GTI GLOBAL THEMATIC INVESTORS

QUARTERLY LETTER TO SHAREHOLDERS IN THE P&C GLOBAL THEMATIC INVESTORS FUND JUNE 2011

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# Collectibles: Find a New Stamping Ground

King George V, Freddie Mercury of *Queen* and Franklin Roosevelt may not seem natural bedfellows.

Equally unexpected is the link between President Sarkozy of France, John Lennon and Bill Gross, billionaire head of PIMCO, the world's largest bond manager. But they all share, or shared, one common interest: stamps. Small wonder. Apart from their historical interest, collectibles produce returns running at about +10% per annum in the longer term. Stamps bring solid, uncorrelated investment returns as well as enjoyment.

## William and Kate First Day Cover

**Source : Stanley Gibbons**

Governments everywhere know the value of stamps. For decades they've issued stamps to raise revenues. Sometimes they haven't played fair. The greatest stamp collector of all time, Phillip von Ferrary, had his entire collection auctioned off by the French government in the 1920s. The French justified the sale as "war reparations", as von Ferrary –the son of the Duke of Galliera of Genoa and a Southern European by descent - had mistakenly adopted Austrian citizenship and made his collection eligible for confiscation. The historic collection was liquidated in 14 sales between 1921 and 1926 and raised FFR 14 million.

In addition, unlike property and land, however, collectibles are extremely portable. This generally makes them harder to tax.

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# People *pass through* history- Stamps and collectibles *are* history

The passion to conserve history in the form of coins, stamps and other collectibles is strong, and it's growing fast amongst 2 cohort groups: the ageing Baby Boomers and the Chinese.

Up to 60 million people worldwide collect stamps. Over 10 million collect coins. Trading volume in stamps runs at USD 10bn pa and the global market for autographs and memorabilia is worth USD 5bn pa.

Coin, memorabilia and stamp collecting is a hybrid play on 2 of our global themes: *Ageing Population* and *Developing China*.

The retiring Baby Boomer generation –many now rich both in time and liquid assets- are busy dusting off their old albums, or supplementing their retirement income by trading collectibles.

But the big story is that one in every three stamps collected in the world is collected in China. It is said that collectibles, like gold and "hard" assets, habitually move from weak hands to strong. Chinese hands are the strongest on the planet.

The global credit crisis has enhanced the appeal of physical assets like stamps and coins. In 2008, the worst investment year in living memory, the rise in coin prices hardly skipped a beat.

Coin prices are now trading at record highs. Recently, a 1794 Silver Dollar sold for USD 7.85mn and a 1943 Lincoln cent for USD 1.7mn—talk about a pretty penny!

## The 1933 Saint-Gaudens Gold Double Eagle


This is the reverse


This is the obverse

*In 2002 the 1933 Gold Double Eagle, designed by Augustus Saint-Gaudens, sold for what was then the highest price ever paid for a coin, $7.5 million U.S. dollars.*

**Source : Susan Headley – coins.about.com**

In 2008, the rare stamps index (the GB30 Rarities Index) grew by +39%. Think what might happen if we ever return to an inflationary era. From 1975 to 1980, the last period of serious inflation, rare stamps increased by +600%.

So how do we play this theme? GTI has made investments in 2 companies that are exposed to the collectibles market. There are other investments too, one of which we cover here, to show what sort of collectible companies can be, well, collected.

# Stanley Gibbons: Now to Collect Market Share

Stanley Gibbons –a full unit sized investment for the fund- is the Grand Old Man of stamp collecting. It owns the biggest stamp shop the world at 399, The Strand, London.


Edward Stanley Gibbons, born in the same year the world's first stamp –the Penny Black- was issued, founded his stamp shop in his Dad's chemist shop in 1856. It was SG's pioneering use of Stamp Catalogues that made it famous (SG's *Price List & Catalogue)*.

Ironically, it has been the failure to discover the next best means of distribution for its stamps that has held SG back over the years. But read on. This is changing.

SG's goal is to leverage the Stanley Gibbons name to achieve a meaningful presence in other collectibles, including albums, celebrity memorabilia, historical documents and first day covers. It recently bought Benham Group, the largest dealer in first day covers in the UK, and has over the years developed Fraser's Autographs, named after one of its past Chairmen, the biggest autograph dealer in Europe.

Stanley Gibbons received its first Royal Warrant in 1914 from King George V, a dedicated philatelist. It still holds the Royal Warrant today and a SG certificate of authenticity remains the gold standard in stamp collecting.

What interests us is that, despite an illustrious history, SG commands *less than ½% of the global stamp market*. Since the worldwide stamp market is USD10bn, a 5% market share –a realistic objective with the right type of planning and execution- would give SG annual sales of USD 500mn. Today, sales are under USD 50mn. A tenfold increase in sales over the next 10-15 years would produce dramatic profits and even more dramatic share price performance; Stanley Gibbons is currently lowly-rated by the stock market (11x forward PER) for historical reasons. Sound execution of this new strategy will certainly result in a re-rating of the multiple.

## Stanley Gibbons Group plc (SGI:LN)


**Source : Fullermoney**

Perhaps unsurprisingly for a firm of its vintage, Stanley Gibbons has had a complex and sometimes chequered past. Most recently, it passed out of the hands of Flying Flowers, a flower mail order company, in 2000 after a brief misalliance. It has taken far too long to optimize the most obvious retail model to realize its global ambitions: the internet. We believe that today's management has the right skills to take it towards this 5% global market share, though almost certainly there will have to be some growth via the inevitable collectible industry consolidation.

There is nothing wrong with SG's existing means of distribution: auctions, catalogues, advertising, retail sales. Indeed, SG says it wants to be no 1 in stamp auctions within 3 years.

But to be successful globally, the real prize, SG needs global scalability. SG's collectibles business is now scalable thanks to the internet. Drawing the attention of several million Chinese collectors has never been easier.

Yet SG has made a couple of false starts on its e-distribution model, and only now is it on track to make a success of it. An online trading community is being created and all catalogue data is being digitalized. SG has made available a complete set of back copies of its magazine, which consists of over 40,000 pages of philatelic articles and images in a searchable digital format and retails at about GBP 200.


There is also a plan-currently on hold- to develop a rare stamp investment fund.

SG is in the process of finding partners in China (the CEO has just returned from the Far East) and has secured over GBP1mn of orders from investment clients there.

Overall, the business is doing fine, with dullish (+5%) stamp sales counter-balanced by stronger sales in historical documents (up more than +40% yoy) and autographs, records and memorabilia sales +25% yoy. Recent years have seen one-off costs (and a hit to margins) because of the refurbishment of the Strand office, some senior recruitment and the ongoing database and internet projects. This expenditure will pay off in later years.

