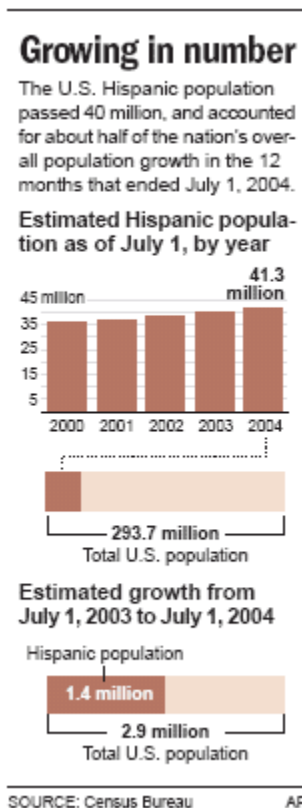


Hispanic Migration Theme

Background

Hispanics represent the fastest-growing segment of the U.S. population. To date, Hispanics have immigrated to a relatively small number of large urban cities – Los Angeles, Miami, Houston, Dallas, Chicago, New York, Phoenix, and a few others. The issue of illegal immigration has come under recent scrutiny by the media and Capitol Hill, but investors have largely ignored this powerful demographic shift. Hispanics have now started to immigrate in a more widely-dispersed fashion, impacting new areas of the country and new industries. Furthermore, Hispanics have very distinct and identifiable buying habits. They are very loyal consumers, and focus their purchases on home and family-related areas.

Key Market Statistics:



- 40 million Hispanics currently in the U.S. (13% of the population); this figure is expected to grow to 20% in 25 years. Hispanics are the fastest-growing demographic by far.
- Hispanics counted for half of the growth in the U.S. since 2000.
- Hispanic purchasing power is currently \$540 billion annually; this figure will grow to \$1 trillion by 2010.
- Minorities and immigrants will comprise 45% of first-time home buyers by 2010.
- Hispanics make up at least 5% of the population in 28 states, up from 16 in 1990.

Investment Opportunities:

- Financial Services
- Food
- Labor
- Media

Fraser Management's Investments

- Financial Services:
We have invested in companies that address Hispanics' needs for banking, home loans, and business credit. In general, Hispanics initially establish a relationship with a financial institution to send money home, then progress to more sophisticated services.
- Food:
We have put money to work in basic food items preferred by Hispanics. Rarely will you see a Hispanic family in a Chinese restaurant. They prefer to eat at home with their families, and they are very loyal to brands they are familiar with and trust

Our investments in the basic, primary needs of the growing Hispanic population in the U.S. have produced mixed results over the short term. Hispanic financial services firms have not produced the excellent results we have enjoyed in food companies. Given that the typical immigrant is 27 years old, has a family, and is increasingly better-educated, we believe the demand for financial services will increase dramatically over the intermediate term. We are also studying companies that participate in the growing demand for blue collar workforce. We continue to look at private companies that will initiate public offerings in our core areas of interest.

The desire for a better lifestyle and more opportunities – the American Dream – lies behind the trend of Hispanic migration to the U.S. As this trend continues to grow and become the center of demographic change, we believe companies that capitalize on the definable characteristics of Hispanics will do very well.

Current Impediments

- There are few pure plays offered in the U.S. markets.
- For those companies that trade in the U.S., valuations and other metrics are unattractive at present.
- A less desirable option would be a business segment within a larger conglomerate which would be a “partial play”.

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