

August 6th 2008

Dear clients and colleagues,

This is the first of our weekly commentary that we intend to send you from now on.

I am happy to report that despite all the market volatility, the portfolio was invested between July 21st and July 25th.

The portfolio contains 58 companies in 21 industry groups and domiciled in 17 Countries. In terms of geographies, 53% of the portfolio is in the US, 30% in Europe and 17% in Asia.

The most important sectors represented are the Industrials (18.2%), Consumer Discretionary (17.5%), Healthcare (15.5%) and Information Technology (13.9%) and Financials (12.2%).

Important to note, the first four sectors represent 65.1% of the portfolio compared to a weight for these four sectors of just 15.2% in the S&P TSX. Even more important, Healthcare, one of the most important and fastest growing sectors of the economy is only 0.4% of the S&P TSX.

Continuing on healthcare, one might think that 15.5% is a large allocation to what many see as a risky sector. This view is mainly due to the importance of biotechs in Canada. Globally, healthcare is composed of pharmaceuticals, biotech, medical equipment and supplies and services companies. Our portfolio includes nine companies. Equipment and services account for 9.8% and Pharma and biotech is 5.6%. All nine companies are profitable. We have no pure science project.

Earnings season is for the most part completed. We have had no major surprises to our expectations although headline risk is very high in these volatile markets.

Each week, I will briefly present a company in the portfolio. This week, I will start with Autogrill.

Autogrill S.p.A. is an Italian multinational company, 58% owned by the Benetton family. It operates in various countries offering food and beverage and retail services for people on the move on key motorways, main rail and air hubs around the world. The Company conducts the majority of its business in airports in North America and on motorway in Europe where it obtained long term concessions, offering a wide portfolio of brands and food and beverage products. For example, the company owns World Duty Free, is the largest Starbucks, Burger King and McDonalds franchisee.

Some numbers: Market cap: 2.1 B Euros, p/e: 14.1x, dividend yield: 3.7%, ev/ebitda: 6.0x, sales growth last year: 20% performance 1year: -42%.

Our thesis for that company is that we own an infrastructure stock for half the multiple. Private equity investors buy highway and airports for 12 to 14x ebitda and we can own the company that operates all the franchises, restaurants, duty free shop, etc. for 6x. The Company has a strong competitive advantage as its contracts normally run for 5 to 20 years. The risks and we believe that they are already reflected in the stock price is a global slowdown. Our target price is 15 Euro, or around 9x next year ebitda, the mid-range of historical valuation.

Enjoy the rest of the summer.

Robert Beauregard