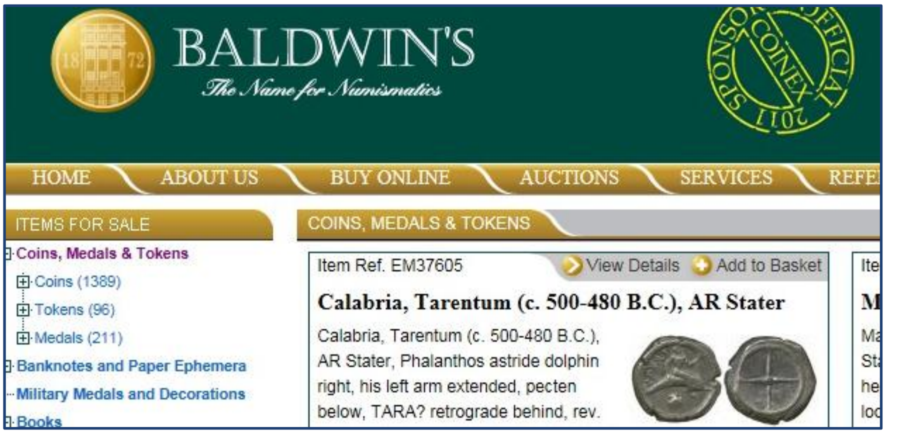
If SG were on offer at 20x earnings, the execution risk of increasing market share via acquisitions and China and internet strategies might be daunting. But, at today's price, SG sits on barely a double-digit PER and, if we are right about the execution strategy, we think it is set fair for +15-20% growth for years to come. SG's balance sheet strength, cash flow and management pedigree will help it stamp its mark on an industry where it is already dominant in terms of reputation, but distinctly secondary in terms of market share. That's why we've bought it for the fund.

## Noble Investments: Heads You Win

Noble –we have taken a half sized stake for the fund- is quoted on the London AIM market, and, although barely 10 years old, is already half SG's size.

Noble also has "pedigree". Noble's operating company is AH Baldwin and Sons, and Baldwin's is a 138 year old coin dealer, with whom Noble merged in 2005. Baldwin's is the only numismatic *trading* company listed on the LSE and officially sponsors London's annual Coinex fair, the largest of its kind in the world. Noble also does a thriving trade in stamps, banknotes, ephemera and medals and decorations. Apex Philatelics, established in 1994 and acquired by Noble in late 2008 for GBP 1.3mn, is the smaller part of the business but sales are already benefitting from the synergies of being part of Noble. (Noble's acquisition activity gives us an insight into the type of industry consolidation that may be necessary to leverage the SG brand; Noble's annual report speaks of more acquisitions to come).

Noble's numismatic activities embrace Ancient Greek, Roman, Byzantine, Anglo Saxon, English and European hammered and milled coins. They also do Russian, Indian and Islamic coins. (This latter point could be important: the burgeoning *"Emerging Middle Class"* in Arabia and India will want to collect their own coins, not those of Dead White Men that sat on European thrones).




Noble realizes the importance of the Asia region. Its 25th Hong Kong auction lasted a marathon 14 hours and 200 bidders turned up. Revenues doubled pre-sales estimates. There are also auctions in London and New York, but Asia is the *big one* in terms of growth potential.

Spurred on by its global ambitions, Noble has pursued an effective internet strategy; in 2010 its web site had 21mn hits (in 2009 only 11mn) and Baldwins now have several thousand coins and books posted on it for sale.

Profits were up +40% at the halfway stage this year, the dividend was hiked by +30% and margins are increasing by leaps and bounds. The auction business –a lumpy but substantial contributor- saw revenues rise +52%. We think +30% earnings growth is easily on the cards for 2011, and it could be a lot higher. We also find it interesting that Noble is buying not only its own shares for its treasury and employee benefit trust, but also shares in Avarae Global Coins plc, a much smaller coin *investment* company that we refer to below. It now owns more than 11% of Avarae.

## Noble Investments UK Plc (NBL:LDN)


**Source : Fullermoney**

We think Noble sits on a PER of about 11x and a forward yield of about 3%. For a company with its simple business model and outstanding outlook, this is not expensive.

# Avarae Coins: The Other Side of the Coin

**Avarae Coins** floated on the UK's AIM market in May 2006 and is the only UK listed rare coin investment company. We haven't made an investment in Avarae so far, but we are reviewing it.

## Avarae Global Coins Plc (AVR:LDN)


**Source : Fullermoney**

Though it has raised more than GBP 12.5mn from its shareholders, its stock market value is now only GBP 7mn. The coin portfolio today –over 1,000 coins- is worth at least GBP 11mn, so its shares trade at a >40% discount to NAV. As a result, Avarae has been buying in and cancelling its undervalued stock.

Being an *investor* rather than *trader*, Avarae exists with few full time employees, outsourcing its purchase of coins through Noble Investments, who own about 11% of the company. Its real activity, making investment decisions, is out-sourced to an independent investment advisory panel (Sir John Wheeler and Clem Chambers).

Noble specializes in British and Commonwealth coins (Wheeler's area of expertise) but also holds Islamic, Chinese and Indian coins, having built a portfolio from over 40 countries. Its annual running costs –including its adviser, insurance and trading costs- are about GBP 300,000, equivalent to about 3% of company asset value, a tad high to our taste but given the uniqueness of the company, it can still attract followers.

A particular point to note is that Avarae's revaluation policy is to only revalue a coin when it has been held for longer than one year in the portfolio; as rare coin prices have risen recently, it has modestly re-valued its coin portfolio in each of the last few years. This conservative, lagging revaluation policy tends to give a beneficial lagging "kicker" to its Net Asset Value over time; coin prices generally appreciate by +10% pa.

The GTI fund has now become a collector of collectors. The merits of these collectible companies are obvious, but they are little followed by "the street". We like that. So finally, here's our comparison sheet showing the 3 companies:

