

THE LAUNCH OF SEXTANT GRAND LARGE**The Sextant Grand Large Launch on 11 July**

Dear Investor Friends,

Your Sextant PEA Fund continues to perform exceptionally well. As of 27 June, the unit price was up to €1,460, a 28% gain from 1 January, and the Fund has outperformed the CAC 40 by almost 77% since its launch in January 2002. The Fund has over €15 million of assets under management.

So why Sextant Grand Large? To enable you to optimise your equity savings. How? By simply answering, once and for all, the question that has cost you so dearly over these past few years, “Is this the right time to invest in the stock market?” Your financial advisors gave you the answer; anytime is a good time to invest in the stock market, because in the long-term, you will always come out ahead. Right, okay, but the problem is that these advisors began preaching this view around 1999 or 2000. As a result, apart from some enthusiasts, very elderly savers, or those lucky enough to buy Agressor, everyone lost money. Out of an urge to invest “at the right time” and join in on the dot-com easy money, people ended up buying high. (I am speaking from personal experience; in 1987, I wanted to play the market and lost all my savings. A good lesson learned that did not yet cost me too much!).

Let’s go back to, “Is this the right time to invest in the stock market?” This is actually a pointless question, because nobody knows the answer (except for some extremely rich, extremely intelligent people that neither you nor I know). The real question is, “Is it the right time to invest in company X? Does company X’s price offer enough of a safety margin with respect to its real value?”

In October 2002, we wrote that some securities had values reminiscent of 1932 (see our newsletter “Benjamin Graham and the Nouveau Marché” on www.amiralgestion.com). But who bought Sextant then? Nobody! Because everyone was terrorised by the markets’ collapse. Personally, I was convinced that the CAC would never recover. All was lost. All except for... Business Interactif, who merited half its cash (and has doubled since), Auféminin.com (idem), Camaïeu, whose women’s tops were selling like hotcakes, etc. In 1974, Warren Buffett wrote, “I feel like an oversexed guy in a whorehouse.” I felt the same in October 2002! The end of the world and nuclear holocaust may have been just around the corner, but I saw fantastic investment opportunities everywhere. Thus, armed with plenty of cash (in May/June 2002 I had a shortage of ideas, and took a large position in solid convertibles), I bought all I could, and have been reaping the benefits ever since.

The idea behind Sextant Grand Large is simple. Trust us. Let us decide when and in which companies to invest heavily, or, on the other hand, when the safety margins are too tight.

With Sextant PEA, tax rules make part of the decision for us (because at least 75% of the assets must be invested in equity), which we are perfectly happy with to cover a portion of our savings, because the tax benefits largely compensate for any inconvenience.

What will we do with the Sextant Grand Large assets that are not invested in equity? Well, we will have a great deal more latitude than with Sextant PEA. Excellent investment opportunities can sometimes be found in convertible bonds (in 2002 we took advantage of pressure in the bond markets to buy the convertibles of Alès, Vivendi, France Telecom, and Infogram, but because of Sextant PEA's classification, we were limited to 25% of the portfolio), in private-sector bonds, risk arbitrage transactions, and in some situations, high-yield equity (where the value of a company's assets or its market share can back its intrinsic value).

HOW MUCH SHOULD I INVEST IN SEXTANT GRAND LARGE?

We are not personal wealth managers. We would simply suggest that you use our two Funds to invest the portion of your savings that you wish to hold in equity, if you are reasonably optimistic.

HOW DO I INVEST?

Investing in Sextant Grand Large is actually quite simple. After 11 July, ask your bank (you may have to insist) to buy Sextant Grand Large Fund units for placing into your securities account, and not your PEA (equity savings account). The unit price is €100. Tell your bank that there are no subscription fees until the end of August, and give them name and address of the custodian, which is ING, Subscription Services, +33 (0) 1 56 39 35 18.

If the bank asks for the Fund's ISIN code, tell them you will give it to them after 8 July. After this date, you can find it on our website (www.amiralgestion.com), although we will soon be sending you an e-mail with this information.

Bon voyage! We are travelling with you, as we invest personally and through our own Amiral Gestion Funds. Grand Large sets sail on 11 July, far from the vain agitation of the indices, and in search of the secrets held by Benjamin, Warren, Charlie, and all their rich (and wise) friends!

Note: Don't forget, there will be storms ahead! Sextant Grand Large is an equity fund, and therefore, despite our best efforts, is susceptible to sharp declines.

François