LABHA
INVESTMENT ADVISORS SA

# Labha Market Analysis

## News Alert 20. April 2009

Markets have rallied 25-30% from their lows in early March. Our technical analysis points to a short term consolidation over the next couple of weeks. We believe markets should move higher after that.

We reduced our Australian Dollar and Norwegian Kroner exposure last week in order to book profits from their recent move upwards. However, we would be buyers on dips.

The Baltic Dry Index looks set to make another move higher and this should be supportive of commodity prices. This said, copper and oil look ripe for consolidation before the next move higher.

We have raised cash by booking some profits on copper stocks and oil services stocks which have rallied strongly and remain underweight financials and consumer discretionary stocks. We have also added to some consumer staples names which have corrected sharply. We believe that the recent rally in financials is overstretched and a sell off is overdue.

Equity portfolios advised by us have been able to outperform substantially due to regional and sector allocation as well as stock picking which has worked particularly well in the first quarter of this year. We believe that this differentiation especially at the individual stock level will continue for the rest of the year and will be a key contributor to performance.

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