| | Noble Invest (y'end 31/8) | | | | Avarae Coins (y'end 31/3) | | | | Stan Gibbons (y'end 31/12) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(GBPmn)* | 2008a | 2009a | 2010a | *2011e* | 2008a | 2009a | 2010a | *2011e* | 2008a | 2009a | 2010a | *2011e* |
| Recent Sh Price (GBP) | **1.53** | | | | **0.0875** | | | | **1.83** | | | |
| Revenues | 10.14 | 12.10 | 14.13 | *15.55* | 0.12 | 0.91 | 1.22 | | 19.39 | 23.37 | 26.43 | *30.39* |
| *Growth %* | | *19.3%* | *16.8%* | *10.0%* | | *661.3%* | *35.1%* | | | *20.5%* | *13.1%* | *15.0%* |
| Admin /Selling Costs | 1.58 | 2.28 | 2.45 | *2.65* | 0.35 | 0.38 | 0.44 | | 5.56 | 5.89 | 7.13 | *7.70* |
| *Growth %* | | *44.1%* | *7.3%* | *8.2%* | | *7.9%* | *15.7%* | | | *5.9%* | *21.1%* | *8.0%* |
| Net Profits | 1.49 | 1.53 | 1.58 | *2.13* | 0.29 | 0.19 | 0.38 | | 3.32 | 3.70 | 3.83 | *4.79* |
| *Growth %* | | *2.8%* | *2.9%* | *35.0%* | | *-33.3%* | *100.0%* | | | *11.3%* | *3.5%* | *25.0%* |
| *Net Margins %* | *14.7%* | *12.7%* | *11.2%* | *13.7%* | *239.5%* | *21.0%* | *31.0%* | | *17.1%* | *15.8%* | *14.5%* | *15.8%* |
| *ROE %* | *10.9%* | *11.1%* | *11.6%* | *14.2%* | *2.4%* | *1.6%* | *3.4%* | | *21.0%* | *20.4%* | *18.3%* | *20.8%* |
| Net Cash Flow | | 1.14 | 0.77 | *1.00* | 2.20 | -2.32 | -1.08 | | -2.48 | 2.53 | -1.22 | *2.00* |
| Total Assets | 17.68 | 16.66 | 16.81 | *17.00* | 12.02 | 12.08 | 11.18 | | 20.06 | 23.73 | 28.39 | *30.00* |
| Sh Funds | 13.72 | 13.81 | 13.55 | *15.00* | 11.78 | 11.97 | 11.10 | | 15.84 | 18.16 | 20.99 | *23.00* |
| Inventories | 8.19 | 8.61 | 7.23 | *9.00* | 7.72 | 9.64 | 10.34 | | 11.75 | 9.29 | 14.77 | *16.25* |
| Net Cash | 3.87 | 2.73 | 3.50 | *4.00* | 4.22 | 1.90 | 0.82 | | 0.54 | 3.06 | 1.59 | *1.50* |
| Shares o/s | 15.72 | 15.72 | 15.72 | *15.72* | 80.78 | 80.78 | 80.78 | | 25.18 | 25.18 | 25.18 | *25.18* |
| EPS | 0.095 | 0.098 | 0.100 | *0.136* | 0.004 | 0.002 | 0.005 | | 0.132 | 0.147 | 0.152 | *0.190* |
| Div ps | 0.025 | 0.030 | 0.035 | *0.046* | 0.000 | 0.000 | 0.000 | | 0.048 | 0.048 | 0.053 | *0.060* |
| PER (x) | 16.1 | 15.7 | 15.2 | *11.3* | 24.8 | 37.2 | 18.6 | | 13.9 | 12.5 | 12.0 | *9.6* |
| Yield | 1.63% | 1.96% | 2.29% | *2.97%* | 0.00% | 0.00% | 0.00% | | 2.60% | 2.60% | 2.87% | *3.30%* |
| Price: Book Value | | | 1.8 | *1.60* | | | 0.64 | | | | 2.2 | |
| Mkt Cap (GBPmn) | **24.05** | | | | **7.07** | | | | **46.07** | | | |
| Core Businesses | Trading: Baldwins (Coins), Apex (stamps) | | | | Investment (3-5 years): Coins | | | | Trading: Stamps (0.5% global mkt sh), collectibles | | | |
| Employees | 14 | 21 | 22 | 23 | 2 | 2 | 2 | | 110 | 112 | 117 | |
| *Sales/employee (GBPmn)* | *0.72* | *0.58* | *0.64* | *0.64* | *0.06* | *0.45* | *0.61* | | *0.18* | *0.21* | *0.23* | |
| Offices | London, NYC, Hong Kong | | | | London | | | | London, Jersey, Guernsey,Ringwood,Folkestone | | | |
| Segmentation / Comment | *One customer = 18% sales 2010* | | | | | | | | ***Stamp trading*** | *20.8* | | |
| *Retail trading and related* | *10.141* | *10.746* | *12.825* | | | | | | ***Accessories*** | *2.61* | | |
| *Auctions & Comms* | | *1.351* | *1.307* | | | | | | ***Autogr, memo*** | *2.61* | | |
| *UK* | *7.937* | *8.475* | *8.872* | | | | | | | | | |
| *Rest of Europe* | *0.423* | *1.394* | *0.895* | | | | | | | | | |
| *N America* | *1.178* | *1.175* | *1.175* | | | | | | | | | |
| *Rest of World* | *0.603* | *3.19* | *3.19* | | | | | | | | | |
| Major shareholders | Mgt+Pens: 30%, Jupiter AM 11%, Gartmore Inv 5% | | | | Equity Partners 16%, Blackrock 13%, Jupiter 10%, Westminster AM 10%, Noble | | | | Blackrock funds 21%, Artemis Inv 10%, Barclays 5%, Ignis 3%, Montanaro Gp 4% | | | |
| Shareholdings etc | 11% Avarae Coins | | | | | | | | | | | |
| Customers | 45,000 (10,000 active, 5,000 2009) | | | | | | | | 10,000 HNWs | | | |
| No Items for purchase | | 11,500 | 11,500 | | | | | | 3mn stamps, 60,000 signatures | | | |
| Catalogues, lists distr | *68k pa (Ldn 12k, NYC 10k, HK 4.5k, Islamic 1k, Philatelic Ww'd 35k, fixed* | | | | | | | | *SG price catalogues etc being digitalized* | | | |
| Distribution | *Retail, Auction, Online* | | | | | | | | *Dealers 27%, Retail 53%, Auction 6%, Online 14%* | | | |
| Number of Auctions | | 22 | 24 | | | | | | | | | |
| Web site visits pm | *12,000 / launched Sept 2010, first co with live audio bidding on internet* | | | | | | | | *150,000 email addresses, 45,000 contacts, 10,000 "active"* | | | |
| Web site hits (mn) | | 11 | 21 | | | | | | | | | |

# A Tale of 2 Brewers


Here's a useful tip for students, based on my experience. If it's party action you're after, head for the noisiest room in college.

Here's a useful tip for brewers. If you want to sell a lot of beer, drive your beer dray where the party is making the greatest din.

Two places where the *Emerging Middle Class* will be raising a glass over the next 20 years are Brazil and Indochina. GTI has invested in both areas via 2 companies which have adopted radically different models to access the locals' ample beer money.

One, Ambev, is the super-dominant brewer in Brazil that has branched out to dominate other regional markets. The other, APB, is a leader in Asia, with a "Big Fish in Smaller Ponds" strategy. The success of both companies shows the critical importance of being dominant.

Beer is a capital-intensive consumer business, so the ability to generate high margin cash flow based on market and brand name dominance is key to success.

Beer is a good business to invest in when the party is at full blast but it's an even better business to invest in when times are tough. In 2008, the largest economic crisis in decades, US beer volumes fell by a mere -1.5%.

To be successful in selling beer, say Arisaig Partners of Singapore, 4 factors are critical:

1. ***Brand equity – a function of marketing and consistent quality.*** *Since most beer sold is a largely similar product, branding is everything – most drinkers buy beer that fits an image they want to project, rather than for the taste. Beer brands are some of the oldest in the world, and do not spoil easily. As long as quality is consistent, and advertising spend strong, brands stay fresh.*
2. ***Scale and high capacity utilisation.*** *As with all consumer businesses, economies of scale apply for breweries. High capacity utilisation is particularly important because beer is a high fixed cost business.*
3. ***Distribution and market access.*** *Beer is heavy, perishable and difficult to transport, meaning that sophisticated distribution is a must. Strength in this area can create a formidable barrier to entry.*
4. ***Consumer insight.*** *This relates to the ability to sense shifts in consumer tastes and being able to respond to them, for instance by using brand leverage to launch new sub-brands (e.g. "lite", strong, or low carbohydrate beers).*

**Source : Arisaig Partners**

Both of our GTI breweries possess these attributes in spades.

# Ambev: the Super Beer Tanker

Our *Emerging Middle Class* theme holding, **Ambev** owns 70% of the Brazilian beer market –we're talking about a country of 200mn thirsty people- and higher market shares in other countries in Latam. Its already the size of a Super Tanker, but it's set to grow a lot bigger.

## Cia.de Bebidas das Americas (AmBev) (ABV:US)


**Source : Fullermoney**

Brazilians are famous for their love of partying. AmBev, which is 62% owned by the world's leading brewer, AB-InBev, has staked out a Copacabana goldmine. Its competition is losing out to AmBev's superior distribution power, dominance and product strategy. As a result, Ambev commands the highest *net* margins of just about any beer company in the world: over 30% (yes, one in three dollars from beer sales potentially goes straight into shareholder pockets as earnings), with gross margins edging up towards 50%.

