

# **Global Value Equity Investing**

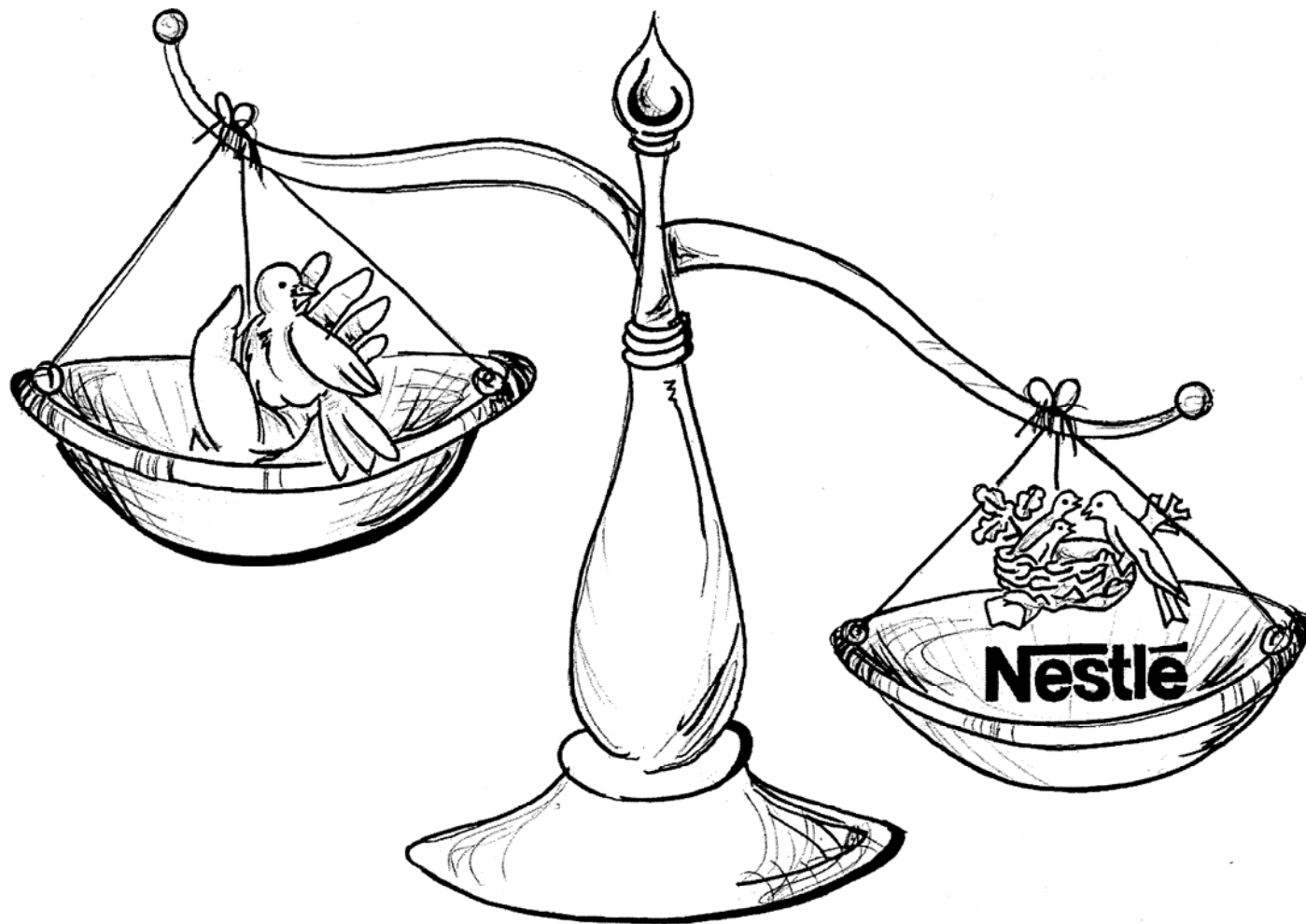
**Thomas A. Russo**

Richard Ivey School of Business

April 10, 2013

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**A bird in the hand is worth two in the bush - Aesop**





