

September 4th 2008

Dear clients and colleagues

Summer is almost over, although it feels it has just started here in Montreal. August was a positive month for the Markets around the World with the US leading the way. The MSCI World Small Cap was up 3.75% in C\$ vs 2.37% for large caps. For the year the small cap index is now down -3.68% vs. -7.24% for large caps (all C\$ returns). One might be surprised to see the small cap outperformance given the current economic conditions, lack of liquidity and aversion to risk in the markets. But again, looking at past episodes, the best and longest period of relative outperformance for small caps was from 1974 to 1982, a period of high inflation and slow growth.

August was a very bad month for commodities in general, a second month in a row. The market now seems to realize that a global slowdown will affect demand for commodities. The CRB is now in bear territory (-20% from its prior peak). Healthcare was the top performing sector for the month and year to date.

Here at home, one of the main news stories last week was the outbreak of listeriosis and salmonella, two food bacteria that led to a few unfortunate deaths and a public relations nightmare for Maple Leaf Foods. That follows last year's tainted pet food scandal which almost bankrupted Menu Foods Income Fund.

One company in the portfolio is a World leader in food safety inspection. An area that should experience very strong growth for years to come.

Eurofins Scientific: www.eurofins.com (ERF on the Paris Exchange).

Market Cap: €911 Million, P/E (TTM): 49x, P/E (2010): 16.5x, EV/Sales (TTM): 1.83x, EV/Ebitda (TTM): 15.2x, Debt/Ebitda: 2.6x, Expected sales growth: 15%, Insider ownership: 48%, Yield: 0.16%

Headquartered in Belgium, Eurofins Scientific provides a complete range of analytical testing services to clients in many industries, including the pharmaceutical, food and environmental sectors. With about 7,000 employees in more than 150 laboratories in 29 countries, Eurofins offers over 25,000 proven analytical methods for evaluating the authenticity, origin, safety, identity, composition and purity of biological substances and products. Eurofins is ideally positioned to support its clients' increasingly stringent quality and safety standards and the demands of regulatory authorities around the World.

In Eurofins, we own a company that is one of the top 3 players Worldwide in an industry growing at double digit rates for years to come. The company is extremely well diversified in terms of customers, industries and geographies. Management is excellent and lead by the Founder, Dr. Gilles Martin, 45, who still owns 48% of the Company.

Our target price, using a 7.5% discount rate is €120, for an expected return of 85%.

Have a good week.

Robert Beauregard