



LABHA
INVESTMENT ADVISORS SA

QUARTERLY REPORT

Q4 / 2007

December 2007

We approach 2008 with some caution having advised clients to reduce equity exposure and focus a lot more on the large cap stocks in our universe. We advise remaining underweight financials, neutral on emerging markets and underweight Japan, the US and Europe. We recommend reducing exposure to the US consumer to a minimum. Our clients have been advised to reduced exposure to oil stocks and gold after the recent run up.

Though equities do not look expensive, corporate balance sheets look healthy and interest rates seem to be coming down, investors have turned very cautious based on the sub-prime issues and their fall out. It may take a while for confidence to return as a result. Therefore we recommend a reduced exposure to equities for the start of the year due to limited visibility.