# Musings on “Global Value” Equity Investing

- **Value Investing – 50 Cent Dollar Bills**
  - Stanford Business and Law School, 1982
- **“Capacity to Reinvest”**
  - 2008 market collapse
- **“Capacity to Suffer”**
  - Berkshire Hathaway
  - Nestlé – 35 year “planning horizon”
  - Pernod Ricard – credit default swap mayhem
  - SABMiller emerging market beer specialist
- **Invest for the long term**
  - White space
  - Position capital globally
  - Currency gains
  - Circle of competence
  - Tax efficiency
  - Virtues of low expectations!
  - Concentrate – few great ideas
  - Market volatility is long-term investor friend



# “Capacity to Suffer”

- **BERKSHIRE HATHAWAY INC.**

- **GEICO**



- **Equity index put options**

- **Extraordinarily cautious short-term deposits,  
fiscal year, 2007**

# **“Capacity to Reinvest”**

- **BERKSHIRE HATHAWAY INC.**
  - **MidAmerican Energy Holdings Company**
  - **Burlington Northern Santa Fe Corporation**
  - **The Lubrizol Corporation**
  - **Bank of America Corporation**
  - **Berkshire Hathaway Subsidiary –  
e. g., Iscar Metalworking Companies**

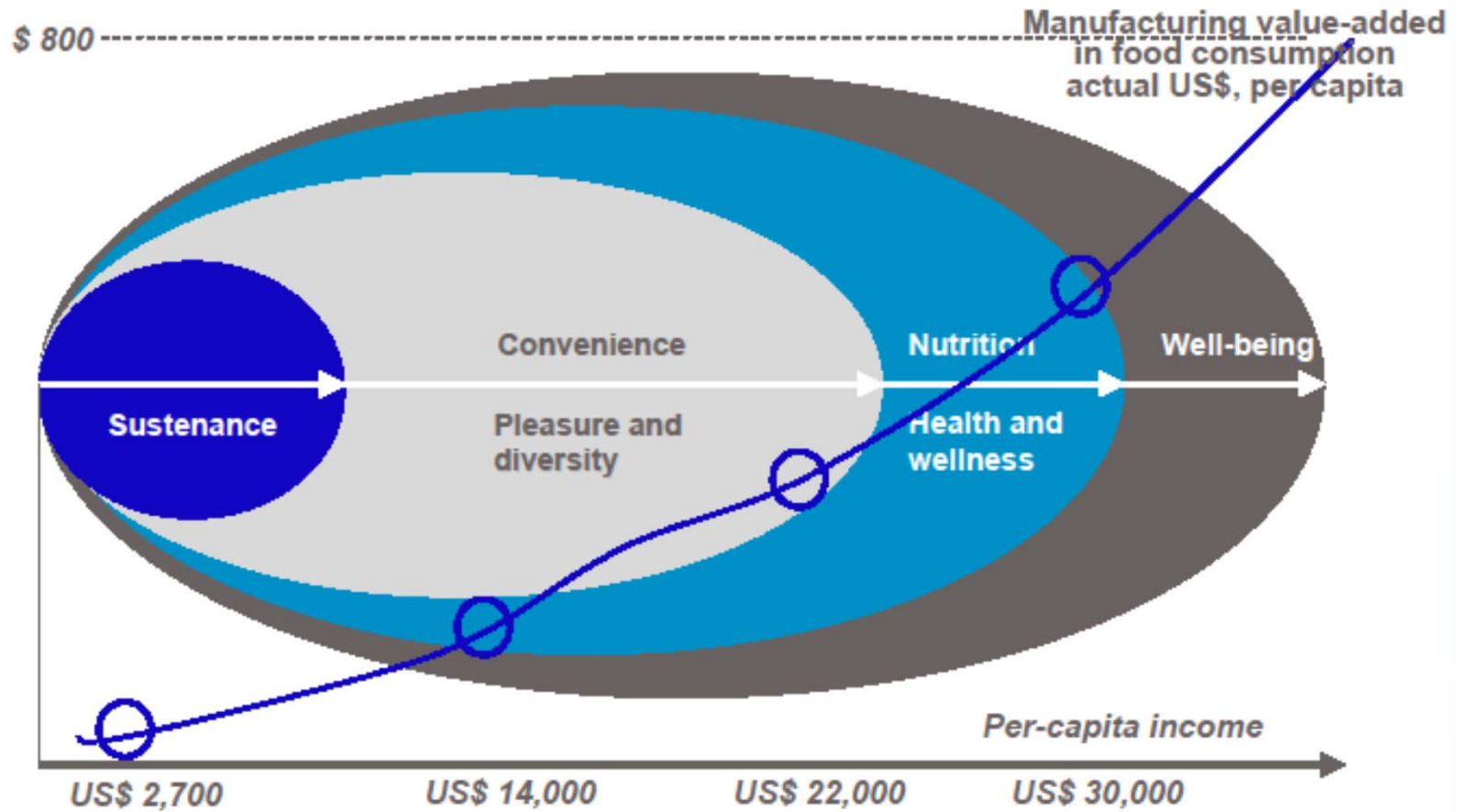
# Nestlé S.A.