**Co Name: Ambev** | **Mkt Cap: USDmn 82,165**

**Currency: BRL (Million)** | **Price BRL: 45.00**

| *31st December* | 2006 | 2007 | 2008 | 2009 | 2010 | 2010 (USD) | *2011e* | *2012e* | *2013e* |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | 17,614 | 19,649 | 20,713 | 23,194 | 25,233 | **14,843** | *28,009* | *31,370* | *35,134* |
| *% change* | | *12%* | *5%* | *12%* | *9%* | | *11%* | *12%* | *12%* |
| Less: **Cost of Sales** | 9,967 | 10,981 | 11,598 | 12,637 | 13,677 | **8,045** | *14,361* | *15,941* | *17,535* |
| *% change* | | *10%* | *6%* | *9%* | *8%* | | *5%* | *11%* | *10%* |
| **Operating Profit** | 7,647 | 8,668 | 9,115 | 10,557 | 11,556 | **6,798** | *13,648* | *15,429* | *17,599* |
| *% change* | | *13%* | *5%* | *16%* | *9%* | | *18%* | *13%* | *14%* |
| **Profit Before Tax** | 4,307 | 4,457 | 6,638 | 8,197 | 9,704 | **5,708** | *11,402* | *12,770* | *14,431* |
| **Tax** | 1,510 | 1,593 | 1,447 | 2,208 | 2,085 | **1,226** | *2,800* | *3,300* | *3,900* |
| *% Tax Rate* | *35%* | *36%* | *22%* | *27%* | *21%* | | *25%* | *26%* | *27%* |
| **Profit After Tax** | 2,797 | 2,864 | 5,191 | 5,989 | 7,619 | **4,482** | *8,602* | *9,470* | *10,531* |
| *% change* | | *2%* | *81%* | *15%* | *27%* | | *13%* | *10%* | *11%* |
| **Net Margin** | 15.9% | 14.6% | 25.1% | 25.8% | 30.2% | | *30.7%* | *30.2%* | *30.0%* |
| **Gross Margin** | 43.4% | 44.1% | 44.0% | 45.5% | 45.8% | | *48.7%* | *49.2%* | *50.1%* |
| **Return on Equity** | 14.2% | 16.3% | 24.7% | 26.9% | 31.0% | | *31.8%* | *33.4%* | *35.3%* |
| **EPS** | 0.90 | 0.92 | 1.67 | 1.93 | 2.45 | | *2.77* | *3.05* | *3.39* |
| *% change* | | *2%* | *81%* | *15%* | *27%* | | *13%* | *10%* | *11%* |
| **DPS** | 2.45 | 0.63 | 0.91 | 1.16 | 1.63 | | *1.87* | *2.06* | *2.27* |
| *% change* | | *-74%* | *44%* | *27%* | *41%* | | *15%* | *10%* | *10%* |
| **PER (x)** | | | **26.9** | **23.3** | **18.3** | | ***16.2*** | ***14.7*** | ***13.3*** |
| **Price to Sales (x)** | | | | **3.54** | **3.26** | | ***2.93*** | ***2.62*** | ***2.34*** |
| **Yield (%)** | | | | **2.6%** | **3.6%** | | ***4.2%*** | ***4.6%*** | ***5.0%*** |
| **Price to Book (x)** | | | | | **5.7** | | | | |
| **Cash** | 1,765 | 2,483 | 3,299 | 4,043 | 5,909 | **3,476** | | | |
| **Short Term Debt** | 2,105 | 2,476 | 3,588 | 801 | 2,606 | | | | |
| **Long Term Debt** | 7,462 | 7,376 | 7,070 | 6,460 | 4,164 | | | | |
| **Net Cash** | -7,802 | -7,369 | -7,359 | -3,218 | -861 | **-506** | | | |
| **Shareholders Funds** | 19,641 | 17,607 | 21,012 | 22,296 | 24,565 | **14,450** | *27,022* | *28,373* | *29,791* |
| **Shares In Issue** | 3,104 | 3,104 | 3,104 | 3,104 | 3,104 | | *3,104* | *3,104* | *3,104* |
| **Book Value/share** | | 5.7 | 6.8 | 7.2 | 7.9 | | | | |

*Source: P&C Global Wealth Mgrs SA, GTI, Annual Reports, Company Data*

**Foresx BRL/USD 1.7**

Ambev is the 5th largest brewery in the world and *El Numero Uno* in Latin America. 68% of sales come from Brazil, but Ambev also derives 15% of sales from *fiesta*-loving southern Latam (Argentina, Bolivia, Chile, Paraguay and Uruguay) and 3% in northern Latam (Central America, Ecuador, Peru and, Venezuela). The remaining 15% of sales come from Canada. When people characterise Canadians as strong, silent sensible types, I refer them to the Canadian ice-hockey player who slugged me in the McGill University student bar in 1974, when I was 18. Canadians, like people everywhere, just love beer.

| Co Name: Ambev Sales | 2010 | *2010* | 2009 | *2009* |
|---|---|---|---|---|
| Beer Brazil | 14,279 | *57%* | 12,065 | *52%* |
| Soft Drinks Brazil | 2,867 | *11%* | 2,568 | *11%* |
| Total Brazil | *17,146* | *68%* | *14,633* | *63%* |
| Hila-Ex | 564 | *2%* | 782 | *3%* |
| Quinsa - Beer | 2,849 | *11%* | 2,786 | *12%* |
| Quinsa - Soft Drinks | 1,009 | *4%* | 1,041 | *4%* |
| Total Quinsa | *3,858* | *15%* | *3,827* | *16%* |
| Labatt | 3,666 | *15%* | 3,953 | *17%* |
| TOTAL | **25,234** | | **23,195** | |

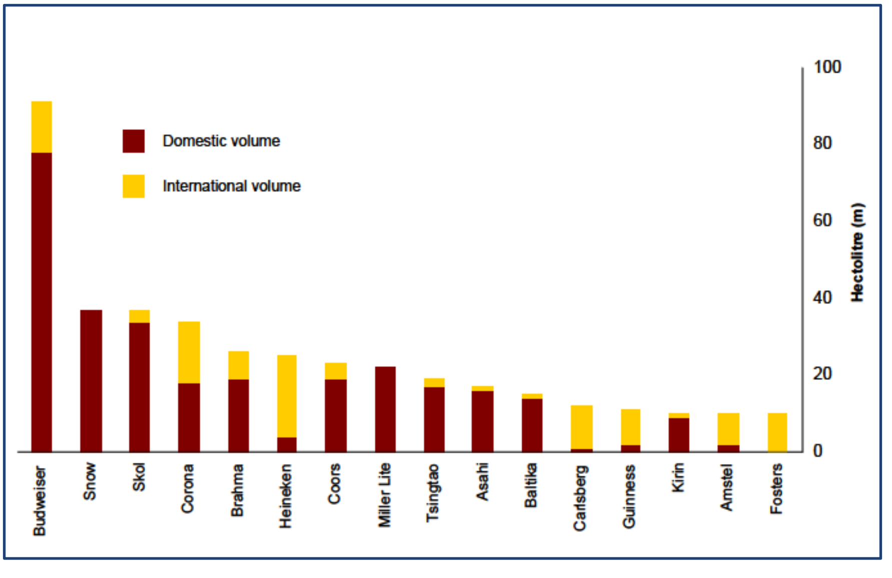
Source: P&C Global Wealth Mgrs SA, GTI, Annual Reports, Company Data

Ambev is dominant (remember last quarter's GTI about "dominance"?) in 6 out of the 14 markets in which it operates. Have a look at this table.

| Ambev Market Share | |
|---|---|
| Brazil | 70% |
| Argentina | 76% |
| Bolivia | 97% |
| Paraguay | 96% |
| Uruguay | 98% |
| Canada | 43% |

*Source: P&C Global Wealth Mgrs SA, GTI, Annual Reports, Company Data*

## Top 16 global beer brands (by volume) 2007




**Source : Arisaig Partners March 2010**

Ambev's brands are few but all of them are leaders. Skol is no 4 globally by volume, Brahma is no 7, Antarctica no 24 and Quilmes no 35. Ambev also has a couple of interesting night jobs. They distribute Budweiser (no 2 in the world) in Canada and Pepsi products in Brazil. They are doing a good job to leverage other brands in the massive AB-InBev group by selling Budweiser in Brazil. "Bud" is everybody's buddy; this could be a sweet deal for Ambev:

Ambev doesn't want competition and nurtures its distributors, as it knows this is a real barrier to entry in its marketplace. Its sales staff visit 3rd party distributors on average 1.4x a week; this also helps Ambev generate "negative working capital" (jargon for when a company finances itself by dragging its feet on paying its suppliers, turns over its stocks as quickly as possible and banks its sales as quickly as possible).

