

December 5, 2008

Dear clients and colleagues,

More disappointing economic data were released this week. On Monday, readings of manufacturing activity worldwide were worst than expected, while U.S. payroll statistics released this morning have shrunk by a percentage not seen in 26 years. Layoffs announcement by multinationals such as Credit Suisse or AT&T continue to intensify at an alarming pace. In an effort to restore some confidence, the Bank of England and its European counterpart have moved to reduce their interest rate significantly.

Although there was no place to hide from the globally negative market performance that occurred in November, we are proud to report a fourth consecutive month of outperformance. Overall good stock picking, namely within the Industrials and Technology sectors, continues to generate significant value added.

Only one of our holdings reported this week. Elekta, a health care company, reported Q2 sales soared 16% compared to the previous year. Moreover, the company's order book rose 22% to SEK 6,392 million. Even amid the current turmoil, management revised the full year guidance upward, a process we have not often witnessed recently. Headquartered in Stockholm, Elekta provides innovative solutions, such as equipment and system, to treat cancer and brain disorders. We believe its technology enhancement will allow them to grow at a faster pace. So far, it has been successful in taking U.S. market shares away from big competitors, such as Siemens. This trend is unlikely to reverse as the company's marketing effort and product offering are excellent. At the international level, Elekta is well positioned to benefit from a growing Asian and South American demand. Financially, the company's margin should expand, mainly driven by the depreciation of the SEK and a better sales mix. Its net debt level is well under control at 2.6x EBITDA. We welcomed the decision of the board to authorize a share repurchase increase of 10%. Our target price is SEK 125 for an expected return of 55%.

Elekta: www.elekta.com (EKTA on the Nordic Exchange).

Market cap: SEK 7600 million, P/E (TTM): 14.1x, P/E (2010): 11.5x, EV/EBITDA (TTM): 9.5x, Net debt: 1600 million, Expected sales growth: 15%, Dividend yield: 2.1%.

Regards,

David Savignac
Assistant portfolio manager