“Capacity to Reinvest”





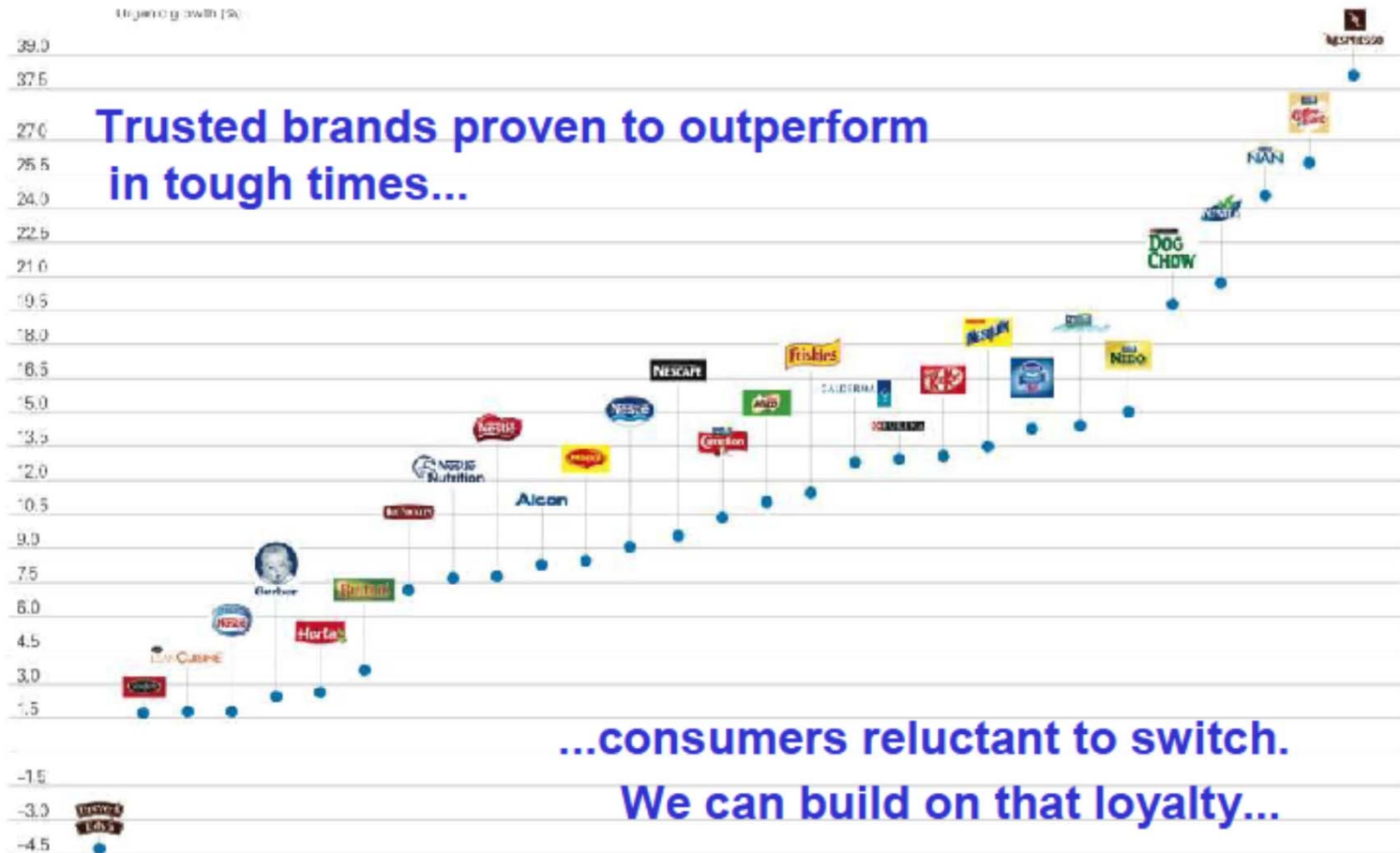
# Higher incomes lead to higher added-value