Ambev's premium beers –only 5% of Brazilian sales compared to 20% in the USA, so plenty of room for growth- are set to generate high sales growth in the years ahead as the fashion-conscious Brazilian Middle Class work up a thirst for better quality beer.

There's some considerable way to go in terms of catching up with more developed markets. Beer consumption in Brazil has moved from 50 to 60 litres pa in the last 5 years, but is still some way below the USA (81 litres pa). Brazil is a big place; on its doorstep, Ambev has the untapped northern areas of Brazil where beer consumption is a mere 40 litres pa.

Ambev is a classic, conservative private client stock. Growing sales at 10% per annum and with a titanic market cap of nearly USD 90bn, Ambev is no baby growth stock that will double on you every 3 years. We believe that it's more likely to double every 4-6 years via a 13% CAGR.

Indeed, the sheer dominance of Ambev in what must surely pass as one of the most exciting major beer markets in the world, qualifies it as a "core holding" for any international portfolio. Higher grain prices may dent Ambev's profits from time to time but a hearty Brazilian thirst and growing Latino affluence will allow Ambev to raise prices.

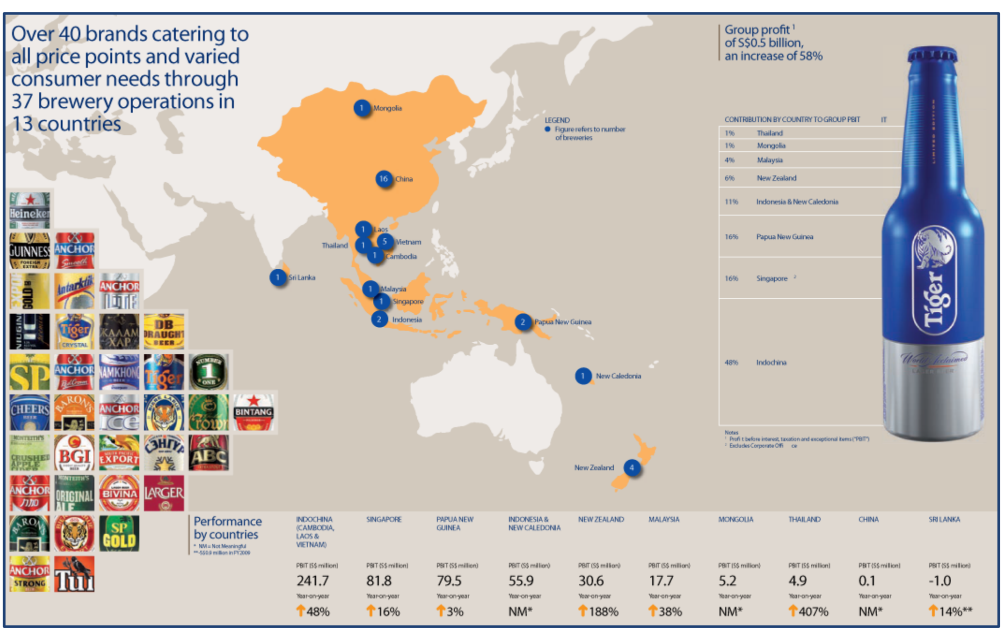
If there are any external threats to Ambev on the horizon, they are probably best summed up by one word: Heineken.....

## Asian Pacific Breweries: Big Fish in Smaller Asian Ponds

......which brings us to our other beer stock, Asia Pacific Breweries (APB).

APB is Heineken's subsidiary in the fastest growing and least developed parts of SE Asia. Heineken's local partner is Fraser & Neave, a well established post-Colonial local champion, who bring local distribution expertise, whilst Heineken brings over 100 years of brewing knowledge.

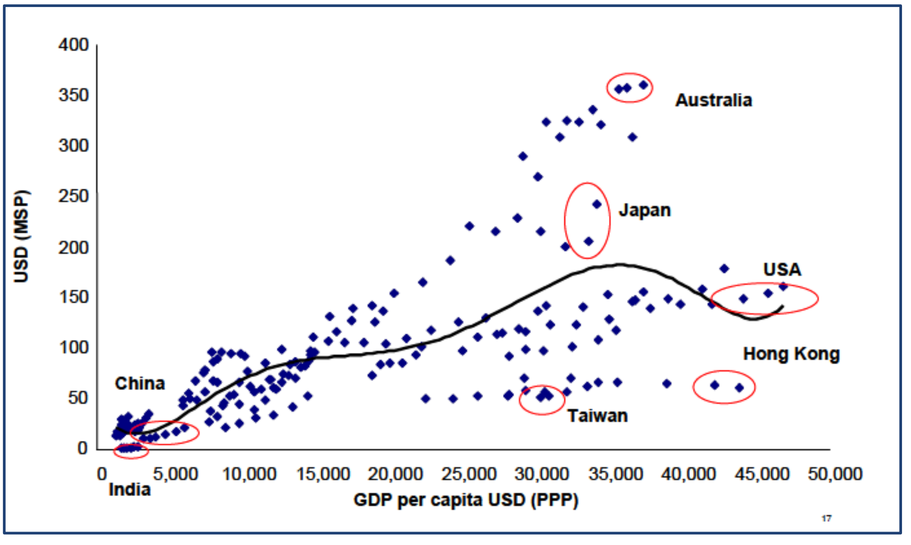
### Asian Pacific Breweries group




**Source : APB 2010 Annual Report**

Indochina is half of APB's business and Vietnam is the most exciting of them all, being populous (90mn), urbanizing fast (only 30% city-dwellers, with 3mn moving closer to those city bars every year) and with a low median age (26 years). These 3 factors are perfect for fast beer market growth. Beer drinking is a young man's game (less than a third of beer drinkers are women). What's more, consumption is at rock bottom and growing fast, factors which will only be enhanced by the recent devaluations of the Dong as the economy picks up:

## Per capita consumption (by value) at legal drinking age vs. GDP per capita




**Source : Arisaig Partners March 2010**

Heineken's global and time-tested business strategy is ideally suited to the different geographies of SE Asia: grab market share with well-known, lower-margin beers, and then push hard up market into premium products with higher margins. Compared to Ambev, APB operates a widely diversified portfolio of brands (40 different beers) with 37 breweries in 13 different countries. Its capacity is some 40mn hectolitres. APB's business in the vast China beer market has not been crowned with success. Despite its 25mn hectolitres of Chinese capacity, it hardly makes any money there.

| APB Sales 2010 | |
|---|---|
| **Indochina** | **48%** |
| **Singapore** | **16%** |
| **Papua New Guinea** | **16%** |
| **Indonesia & New Cal** | **11%** |
| **New Zealand** | **6%** |
| **Malaysia** | **4%** |
| **Mongolia** | **1%** |
| **Thailand** | **1%** |
| **China and Sri Lanka** | **neg** |

Source: P&C Global Wealth Mgrs SA, GTI, Annual Reports, Company Data

The Chinese market –for many years suffering from over-capacity- is increasingly dominated by 4 giant brewers, and this consolidation process is set to continue. It's been hard for APB to make an impression as a "bit-player" (this is one of the lessons of brewing; beer-making's high fixed capital intensity only allows dominant players in consolidated markets to carve out sustainably high margins). ABP's beers in China have seen falling sales over the last few years. It's possible that APB may sell up in China and move on. Such a move would be welcomed by the stock market as it would release capital from a low ROCI area for use in higher ROCI areas in more exciting markets.

