

June 29th, 2009

Dear clients and colleagues,

Today, many people are looking to do well financially by doing "good" ethically through a process known as "socially responsible investing." With SRI, the investment preferences and restrictions are social or ethical, as opposed to strictly financial.

At Global Alpha, ethical and environmental stewardship are important criteria we review before investing in a company. We invest with companies that are leaders in terms of sustainability and environmental impact. We also invest with companies that do not operate in sectors that have no or limited benefit for society such as tobacco, weapons, etc. We avoid companies that operate in war-torn Countries or Countries that do not respect human rights.

Below are some examples of companies we have in our portfolio and what they do in the areas of the environment and ethic.

Jones Lang LaSalle, Inc.

One of the largest real estate management and brokerage firms in the world, the Company has been named to The Ethisphere Institute's World's Most Ethical Companies list for 2009. The list recognizes 99 companies from around the world in 35 different industries for their commitment to ethical business practices. Jones Lang LaSalle has been named to the list for the second year in a row and is the only firm from the real estate industry to be included.

Jones Lang LaSalle is also the only real estate services and money management firm to have been named by the US Environmental Protection Agency as a 2007 Energy Star Partner of the Year.

Ormat Technologies, Inc.

Ormat is the third largest geothermal power producer in the US. Its share of the installed geothermal power capacity worldwide is over 10%. Geothermal is the most sustainable source of baseload power.

Frost & Sullivan has selected Ormat as the recipient of the 2006 Advanced Geothermal Energy Technologies Technology Leadership of the Year Award, in recognition of Ormat's global efforts in developing Organic Rankine Cycle (ORC) technologies and finding applications for them in environment-friendly reliable power generation markets, including geothermal energy.

Martek Bioscience

Martek discovers, develops and manufactures proprietary innovative products that improve human health and well-being through nutrition.

The company is the leader in DHA Omega 3 and other plant-based products. This vegetarian source has universal appeal and does not deplete sensitive resources (fish)

At present, Martek's flagship product, life'sDHA™, along with life'sARA™, is found in 99% percent of U.S. infant formulas. Both fatty acids are also added to infant formulas sold in over 75 countries and, subsequently, have been consumed by more than 43 million babies worldwide. In addition, a range of supplements and functional foods containing life'sDHA™ for older children and adults continues to hit the market both in the U.S. and abroad.

Portucel

Portucel is one of Europe's largest manufacturers of uncoated woodfree paper and one of Europe's largest producer of pulp.

The Group has 102 thousand hectares of forest certified by the Forest Stewardship Council (FSC), actively promoting biodiversity management. Furthermore in this field, the partnerships established with the WWF - World Wildlife Fund for Nature have resulted in the classification of almost 50% of its certified forest assets as high conservation value areas at landscapes level.

The production processes adopted by the Group are also exemplary in terms of sustainability and energy efficiency insofar as they use forest biomass, a renewable fuel, as their main source of energy. The Group is currently the largest national producer of biomass energy. Portugal's forests, and in particular those managed by the Group, play an important role in absorbing carbon thereby contributing towards reducing greenhouse gases in the atmosphere. In the end of 2007, the Group's forests retained 26 times the volume of carbon emissions (in CO2 equivalent units) of all its industrial and power generation facilities.

Those few examples illustrate that it is possible to be selective and choose companies that have a positive impact on our environment and society while striving to achieve good returns for our clients.

Interestingly, studies on the effect of socially responsible investment styles have shown that over longer periods, there doesn't seem to be any significant impact, positive or negative, relative to more broadly diversified portfolios. In other words, social and environmental restrictions have not significantly affected portfolio performance over longer periods. That's good news for socially minded investors.

Have a nice week.

The Global Alpha Team