Sources: UNIDO (value-added), World Bank; analysis Nestlé EIR

# YE 2008 Billionaire Brands Presentation

## Competitive Advantages Product and Brand Portfolio



# Nestlé “Capacity to Reinvest”

## YE 2011 Billionaire Brands Presentation

### Billionaire Brands: +7.7% Organic Growth Strengthened Market Positions





# Nestlé “Capacity to Suffer”

- Russian Ruble crisis (1998)
- Nespresso
- China and India
- Alcon (1970’s through 2010)
- Novartis payment/DiGiorno acquisition (2010)
- 2011 Chinese acquisitions in confectionary (Hsu Fu Chi International) and beverage (Yinlu.)



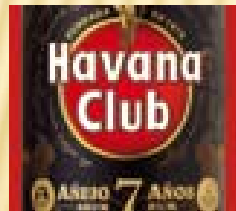
# Pernod Ricard

“Capacity to Reinvest”



Pernod Ricard

BRANDS



# Pernod Ricard - CDS Senior 5yr Price 2007-2011





# Pernod Ricard “Capacity to Suffer”

- China (early 2000’s)
  - Addressable market -- over 500 million cases local spirits
- Absolut (2009) – global leader & premium vodka
- India (2012)
  - Addressable market -- over 100 million cases of India made Scotch Whiskey currently consumed
  - Leading premium priced local Scotch Whiskey brand
- Patrick Ricard – “Making Mistakes Today...”

# SABMiller

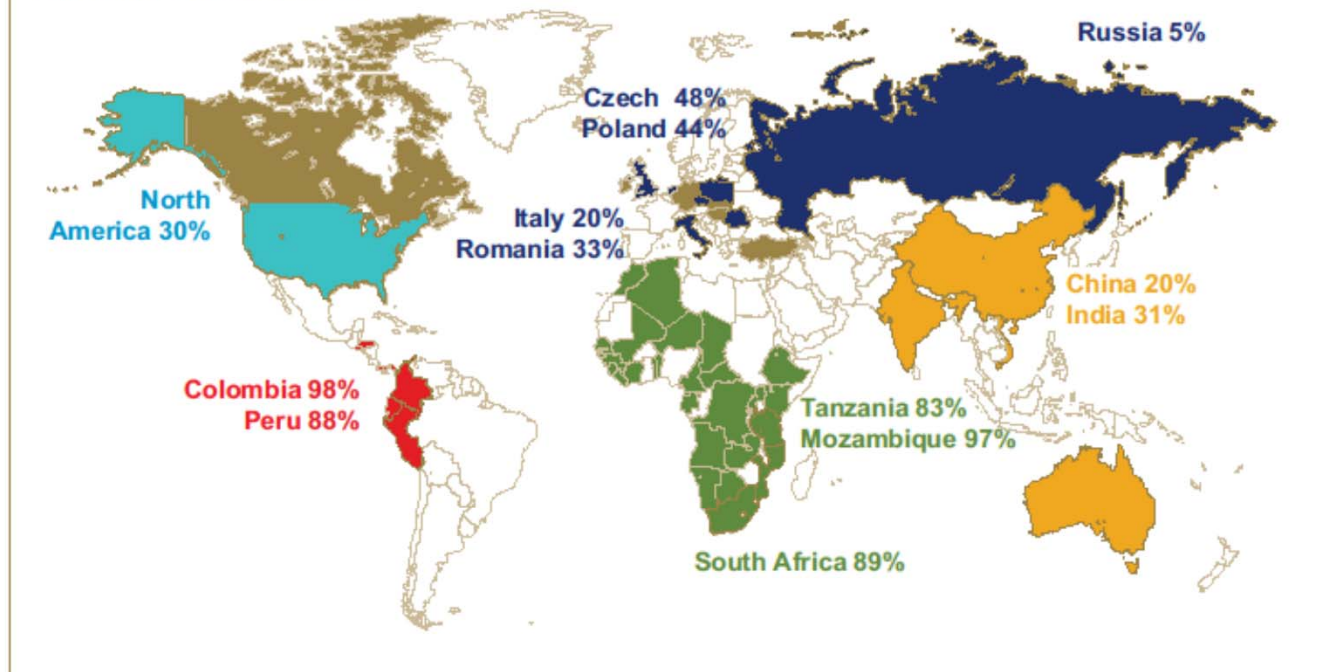
## “Capacity to Reinvest”



