

# AMIRAL GESTION

Investor Newsletter: January 2008

## Dear Investor Friends,

We of course wish you a Happy New Year for 2008, but you may have noticed that the stock exchange and your Sextant funds have started the year in a real free fall. In this type of situation, nobody any longer really knows what will happen tomorrow. A drop of one or ten percent? War or cholera? Anything is possible, and that's what makes life so interesting!

It's always possible to make mistakes (and in fact we always do make mistakes, at least regarding the details), but we believe that the market offers us an exceptional opportunity in the mid-caps. There are magnificent growth stocks, remarkably well managed and brimming with cash, which are trading on multiples of distressed companies. Some of the prices seem to anticipate the resurgence of the Spanish flu pandemic, the eruption of Karamako, Chirac as Prime Minister of France, Rudy Giuliani as US President, and even a recession in the United States and Peak Oil in 2008!

As you know, our investment success is largely due to our caution regarding incoming flows, i.e. subscriptions. Despite their exceptional performance, our PEA and Grand Large funds have remained modest in size. But on several occasions we have encouraged you to invest with us by reducing the entry fees. Always in market bottoms. This is what we are doing again today in the interest of all our unit holders, by eliminating entry fees on the PEA and Grand Large funds until 15 April. This is because there are currently a large number of investment opportunities at such incredible prices that purchases will in our opinion further increase the upside potential of our funds. If your portfolio, with a fair value of one euro, is trading at 50 cents and you can buy in again at 40 cents for a euro, of course you are doing a good deal. Last summer we cashed in some of our portfolios by selling some securities that were fairly priced. We are buying them back today at absolutely unbeatable prices: for €23, NextRadio that we had sold at €30, for €23 Aufeminin.com that we had offered up to the takeover bid at €32, IMS at €23 versus €35 and Recylex, for example, sold at €32, that we are buying back for less than 11 euros!

Moreover, we are delighted by the maturity and common sense of Sextant's investors, because since the start of the year the net flow of subscriptions into our funds is highly positive. And we're buying ourselves, too! We're investing our personal equity savings plans and the corporate equity, and we're delighted to be able to strengthen our positions in our funds so cheaply. As always when prices are low, we are very excited by the bargains available. We are like housewives in the under-50 age group during the sales season at Vet'Affaires! Without touting our products, because that's not our style, we think it's normal that we should let you know. And allow you to profit fully from the slashed prices with entry fees at zero percent on Sextant PEA and Sextant Grand Large.

For Sextant Peak Oil we have more and more ideas about a sector that in our opinion is hugely undervalued. We can find a large number of securities that would still have very fine upside potential with oil prices at \$70, leaving us an impressive margin of safety.

We wish you all the best for 2008. And we hope you may even earn a little money with us! In any case be cautious, don't forget that you should not invest with us the slightest euro that you might need within five years. Our funds, like all equity funds, can lose several dozen % in a few days, even if you buy in at rock bottom prices; it may not seem at all logical, but that's how it is!

Your crew, always on the deck, as usual...