COMMENTARY

January 30, 2009

Dear clients and colleagues,

This was Barrack Obama's first week in the White House and I would say we are already starting to feel the "change". His speech on energy and climate gives us hope that real changes are on the way to tackle such challenges as dependence on hydrocarbons and climate change. His address to the Arab World on Arab Television redefined the relationship the US wants to have with the rest of the World. We have heard a lot of talk on Buy US First as being part of some of the stimulus package, raising questions in Canada and other trading partners. We do not believe this will become a major issue.

All we know, is that there will be change and with change come investment opportunities. I encourage you to read some of our previous comments to see how companies such as Ormat (Geothermal) or Hochtief (Infrastructure and construction) could get positively impacted.

Economic statistics continued to be weak but we are starting to see some sign of stabilization. The leading indicator was up. Confidence is bottoming. The debt markets appear to be functioning. Governments around the World are going back to deficits to stimulate their economy. We are not economists, but lessons of the past make us think that this is a recipe for inflation. Goldbugs seem to agree. Are we seeing a return to the 70's, i.e. low growth and high inflation, otherwise stagflation? We think so, the future will tell us.

We are completing of first half year. We made a few changes to the portfolio this month including some this week to position us for the coming year. Yearly, our turnover should be around 30% of the portfolio. We sold CPSI, a healthcare IT provider in the US. A company we like but replaced by the leader in the industry Cerner (CERN US). We sold Alfresa, the second largest Japanese drug distributor after the government blocked its merger with the largest, erasing hopes for more scale in light of forced price reductions mandated by the government.

We also sold Aditya Birla, a copper producer in Australia. We wanted to capture some capital losses and our conviction level was not sufficient to increase the position.

In addition to Cerner, we added two other companies, Daiseki (9793 JP), a leading liquid and toxic industrial waste disposal and recycling company in Japan. We also added Casey's general store (CASY US). The company we will describe this week.

Year-end earnings for our companies are starting to be released. Gentex, a US based leading auto-parts company posted a first quarterly loss in 25 years on 28% lower sales and warned that first quarter sales would be down 35-40% y-o-y. We feel the company, with its great customer relationship, the US Big3 is only 20% of sales, its strong balance sheet, over 30% of market cap is cash, no debt, industry leading margins and growth strategy, ie. new products and increased market penetration for existing products, is well positioned for a recovery in car sales.

Outotec, a leading supplier of mining process equipment announced record revenues and earnings and announced a dividend equivalent to a yield of 9%. The company is expecting sales to drop around 25% in 2009 but should remain profitable. Cash is 90% of the market capitalization of the company.

Casey's General Stores (CASY US - $21.30) www.caseys.com
Casey's owns and operates around 1,463 convenience stores in nine Midwestern states, primarily Iowa, Missouri and Illinois. All stores offer gasoline for sale on a self-serve basis and carry a broad selection of food including freshly prepared foods such as pizza, donuts and sandwiches. Interesting tidbit, Casey is the 3rd largest seller of pizza in the US. The company does not have electronic games or sell adult magazines on premises.

Market cap $1,083M, div yield 1.41%, p/e 04/10 12.1x, roe 10.3%, ev/ebitda (TTM) 4.7x, sales: $5.2B, Net debt/t12 ebitda: 0.3x, insider ownership 5%, one year return -17%.

Target Market Size
The company has less than 10% of the gasoline market in the States it operates even less of the fresh food market.

Competitive advantages
61% of stores are located in areas with populations of fewer that 5,000 persons, only 13% in areas of more than 20,000 persons. The company faces very little direct competition from Wal-Mart and other Club stores.

The company owns the land and buildings at more than 95% of its locations.

Growth strategy
The company wants to expand its prepared fresh food offering where gross margin average 62% vs 5% for gasoline.

Risk
The volatility of wholesale petroleum costs and retail margins affect operating results.

Investment Theme
This is a defensive company in our portfolio with great growth opportunities.

Valuation
Target price = $30, using DCF model at growth rate of 5% for the long term, 50% payout ratio and discount rate of and risk premium of 7.5%.