One of the world's leading brewers



Key country market shares



© SABMiller plc 2005

CAGNY February 2010

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# Credit Default Swap Mayhem: 2008-2009

## SABMiller CDS Senior 5yr Price 2007-2011

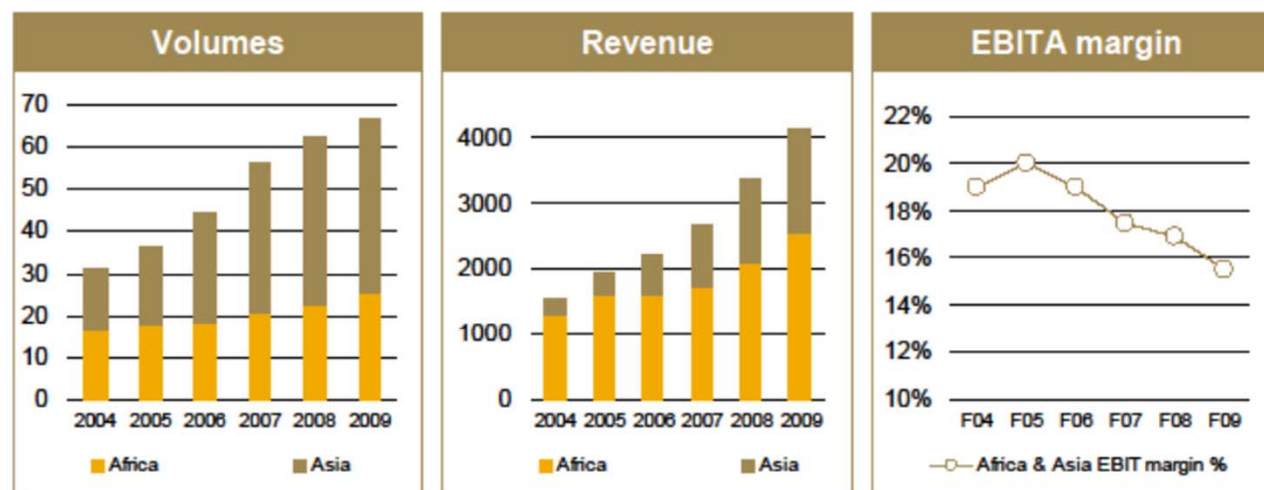






## Africa and Asia volume, revenue and margins

Twelve months to 31 March 2009



# SABMiller “Capacity to Suffer”

- China
  - 50% interest in Snow, China’s leading brewer
- Sub-Saharan Africa
  - Addressable market – 400 million barrels beer consumption
  - “Double the price, halve the price, go farming”
- Indian Market
  - Addressable market – current consumption 1 liter per capita
- Recently completed Foster’s acquisition
- Strategic partnership with Efes to coordinate Russian operations and expand together in Turkey, Efes’ home market

# **Market Volatility is a Friend of the Long-term “Global Value” Investor**

1. Permits more effective reinvestment.
2. Offers merger and acquisition opportunity.
3. Enhances return from share repurchase.



# “Capacity to Suffer”

## Semper Vic Partners, L.P., Annual Return

<u>Year</u>	<u>Semper Vic Partners</u>	<u>Dow Jones Industrials</u>	<u>S &amp; P 500</u>
2012	24.2%	10.2%	16.0%
2011	6.9%	8.4%	2.1%
2010	21.5%	14.0%	15.1%
2009	25.8%	22.7%	26.5%
2008	-31.5%	-31.9%	-37.0%
2007	7.7%	8.9%	5.5%
2006	20.8%	19.1%	15.8%
2005	3.2%	1.7%	4.9%
2004	11.9%	5.3%	10.9%
2003	33.5%	28.3%	28.7%
2002	-1.0%	-15.1%	-22.1%
2001	0.1%	-5.4%	-11.9%
2000	15.6%	-4.7%	-9.1%
1999	-2.1%	27.2%	21.0%
1998	23.8%	18.1%	28.6%
1997	24.7%	24.9%	33.4%
1996	19.0%	28.8%	23.0%
1995	23.6%	36.9%	37.5%
1994	12.4%	5.0%	1.3%
1993	22.1%	16.7%	10.1%
1992	13.4%	7.4%	7.6%
1991	27.4%	24.5%	30.5%
1990	5.3%	-0.7%	-3.1%
1989	24.6%	31.8%	31.7%
1988	19.8%	16.2%	16.5%
1987	37.1%	5.5%	5.2%
1986	24.8%	27.2%	18.8%
1985	43.9%	33.6%	31.7%
1984	13.6%	1.0%	6.2%
Compound Annual Return	15.3%	11.4%	10.4%

