

Dear investors,

First of all, the less important news:

- After three months in existence, Sextant's assets have reached 4 million euros - a big thanks to everyone for their trust in the group.
- You may at any moment consult Sextant's performance (code 98105) on the Boursorama web site. The price of one part of the fund was 1140.98 on 12 April. This sound performance (14% since the start of the year) is largely thanks to the teams of **Camaïeu**, who have worked extremely well since the management team was taken over by Jean François Duprez. The Camaïeu share (10% of Sextant's assets) has increased by around 50 % since 18 January.

STILL TIME TO GET RICH

It is still a good idea to increase your positions in Sextant. There are still many companies that are undervalued; Sextant could well invest in these companies with your new subscriptions. Here we will show you how to free liquidity, which will enable you to buy additional parts in the fund:

- 1- This weekend, go shopping with your husband/wife/partner. Don't go to YSL, and definitely not Zara, which are too expensive and which we all already know about. Instead, go to a **Camaïeu** shop (you can find the store list on the site www.camaieu.fr). Don't listen to people who say, "don't go there, it's not trendy". These are the people who told you to buy Liberty Surf shares when the company was first floated and recommended you to go to the latest "in" restaurant two years after it closed. Dare to step out of line and buy clothes for your partner or yourself at Camaïeu. Surprise your friends! Buy shares in Sextant!
- 2- Spoil yourself and subscribe to Gala, Paris-Match or Maximal. Of course, these are the first magazines that you'll read at the hairdressers, although you wouldn't dare to buy them at the newsagents. But how do you get the lowest subscription price? There again, you hate signing up for something for several months. The answer is, as a holder of the premier, fréquence plus or Auchan cards, you will be sent a letter twice a year that proposes subscriptions to these magazines with a limited duration – and at prices that just can't be matched. Send it off quickly and then you can read your favourite magazines both at home **and** in the office. It's cheaper and a lot less boring than Le Figaro or La Tribune. **ADL Partner**, which is the second largest stake held by Sextant (8% of total assets), will be delighted to welcome you as one of its 1,100,000 subscribers.
- 3- Be kind to your mother-in-law – go to **Gifi** (4% of assets in our fund) and buy her lots of presents: curtains, tablecloths, sailing ship models which could easily be found in the Maritime Museum, cleaning products (at last some new brands !); find everything she



wants at this shop... and at lower prices. Even though a bit further away from your apartments in Western Paris, Gifi stores are worth the trip: go on, make the effort.

With their excellent management, and having an innovative approach to their business, these three companies represent the foundations of assets in the Sextant fund.

SEXTANT INC.

93% of Sextant PEA's assets are invested in French shares and 7% is cash.

From now on I will call **Sextant inc.** the equity portfolio of our fund (i.e. 93% of the fund is invested in shares). I will refer to Sextant inc. as a company. It is a type of holding company whose managers feature amongst the most successful entrepreneurs in France. Its valuation multiples would even make Jean-Marie Messier jealous (although I'm sorry, there aren't any stock-options at our company!).

According to my estimates (which are cautious...), Sextant inc. is trading at 16.4 times its 2002 earnings, but just 10.7 times my 2003 estimates. As such, Sextant inc. is a growth stock. However, it is also a "value" stock (which more or less means that it is inexpensive), as its enterprise value (i.e. its stockmarket capitalisation + net debt) only represents 0.6 times its 2002 sales. It should be said that Sextant inc. is a family-owned company (owned by mothers/fathers/daughters/sons/great-grandmothers¹); not only does it have no debt, but it also has net cash of 720,000 euros. Indeed, overall our companies are debt free – they also have a lot of free cash. Some are even valued at less than their cash by Mr Market. Once again, many thanks to the market for providing us with all these good opportunities !

2002 P/E = 16.4, 2003 P/E = 10.7, EV/Sales = 0.59 Net Cash / Market Cap. = 22%
2003/2002 earnings growth = 50%

LE CLUB DE L'AMIRAL

Many thanks to all those who came to lunch on 22 March, and in particular thanks to Didier Le Menestrel, the manager of the famous Agressor fund (+540% since 1991).

We have reviewed the Sextant portfolio, having looked for information sources on the markets that our companies invest in, increasing our knowledge of different domains and in particular have spent some very pleasant moments at dinner, prepared by Camaïeu's friendly clientele.

Make sure you come to our next lunch (although watch out, it's one of the last free lunches!). Although the date has not yet been fixed, I will probably invite the management of a "Sextant company".

The club's members can easily contribute to Sextant's good management. Each of you is able to spot high quality listed companies. Thanks to your knowledge of a business, technology, or one of your good clients or efficient suppliers, you can keep one step ahead of the market (however, watch out, I'm not talking about insider dealing here, which is forbidden by law

¹ Two great grandmothers belong to your club



and which is not fair-play). Here are a few criteria about your next idea that I will bear in mind:

- 1- you understand the company's business well, as it operates in your professional domain
- 2- I'll be able to understand it too (although probably with greater difficulty – for example, I am neither a biologist, nor an IT specialist, and unfortunately my IQ is not very high either)
- 3- you know the company's management, either directly or indirectly; it is excellent quality and it respects the law, its clients, personnel and at least its shareholders
- 4- the company benefits from steady sales growth
- 5- the company is little known about amongst investors

If I can value this company, with its share price significantly below this valuation, I won't hesitate in letting you know. You could then buy more Sextant shares to take advantage of your good idea!

See you soon

François

P.S.: if you've got any rich friends (i.e. people who have cash of over 1140 euros), then tell them about Sextant PEA, sicovam code 98105, 0% entry rights for friends of my friends.