ABP is on the move elsewhere. It has bought Heineken's businesses in Indonesia and New Caledonia and sold its breweries in India. Indonesia's Muslims may have not have the thirst of Australians, but Indonesia is a huge and diverse market and will benefit from the naturally occurring propensity to consume beer.

Now APB finds itself a dominant player in the core markets of SE Asia and able to introduce beer brands at various different price points to suit market spending power across Asia. APB has moved from strong local player (Malaysia, Singapore) to major force in SE Asia.

As the ultra-profitable Indochina markets develop, ABP's blended profit margin will expand. Though ABP's ROCE is inferior to Ambev's ROCE (14% versus >20%), this difference will narrow in the years ahead. The unprofitable China business will become more of a contributor either through consolidation-induced margin expansion or through disposal. Either will light a fire under the share price.

### Asia Pacific Breweries Ltd (APB:SP)


**Source : Fullermoney**

## Our Current Asset Allocation for GTI

This is what we wrote to our managed clients at quarter end:

**EXECUTIVE SUMMARY Q1 2011:**

**Our "Road Map" for stock markets –bullish from late Q408- remains. However, Western economies are off the 2008 crisis ropes now and the ECB has even nudged up interest rates; this is a sea-change. Provided oil / commodities do not spike, 2011 should be another good year for the account.**

1. **Our call that March 9th 2009 was the start of a multi-year global equity bull is on track**. But the liquidity-driven market of 2009 has now been replaced by one that will be more selective in terms of stocks, sectors, themes and countries. Obstacles to liquidity (ECB rate rises, oil, soft commodities etc) will now mainly hurt those areas that have benefitted most from the recovery and true earnings power will define equity winners and losers in 2011 and beyond.

2. **Most of our global equity themes worked well**, particularly the *Energy & Alternative Energy* and *Supply Inelasticity* themes. We have recently ditched *Restructuring Japan* as a theme (a lucky call given recent events). The *Emerging Middle Class* theme, usually the star turn, did poorly.

3. **Equities –as always- are part of a global beauty competition for the marginal dollar. They still shine in comparison with the other 4 asset classes.**
   - ***I.*** ***Cash*** yields remain derisory in all major markets (under 0.5%), though they may have bottomed. ECB finally tightened (+¼%) but no Central Bank wants to strengthen its currency or to be the spoil-sport that threatens a tender and "employment-less" global recovery with damaging rate rises.
   - ***II.*** ***Bonds*** (many coupons of 2-4% in the Developed World are below current inflation rates) are almost certain to lose money in the long term. 30 year bond bull markets have made people think "safe" bonds cannot lose money. When 10 year yields approach 5%, we shall dismiss much of our caution.
   - ***III.*** ***Gold*** shines in a fiat-currency world, though few investors can yet boast portfolio weightings over 5%. Gold's best days may still lie ahead but when a zero-yielding asset rises 6x over 10 years, it is no longer "cheap". The end of the gold bull could be traumatic, with an unpleasant crush at the exit.
   - ***IV.*** ***Hedge Funds*** have issues of transparency, fees, capital protection and manager skills. Investors have noticed that many go down with the markets and only limp along behind the bull. If equities are attractive, this argues for a lower exposure to risk assets that are "hedged". We hold none.
   - ***V.*** ***Equities*** still yield more than 10x cash. We foresee an investor love affair with "Dividend Aristocrats" (high yielding Blue Chips eg Diageo, Unilever, Nestlé, P&G, Veolia and Vodafone), particularly where the company is earning more than a third of their earnings in growth countries.

4. **Aggregate activity / earnings momentum justify higher equity prices;** 35% of the developing world grows at +7%, and the other 65% (USA, UK etc) at +2-3%. Blended growth of +4-5% spells equity advances of +5-10% pa. Developed world earnings are well below trend; in normal cycles they catch up

5. **M&A activity reflects growing corporate confidence.** Developed world companies are still beating earnings forecasts and Corporate America –cashed up with over USD 2 trillion and with similar annual cash flow- has a stronger balance sheet than at any point since 1956; another reason to own equities.

6. **What could go wrong?** A take-off in oil, soft commodity and food prices. In this case, equities may be bruised, but fixed coupon bonds will be pole-axed.

7. **What we did in Q1 2011.** No major changes, our default tactics in trying to keep client money out of the pockets of banks.

8. **The account remains invested for the "Curate's Egg" world (good in "Emergia", picking up in the duller, developed world).** Last quarter our emerging growth holdings did poorly and dominant large cap / dividend aristocrats did well. This barbell approach is intentional (portfolio diversification).

9. **Appropriate long term investments for this time in the cycle**. The account is invested in long term, well managed, long only securities with excellent corporate governance and –where possible- dominance in their areas. Dominant leaders are hard to dislodge. In a world where so many governments -and banking "institutions"- have suffered reputation loss, we believe this to be a sound investment approach for multi-generational money like yours.

Of course, at this time we had no foreknowledge of the Arab Spring, or of the tumultuous events that have raked the region to change forever the outlook for the Arab world's 400 million inhabitants. It would be strange indeed if we, who preach the gospel of the Global Thematic concept, were not cheerleaders of this movement of their peoples.

Indeed, the mobs and revolutions in the Arab world are the very stuff that Global Thematic is made of. We do not doubt that, in the course of time, the action of the mobs will bring about more individual choice, more education, more healthcare and, yes, more consumption than we have seen in these vast regions in our lifetimes.

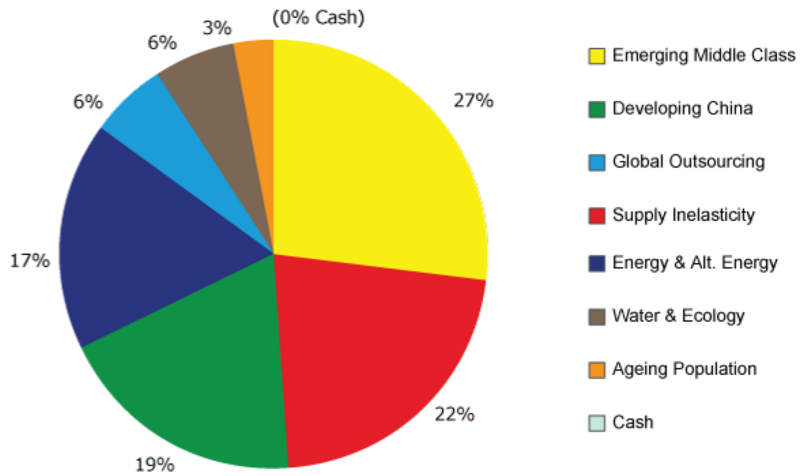
As regards tactics, we are maintaining all our positions, wary of the fact that we are approaching the dullard summer months, where stock market progress will be hard to achieve.

