

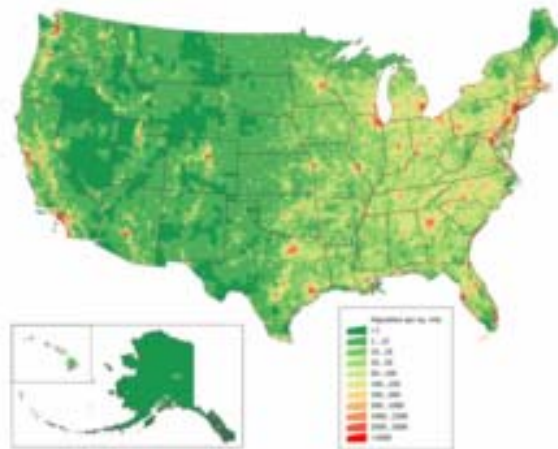
Long-Term Climate Change Theme

Background

The single-most influential force in shaping the Earth's climate is ocean temperature. The oceans' temperatures have been shown to go through multi-decadal phases from cooler to warmer, with increased climatic activity associated with warmer periods. These phases are global in scope, and their impact can be catastrophic in scale.

Key Market Statistics:

- The current active phase started in 1995. Phases generally last 20 to 30 years, indicating 10 to 20 years of increased hurricane activity is likely.
- \$200 billion in reconstruction costs for the 2005 U.S. Hurricane Season is greater than the total damage for 1950s, 60s, 70s & 80s combined, adjusted for inflation.
- 53% of the U.S. population (153 million) live in coastal counties, an increase of 33 million since 1980. Another 7 million are expected to be added this decade. Twenty-three of the 25 most densely populated counties are coastal.
- Infrastructure in the U.S. is poorly designed for long periods of increased storm activity, having been built largely during the last 2 to 4 decades. For example, oil drilling and pipeline infrastructure, particularly in the Gulf of Mexico, were not constructed with the number or intensity of recent storms in mind.



U. S. Population Density

Investment Opportunities:

- Infrastructure Repair
- Oil Services Inspection
- Building Materials

Fraser Management's Investments

- Infrastructure Repair:
We have invested in companies that address infrastructure repair, in particular cement and concrete and water and wastewater pipes.
- Oil Services Inspection:
We have put money to work in companies that meet the federally-mandated need to inspect and repair oil and gas pipelines after any Category 1 hurricane nearby.
- Building Materials:
Investments could include firms that provide products that provide assistance prior to a storm and those after a storm. Items such as plywood, batteries, generators and roofing shingles can provide needed assistance to those affected by severe climatic events.

It is clear we have entered a multi-decadal period of increased climatic activity, and we do not feel professional money managers or investors in general are positioning assets with this long-term trend in mind. Coastal areas around the globe have become, and continue to grow, as the most developed and economically sensitive in the world. Extrapolate population trends in conjunction with recent hurricane activity, and the economic impact is unprecedented. There are excellent investment opportunities in companies that will enjoy rapidly expanding markets.