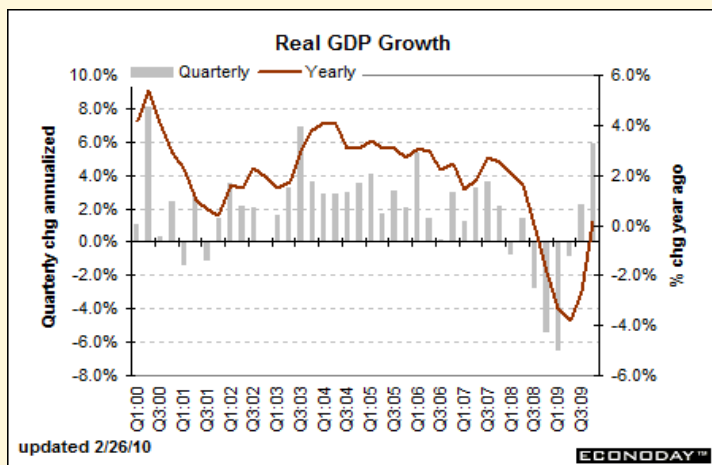


Monthly Newsletter: February 2010

- US fourth quarter Gross Domestic Product (GDP) growth was revised upwards from an initial estimate of 5.7% to a second reading in February of 5.9%.** Markets rallied on the news that US economic growth was stronger than the consensus forecast but the gains were modest compared with the time at which the initial reading was published. The higher growth figure reflected more positive contributions from private inventory investment, exports, personal consumption expenditures (PCE) and non-residential fixed investment. Imports, which are subtracted from the GDP calculation, increased. Final sales growth was revised down from the initial estimate of 2.2% to 1.9%. Nonetheless, the fourth quarter GDP advance is the second in a row. Year-on-year real GDP improved upwards to 0.1% after having been minus 2.6% in the third quarter.



- Warren Buffett's famous Letter to Berkshire Hathaway shareholders came out on 27th February.** In it, Buffett regretted that he did not make more purchases while the markets were down, saying "Big opportunities come infrequently". He went on to advise: "A climate of fear is their (investors) best friend. Those who invest only when commentators are upbeat end up paying a heavy price for meaningless reassurance."

In his discussion on Berkshire subsidiary,

Clayton Homes, Buffett predicts that within a year or so residential housing problems should be largely behind us. On Berkshire's derivatives contracts, Buffett who once referred to derivatives as "weapons of mass financial destruction", was confident they would perform over the duration of their contractual lifetimes.

Berkshire Hathaway had a strong 2009; the company reported that its per-share book value had risen by 19.8% but it was still not enough to outperform the benchmark S&P 500 stock Index.

- Greece's financial crisis has led to woes for the entire Euro zone.** This should not have been a surprise: Back in July 2003, Nick Dunbar wrote in the prestigious *Risk* magazine, "Ever since the deficit and debt rules for Euro zone member states were drawn up in the early 1990's, there have been persistent rumours and allegations that governments have used derivatives to get around them. With the help of Goldman Sachs, Greece has been using giant swaps deals to ensure its national debt ratios met EU targets." Greece will argue that the transactions have been legitimately accounted for, pointing to a 243-page manual on government deficit and debt accounting, known as ESA95 that allows debt managers the freedom to use derivatives to adjust debt ratios. As pressure increases on EU members to bail out the ailing Greek economy, the region's common currency, the Euro, has declined sharply against most major currencies. Europeans may need little reminding of the warning in Virgil's *Aeneid* in 19 BC: "*Timeo Danaos et dona ferentes*" - *I fear the Greeks, even when they bear gifts.*

Fund Performance in February 2010

US 50 Fund Ltd	+ 3.13%
GH Emerging Markets Fund Ltd	+ 6.62%
GH-Midas Fund Ltd	+ 2.77%

** Performance after Fees, Expenses and Tax.