**Semper Vic Partners, L.P.**  
**Analysis of Periodic Returns**  
(Through December 31, 2012)

	<u>Semper Vic Partners, L.P.</u>	<u>Dow Jones Industrial Average</u>	<u>S&amp;P 500 Index</u>	<u>EAFE Index</u>	<u>Nasdaq Index</u>
<b>Year to Date</b>	24.21%	10.23%	15.98%	17.90%	15.90%
<b>One Year</b>	24.21%	10.23%	15.98%	17.90%	15.90%
<b>Three Years</b>	17.19%	10.85%	10.87%	4.04%	9.99%
<b>Five Years</b>	6.77%	2.61%	1.66%	-3.21%	2.63%
<b>Ten Years</b>	10.77%	7.39%	7.10%	8.70%	8.50%
<b>Since L.P. Inception</b>	12.61%	9.45%	8.48%	5.07%	8.72%

*Portfolio holdings that make up Semper Vic Partners, L.P. are generally domestic and foreign mid- and large-cap companies. Investment style is value-oriented and long-term. Indices against which Partnership performance is compared may or may not precisely mirror composition or investing style of the Partnership. Compound annual returns for Semper Vic Partners, L.P. and for the Dow Jones and the Standard & Poor's indices reflect dividends reinvested. Semper Vic Partner L.P.'s results are for Semper Vic, a limited partnership, established July 16, 1990. Annual returns are audited limited partner returns and are expressed net of all expenses. Any results that include Semper Vic Partners, L.P. estimated monthly performance (including year-to-date and compound annual performance) are unaudited. Past performance is not a guarantee of future results and does not diminish possibility of loss.*



**Performance Review**  
**Semper Vic Partners LP**  
**December 31, 1992 to December 31, 2012**

	ENDING MARKET VALUE	CONTRIBUTIONS WITHDRAWALS	TOTAL PORTFOLIO	EQUITY HOLDINGS	DJITR	SP500T
<b>Monthly</b>						
December	572,340,496	(432,215)	(0.3)	(0.2)	0.8	0.9
November	573,859,293	(454,795)	5.0	5.1	(0.1)	0.6
October	546,632,879	3,046	(0.4)	(0.3)	(2.4)	(1.8)
September	548,531,463	(434,807)	2.1	2.2	2.7	2.6
August	537,490,856	(413,210)	1.1	1.2	1.0	2.3
July	531,828,134	15,015,633	2.4	2.6	1.2	1.4
June	503,709,896	(387,996)	6.7	6.8	4.1	4.1
May	472,219,085	(409,278)	(6.6)	(6.6)	(5.8)	(6.0)
April	505,855,837	1,181,072	1.0	1.1	0.2	(0.6)
March	499,258,877	(439,186)	2.9	3.0	2.2	3.3
February	485,378,462	(350,994)	7.7	7.8	2.9	4.3
January	450,892,095	(11,766,494)	1.4	1.4	3.6	4.5
<b>Quarterly</b>						
Fourth	572,340,496	(883,964)	4.3	4.5	(1.7)	(0.4)
Third	548,531,463	14,167,616	5.7	6.0	5.0	6.4
Second	503,709,896	383,799	0.6	0.8	(1.8)	(2.8)
First	499,258,877	(12,556,674)	12.2	12.5	8.8	12.6
<b>Yearly</b>						
12/31/2012	572,340,496	1,110,777	24.4	25.6	10.2	16.0
12/31/2011	456,300,208	16,088,195	6.9	8.0	8.4	2.1
12/31/2010	407,423,106	2,578,856	21.5	22.8	14.1	15.1
12/31/2009	329,754,141	(28,080,294)	26.1	27.3	22.7	26.5
12/31/2008	287,323,541	(32,659,859)	(31.3)	(31.0)	(31.9)	(37.0)
12/31/2007	454,642,793	1,398,047	7.9	8.9	8.9	5.5
12/31/2006	420,334,077	(6,785,049)	21.1	22.2	19.1	15.8
12/31/2005	353,988,239	(248,736)	3.4	4.4	1.7	4.9
12/31/2004	342,608,040	3,168,832	12.1	13.4	5.3	10.9
12/31/2003	302,479,334	(995,095)	33.8	35.4	28.3	28.7
12/31/2002	227,082,318	(2,040,889)	(0.7)	0.2	(15.1)	(22.1)
12/31/2001	230,792,035	(28,203,294)	0.3	1.4	(5.4)	(11.9)
12/31/2000	257,666,755	(109,166,801)	15.9	19.1	(4.7)	(9.1)
12/31/1999	331,664,015	11,443,539	(2.0)	(1.2)	27.2	21.0
12/31/1998	326,544,792	(8,882,906)	24.1	26.1	18.1	28.6
12/31/1997	272,112,842	30,834,100	24.9	28.9	24.9	33.4

