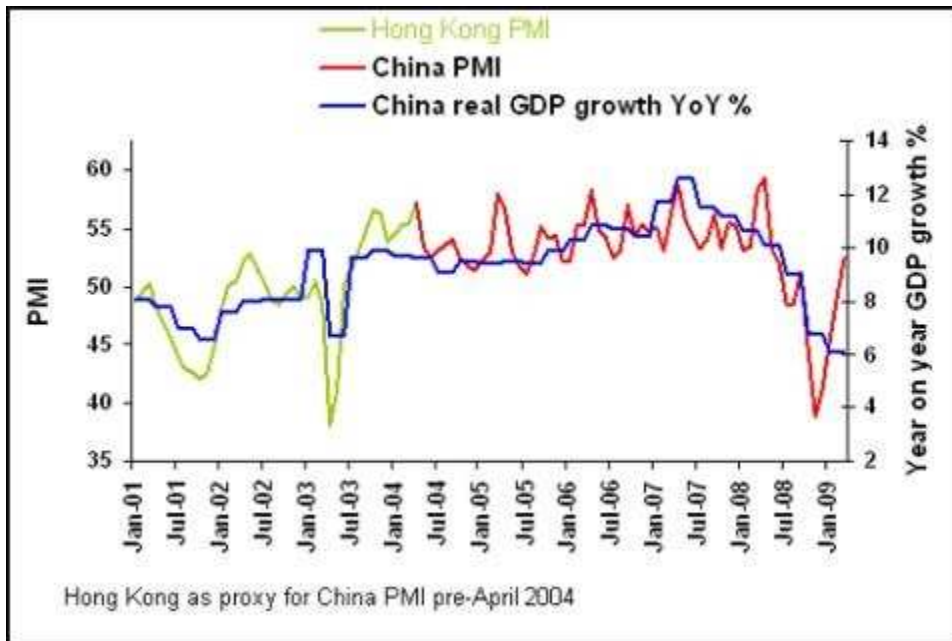


China Growth Continues

Our assumption that China would dodge a recession is looking better

This chart shows a big bounce in the Purchasing Manager's Index in Shanghai. Looking back we can see that a move this big stands a good chance of being reflected in higher growth for the rest of this year in China.

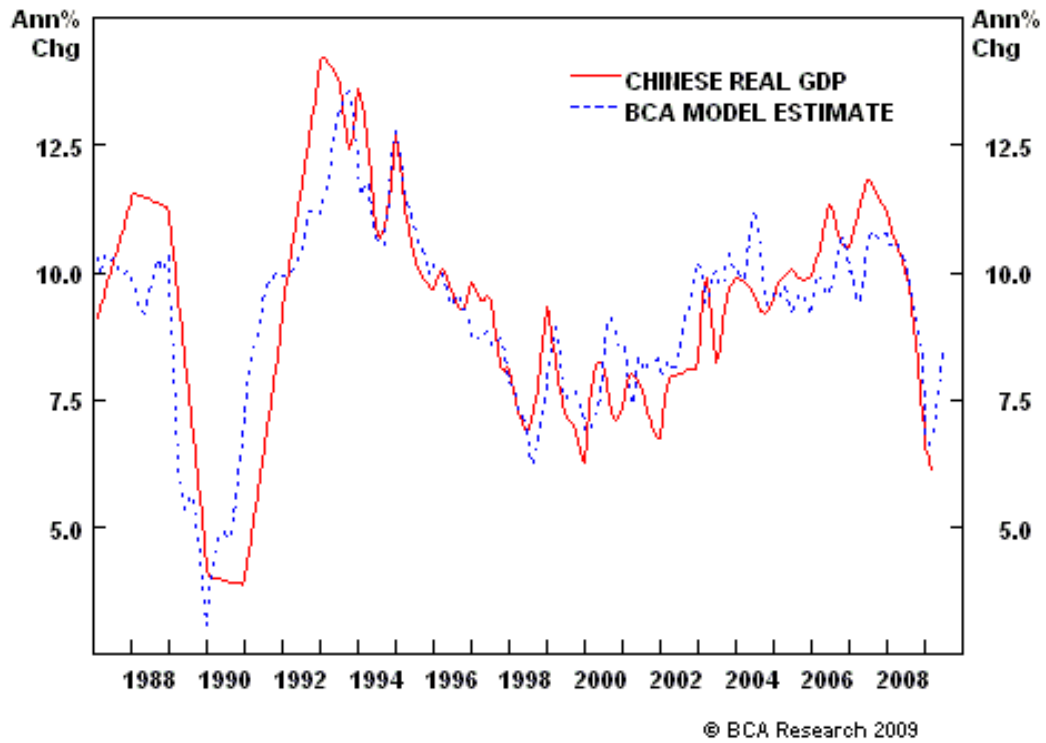


In addition we received the following from Bank Credit Analyst on the prospects for Chinese growth.

China's current economic environment remains challenging, but growth may have passed its phase of maximum weakness.

Last week's data release showed that the Chinese economy expanded 6.1% in the last quarter from a year ago, slowing further from a 6.8% annual growth rate in the fourth quarter of 2008. However, a broad range of macro indicators suggest that the economy may have begun to rebound. The export sector remains the weakest link in the economy but the government-sponsored infrastructure construction boom has been quickly gaining momentum, partially offsetting collapsing external demand. Credit expansion, fiscal expenditure and capital spending have all accelerated strongly, and industrial production has also stabilized. Importantly, **consumer spending** has remained reasonably buoyant, **rising at a more than 15%** annual rate in real terms during the past quarter.

Bottom line: Although there is still no "all-clear" sign, Chinese growth may have reached an important bottom and should gradually recover throughout the remainder of this year. Stay tuned.



We have made a good start in the last month positioning our portfolios to benefit from the growth we see in China and surrounding areas. Much of the cash we raised in the last few days will continue this process.

Best regards,

Daniel A. Ogden