Our monthly fund fact sheets report the important facts, so we won't go into too much detail here. +40.9% in EUR in 2009, +27.1% in EUR in 2010 but down in 2011 by -6% in EUR (though up in USD!). Most of the -6% comes from the effects of the "Arab Spring" (our middle eastern investments are down by -25%) and a correction in our quality consumer stocks in Asia.

As of now, both negative effects are being unwound on the upside and we are optimistic for the second half of 2011. Our end April asset allocation for GTI is:

**Asset Allocation by Global Theme**

| | |
|---|---|
| Emerging Middle Class | 27% |
| Supply Inelasticity | 22% |
| Developing China | 19% |
| Energy & Alt. Energy | 17% |
| Global Outsourcing | 6% |
| Water & Ecology | 6% |
| Ageing Population | 3% |
| Cash | 0% |




We have continued to add to our stock positions and reduced funds accordingly. We are not a fund of funds any more. We are near-maxing out in our ***"Emerging Middle Class"*** theme.

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## GTI's Hamburger and Hot Dog List

"*To refer to a personal taste of mine, I am going to buy hamburgers for the rest of my life. When hamburgers go down in price, we sing a "Hallelujah Chorus" in the Buffett household. When hamburgers go up, we weep. For most people, it's the same way with everything they will be buying - except stocks. When stocks go down and you can get more for your money, people don't like them anymore*".

Ours Buffett-inspired GTI Hamburger list started with Royal Dutch back in the dark days of November 2008. We've added so many names now that we can truly start a hamburger stand. To get on our Hamburger stand, you've got to be a major blue chip international stock with an established global franchise and a consistent track record of maintaining dividends. Preferably, your dividend yield is twice or three times the cash deposit yield in your own country. In either case, we expect to double our money in 5-7 years. To qualify as a "Hot Dog", you've got to be an exciting growth stock, such as the Dominant Consumer Franchises we write about, where we can foresee the stock price doubling in 3-5 years.

All our stocks are held –directly or indirectly- in our GTI investment programme.

## GTI's Stocks of the Quarter

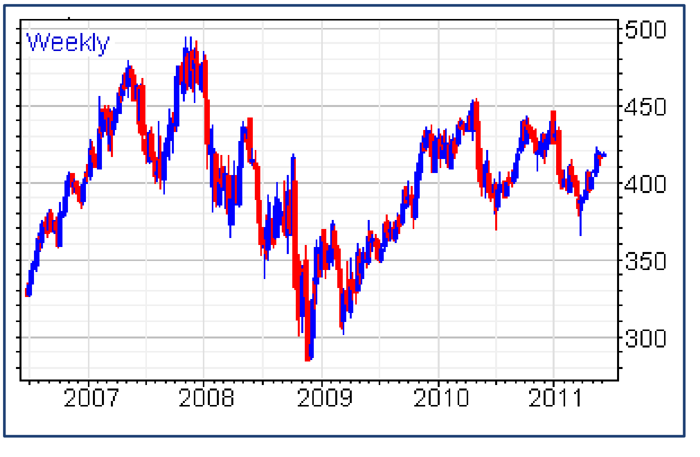
Lojas Renner is the number 2 Brazilian apparel store (after C&A):

Tesco has c30% of the UK grocery market and 10% of non-food sales. 30% of sales come from overseas, including high growth developing markets

### Lojas Renner SA (LREN3:BZ)


**Source : Fullermoney**

### Tesco (TSCO:LN)




**Source : Fullermoney**

## GTI Hamburgers:

| GTI Int'l Core Hldg | Ticker (ADR) | GTI Theme | Date rec'd | Price then | Recent Price | Perf | Historic Yield |
|---|---|---|---|---|---|---|---|
| Royal Dutch Shell | RDS/A:US | Energy&Alt Energy | Nov-08 | USD 47.00 | 69.34 | **47.5%** | 4.9% |
| Iberdrola | IBE:SM | Energy&Alt Energy | Dec-08 | EUR 5.75 | 6.04 | **5.0%** | 3.2% |
| Pfizer | PFE:US | Ageing Population | Dec-08 | USD 16.90 | 20.74 | **22.7%** | 3.7% |
| Roche | RHHBY:US | Ageing Population | Jan-09 | USD 36.20 | 43.56 | **20.3%** | 4.1% |
| Newmont Mining | NEM:US | Natural Resources | Feb-09 | USD 35.00 | 53.44 | **52.7%** | 1.0% |
| Rio Tinto | RTP:US | Natural Resources | Mar-09 | USD 28.75 | 67.06 | **133.3%** | 1.6% |
| Infosys Technologies | INFY:US | Global Outsourcing | May-09 | USD 32.40 | 63.28 | **95.3%** | 2.1% |
| Veolia Environnement | VE:US | Water & Ecology | Jun-09 | USD 28.50 | 28.86 | **1.3%** | 6.0% |
| PotashCorp | POT:US | Natural Resources | Mar-10 | USD 36.83 | 54.04 | **46.7%** | 0.3% |
| Diageo | DEO:US | Emerging Mid Class | May-10 | USD 60.00 | 83.84 | **39.7%** | 3.0% |
| Unilever | UL:US | Emerging Mid Class | May-10 | USD 27.19 | 32.19 | **18.4%** | 3.7% |
| Tesco | TSCDY:US | Emerging Mid Class | Mar-11 | USD 18.18 | 20.64 | **13.5%** | 3.4% |

## GTI Hot Dogs:

| GTIInt'l Growth Hldg | Ticker (local mkt) | GTI Theme | Date rec'd | Price then | Recent Price | Perf | Historic Yield |
|---|---|---|---|---|---|---|---|
| Colgate Palmolive India | CLGT:IN/ India | Emerging Mid Class | Apr-09 | INR 455.00 | 912.95 | **100.6%** | 1.5% |
| Godrej Consumer | GCPL:IN/ India | Emerging Mid Class | Apr-09 | INR 142.00 | 432.10 | **204.3%** | 1.0% |
| Wumart | 8277:HK/ HK | Developing China | Jul-09 | HKD 9.50 | 17.14 | **80.4%** | 1.4% |
| Want Want China | 151:HK | Emerging Mid Class | Jul-09 | HKD 4.50 | 7.15 | **58.9%** | 2.5% |
| Nestlé India | NEST:IN | Emerging Mid Class | Sep-09 | INR 2,214 | 4,135 | **86.8%** | 1.2% |
| Hsu Fu Chi | HFCI:SP/ S'pore | Developing China | Nov-09 | SGD 2.01 | 4.01 | **99.5%** | 3.7% |
| Sonatel | SNTS:BC/ W Afr SE | Emerging Mid Class | Dec-09 | CFA 120,000 | 153,000 | **27.5%** | 8.2% |
| Unilever Indonesia | UNVR:IJ / Jakarta | Emerging Mid Class | Dec-09 | IDR 11,000 | 14,850 | **35.0%** | 2.7% |
| Lianhua Supermarkets | 980:HK | Developing China | Mar-10 | HKD 13.03 | 18.44 | **41.6%** | 1.2% |
| East African Breweries | EABL:KN | Emerging Mid Class | Mar-10 | KES 155.00 | 215.00 | **38.7%** | 4.1% |
| Britannia Industries | BRIT:IN | Emerging Mid Class | Mar-10 | INR 316.00 | 445.00 | **40.8%** | 1.1% |
| Jollibee Foods Corp | JFC:PM | Emerging Mid Class | Jun-10 | PHP 61.00 | 88.00 | **44.3%** | 1.5% |
| AMBEV | ABV:US | Emerging Mid Class | Aug-10 | USD 22.00 | 31.40 | **42.7%** | 3.8% |
| Agco | AGCO:US | Supply Inelasticity | Sep-10 | USD 40.00 | 48.73 | **21.8%** | 0.0% |
| Gazprom | OGZPY:US | Energy&Alt Energy | Nov-10 | USD 11.25 | 13.88 | **23.4%** | 1.1% |
| Gruppo Bimbo | BIMBOA:MM | Emerging Mid Class | Nov-10 | MXN 24.00 | 26.38 | **9.9%** | 2.1% |
| Lojas Renner | LREN3:BZ | Emerging Mid Class | Mar-11 | MXN 51.61 | 61.10 | **18.4%** | 3.3% |