**Performance Review**  
**Semper Vic Partners LP**  
**December 31, 1992 to December 31, 2012**

	<u>ENDING MARKET VALUE</u>	<u>CONTRIBUTIONS WITHDRAWALS</u>	<u>TOTAL PORTFOLIO</u>	<u>EQUITY HOLDINGS</u>	<u>DJITR</u>	<u>SP500T</u>
12/31/1996	187,327,981	9,653,686	19.4	22.1	28.8	23.0
12/31/1995	146,884,620	17,052,429	23.9	28.0	36.9	37.6
12/31/1994	102,055,506	15,881,446	12.8	15.6	5.0	1.3
12/31/1993	75,053,207	18,159,144	22.7	27.2	16.7	10.1
TIME-WEIGHTED CUMULATIVE RETURN			919.6	1,291.3	529.5	385.1
COMPOUND ANNUALIZED RETURN			12.3	14.1	9.6	8.2

\* TOTAL PORTFOLIO RETURNS NET OF FEES CHARGED  
 \* EQUITY HOLDINGS RETURNS NOT NET OF FEES CHARGED  
 FISCAL YEAR ENDS 12/31

**Portfolio Valuation**  
**Semper Vic Partners LP**  
**December 31, 2012**

UNITS	SECURITY	PRICE	MARKET VALUE	UNIT COST	TOTAL COST	GAIN/LOSS	% OF ASSETS	ANNUAL INCOME	% YIELD
<b>SUPERVISED ASSETS</b>									
CASH AND EQUIVALENTS- usd									
	Cash And Cash Equivalents		1,881,026		1,881,026		0.3	0	0.0
	Dividends Accrued		883,907		883,907		0.2	0	0.0
	Fulton Bank Account		172		172		0.0	0	0.0
			2,765,104		2,765,104	0	0.5	0	0.0
COMMON STOCKS- usd									
925,000	Nestle SA-Spons ADR	65.11	60,228,323	22.37	20,694,637	39,533,686	10.5	1,639,030	2.7
442	Berkshire Hathaway Inc Cl A	134,060.00	59,254,520	72,614.45	32,095,587	27,158,933	10.4	0	0.0
645,000	Philip Morris International Inc	83.64	53,947,800	24.46	15,775,537	38,172,263	9.4	2,193,000	4.1
600,000	Compagnie Financiere Richemont SA	78.19	46,911,958	15.24	9,146,310	37,765,648	8.2	228,000	0.5
765,000	Heineken Holding NV	54.63	41,790,079	18.32	14,017,364	27,772,715	7.3	703,800	1.7
825,000	SABMiller PLC	45.92	37,884,021	20.13	16,606,590	21,277,432	6.6	775,500	2.0
315,000	Pernod Ricard	115.28	36,313,250	64.46	20,306,340	16,006,910	6.3	444,150	1.2
70,000	Mastercard Inc Cl A	491.28	34,389,600	227.92	15,954,352	18,435,248	6.0	84,000	0.2
935,000	Wells Fargo	34.18	31,958,300	21.49	20,090,582	11,867,718	5.6	822,800	2.6
317,500	Anheuser-Busch InBev ADR	87.41	27,752,675	56.46	17,924,912	9,827,763	4.8	410,443	1.5
650,000	Unilever NV ADR	38.30	24,895,000	26.00	16,898,822	7,996,178	4.3	677,365	2.7
410,000	British American Tobacco PLC	50.73	20,799,902	29.84	12,235,329	8,564,573	3.6	844,600	4.1
625,000	Altria Group Inc	31.44	19,650,000	10.50	6,562,383	13,087,617	3.4	1,100,000	5.6
600,000	Diageo PLC	29.05	17,428,479	8.68	5,210,542	12,217,937	3.0	414,000	2.4
260,000	Brown-Forman Corp Cl A	61.50	15,990,000	11.07	2,877,878	13,112,122	2.8	265,200	1.7
375,000	Comcast Corp Special Cl A	35.92	13,470,000	6.43	2,412,170	11,057,830	2.4	243,750	1.8
127,500	Martin Marietta Materials	94.28	12,020,700	21.52	2,744,297	9,276,403	2.1	204,000	1.7
125,000	Scripps Networks Interactive Cl A	57.92	7,240,000	4.89	610,984	6,629,016	1.3	60,000	0.8
10,000	Washington Post Cl B	365.21	3,652,100	371.70	3,717,038	(64,938)	0.6	98,000	2.7
51,750	Hasbro Inc	35.90	1,857,825	11.76	608,524	1,249,301	0.3	74,520	4.0
36,350	Berner Gruppen	44.91	1,632,479	54.08	1,965,736	(333,258)	0.3	38,168	2.3
11,320	NHST Media Group	44.91	508,381	25.82	292,269	216,112	0.1	8,150	1.6
36,350	Berner Media II AS Ord	0.00	0	0.00	0	0	0.0	0	0.0
			569,575,392		238,748,182	330,827,210	99.5	11,328,476	2.0
TOTAL SUPERVISED ASSETS			572,340,496		241,513,286	330,827,210	100.0	11,328,476	2.0



