact.

‘Money is going into the market but not circulating, so the credit multiplier is not working,’ he says. ‘If they [banks] will give credit again then there will be a huge oversupply of money. This enormous oversupply you cannot easily get out of the system.’

‘This means inflation on both the typical CPI growth, but also perhaps more on the asset prices,’ he says. ‘There is a huge chance that we will get an asset price bubble. It is a little like in 98, when the situation was not so different, but it was to a much lower extent. The crisis was solved by liquidity, but at that time the debt multiplier worked and the banks couldn’t take money out fast enough.’

He thinks that, given the potential upside from equities at the current levels, it is not the time to be positioned defensively.

‘If you believe in a recovery of the stockmarket, it makes more sense to invest in a more aggressive portfolio and you should have the stocks that have really suffered, such as autos and insurance,’ he says. ‘You want stocks that will participate when markets go up.’

With his own eurozone equity fund, [Fidcum SICAV - Contrarian Value Euroland](#), Schupp has been holding on to many of his losing stocks and even adding to them as their price falls in anticipation of a recovery.

After a [‘perfect’ start](#) with his fledgling fund, when it outperformed strongly, it has suffered in recent months. But Schupp thinks this merely gives more upside potential for when the turnaround comes. His biggest holdings are currently Renault at 9.6%, Deutsche Post at 8.2% and AXA at 7.2%