| Gold Basket | | | | | | | |
|---|---|---|---|---|---|---|---|
| IAMGOLD | IAG:US | Natural Resources | May-10 | USD 17.58 | 20.31 | **15.5%** | 0.4% |
| Fresnillo | FNLPF:US | Natural Resources | May-10 | USD 12.70 | 23.45 | **84.6%** | 2.1% |
| Eldorado Gold | EGO:US | Natural Resources | May-10 | USD 16.65 | 14.75 | **-11.4%** | 0.3% |

# A quick tour of our GTI advisers

We have long thought the gold majors would be dull investments. It is so hard to replace 1mn oz of gold production / sales (say USD 1.5bn at USD 1500/ oz) every year just to stay where you are. But **Muse Capital**, one of our "*Supply Inelasticity*" theme advisers, describes the economics of this conundrum brilliantly, showing why smaller situations offer much more "bang for your buck" than the elephants, using a real example from their own portfolio:

*"Goldcorp produces 2.4mn oz pa and has total Proven and Probable resources of 60mn oz. The company needs to replace production of 2.4mn oz which is not easy and largely will come from acquisition. The company is valued at $40bn or approx $660oz of resource.*

*A small company we have spent a lot of time with recently….has a market value of $150mn post raising $35mn and now has $50mn in cash. For net $100mn the co has resources of 1.5mn oz, or $66/oz which is only 10% of the value of Goldcorp's resources.*

*Broadly let's say the co spends $10mn this year and at an average finding cost of $10/oz proves up 1mn oz and then does the same from the next 3 years. Then…..the co's resource grows to 4.5mn oz over 3 years and if one does the same valuation minus the $30mn spent the 4.5mn oz would be worth $130mn or $29/oz. If all the metrics stayed the same the shares logically should at least double.*

*The co…..can put one mine into production for a very low $40mn for 100,000 oz of production. On estimated cash costs $400/oz the co would make nearly $100mn of cash flow pa…..which on a very conservative 5x CF would be worth $500mn. Again substantially higher than the market value today.*

*Given the size of the resource there is every chance that a major gold company will come along and conclude that the co selling for $111/oz is accretive given the majors are valued at $660/oz and if they split the difference with the junior and buy them for $385/oz the acquisition value would be $1.7bn. In sum we have an opportunity to make over 10 fold on our investment in 2-3 years."*

If you can follow the argument, and logic, you can see why small is more beautiful in gold land.

## Quote of The Month

*"A free life cannot acquire many possessions, because this is not easy to do without servility to mobs or monarchs."*

*Epicurus, Greek Philosopher, 341 BC – 270 BC*

## And One More Thing…..

**DEMOCRAT**
You have two cows.
Your neighbor has none.
You feel guilty for being successful.
You push for higher taxes so the government can provide cows for everyone.

**REPUBLICAN**
You have two cows.
Your neighbor has none.
So?

**SOCIALIST**
You have two cows.
The government takes one and gives it to your neighbor.
You form a cooperative to tell him how to manage his cow.

**COMMUNIST**
You have two cows.
The government seizes both and provides you with milk.
You wait in line for hours to get it.
It is expensive and sour.

**CAPITALISM, AMERICAN STYLE**
You have two cows.
You sell one, buy a bull, and build a herd of cows.

**BUREAUCRACY, AMERICAN STYLE**
You have two cows.
Under the new farm program the government pays you to shoot one, milk the other, and then pour the milk down the drain.

**AMERICAN CORPORATION**
You have two cows.
You sell one, lease it back to yourself and do an IPO on the 2nd one.
You force the two cows to produce the milk of four cows.
You are surprised when one cow drops dead.
You spin an announcement to the analysts stating you have downsized and are reducing expenses.
Your stock goes up.

**FRENCH CORPORATION**
You have two cows.
You go on strike because you want three cows.
You go to lunch and drink wine.
Life is good.

**JAPANESE CORPORATION**
You have two cows.
You redesign them so they are one-tenth the size of an ordinary cow and
produce twenty times the milk.
They learn to travel on unbelievably crowded trains.
Most are at the top of their class at cow school.

**GERMAN CORPORATION**
You have two cows.
You engineer them so they are all blond, drink lots of beer, give excellent quality milk, and run a hundred miles an hour.
Unfortunately they also demand 13 weeks of vacation per year.

## Why we invest according to global themes

*The investment rationale for Global Thematic investing is simple.*

In a free global marketplace capital tends to flow to sectors where long term growth rates - and hence returns- are more attractive than the average. This capital –whether of a private or public sector sort- bids up prices of assets in these sectors and creates "sustainability" of growth. As investment managers, it's our role to "allocate capital" (Warren Buffett's hallmark phrase) to where the best potential returns (and lowest prices and risks) are available. Pricing is important; "overpaying" for assets is always dangerous. The same theme may be "played" at one stage of the cycle through one fund, then at another stage through another, depending on the attractions of the specialist sector. Robust long term global themes may remain a powerful way to make money for decades, whilst the funds chosen to "play" them may be–though do not *have* to be- different at different times.

# The Team That Developed the Global Thematics Philosophy

***The editors –two professional fund managers each with over 25 years in the international investment business, half of it working together***

**Iain Little**

Iain is British and has spent over 25 years in private banking as a global strategist and portfolio manager. He's held senior portfolio manager. He's held senior positions with Kleinwort, Benson in Hong Kong and London and with Pictet et Cie, the largest Swiss private bank in Geneva, London and Tokyo.

Iain now works as a Partner of P&C Global Wealth Managers SA in Switzerland.

Iain is also on the board of GTI Fund Investment, Cayman, managers of the P&C GTI Fund and serves as a non-executive director of other specialist funds, including the Arisaig India Fund.

Iain is principal advisor to the P&C GTI Fund.

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**Bruce Albrecht**

Bruce is British and has held a number of high profile jobs as head of investment over 30 years in the industry. He was head of European investment for the Abu Dhabi Investment Authority (the single largest pool of own-managed money in the world, reported to be several hundred billion USD), Chief Investment Officer for Pictet London, and Chief Investment Officer for Rothschilds. He worked closely with Iain Little for a decade in Pictet London.

Bruce is a Partner in P&C Global Wealth Managers SA in Zurich and on the board of GTI Fund Investment, Cayman, managers of the P&C GTI Fund, and Director of Investment Strategy Network (ISN, www.investment-strategy.net), a systematic stock selection tool

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