LABHA
INVESTMENT ADVISORS SA

QUARTERLY REPORT **Q1 / 2007**

March 2007

Markets continue to be nervous and comments from the present and ex- FED chairmen have resulted in major swings in sentiment. The US housing market remains a concern especially for the home builders and sub-prime finance companies but also for the broad market as it has an adverse impact on sentiment.

This said, we believe that certain structural trends remain in place. Some base metals are still in short supply, demand for others is growing. Precious metals especially gold are in favour due to an increase in risk aversion, inflation concerns as well as diversification of risk by emerging markets and supply constraints. We advise adding to equity exposure in areas where we believe changes in the macro-economic environment will have little impact. These are areas benefiting from a change in the regulatory environment or from a lack of investment over the past decade. Larger cap stocks with relatively stable earnings, good cash flow, dividend and buy-back programs look attractive to us. These stocks have underperformed the market for several years now and look set to outperform until more clarity is forthcoming from the US. We also advise overweighting US exporters which we believe will outperform the general market with the present economic and currency backdrop. These stocks are spread over several sectors from industrials to technology and consumer staples.

February 2007

We advised increasing positions in gold and gold stocks after the recent set back. In our opinion economic and structural fundamentals worldwide look favourable for gold. Demand is on the rise, additional supply is difficult to produce with the logistics of mining getting more complicated and the central banks of India and China have only a small percentage of their reserves in gold and will probably increase their holdings over time.

January 2007

We believe that the technology sector will do well this year as new products and technologies are introduced to the market and companies that are cash rich increase their capital expenditure. The oil sector and the basic materials sector are out of favour at present but look attractive from a valuation stand point and the fact that oil and commodity prices are no longer looking overinflated as they did in the middle of 2006. With growth in emerging markets continuing at levels above 7% and Japan and Europe showing stronger growth, we believe that the moderation of growth in the US will not significantly effect the Demand -Supply equation for Oil and commodities and that these sectors should return to favour this year.

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