**Portfolio Valuation**  
**Semper Vic Partners LP**  
**December 31, 2012**

UNITS	SECURITY	PRICE	MARKET VALUE	UNIT COST	TOTAL COST	GAIN/LOSS	% OF ASSETS	ANNUAL INCOME	%
									YIELD
TOTAL ASSETS			572,340,496		241,513,286	330,827,210	100.0	11,328,476	2.0

**Summary Table**  
**Semper Vic Partners, L.P.**  
**Emerging Market Revenue Analysis**

<b>Company</b>	<b>2014E</b>	<b>2013E</b>	<b>2012E</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Phillip Morris International	5.4%	5.3%	5.0%	5.3%	4.5%	3.8%	3.6%
SABMiller	4.6%	4.5%	4.4%	4.5%	4.4%	4.3%	3.0%
Nestle	4.9%	4.8%	4.5%	4.3%	4.2%	4.0%	4.1%
Heineken	5.0%	4.9%	4.8%	4.0%	3.5%	2.9%	2.0%
British American Tobacco	2.9%	2.8%	2.8%	3.0%	2.7%	2.5%	1.5%
Compagnie Financiere Richemont	2.9%	2.8%	2.7%	2.9%	2.5%	2.5%	1.3%
Pernod Ricard	2.7%	2.6%	2.5%	2.3%	2.0%	2.0%	1.5%
Unilever	2.5%	2.5%	2.4%	2.2%	2.2%	2.0%	1.4%
Anheuser-Busch InBev	2.3%	2.2%	2.1%	1.6%	1.0%	na	na
Mastercard	1.5%	1.4%	1.3%	1.1%	0.6%	na	na
Diageo	1.4%	1.4%	1.3%	1.2%	1.0%	1.0%	1.1%
Brown-Forman	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.4%
Hasbro	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
Altria	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Berkshire Hathaway	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Berner Gruppen	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cadbury	na	na	na	na	na	na	0.6%
Comcast	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Martin Marietta Materials	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Norges Handels	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Scripps Networks Interactive	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Washington Post	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Wells Fargo	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Semper Vic Partners Emerging Market Revenue as % of Total</b>	<b>36.7%</b>	<b>35.6%</b>	<b>34.1%</b>	<b>32.7%</b>	<b>29.1%</b>	<b>25.4%</b>	<b>20.6%</b>

Notes:

Analysis excludes cash held in portfolio, which is generally less than 2% of portfolio.

Data from company reports, Capital IQ and GRG estimates.

**Semper Vic Partners, L.P.**  
**Emerging Market Revenue Analysis**  
**2014 Estimates**

Company	Developed Markets	Emerging Markets	Portfolio Weight	Weighted Average Emerging Markets Exposure
Berkshire Hathaway	100.0%	0.0%	10.5%	0.0%
Nestle	52.9%	47.1%	10.5%	4.9%
Phillip Morris International	48.2%	51.8%	10.5%	5.4%
Heineken	29.6%	70.4%	7.1%	5.0%
Compagnie Financiere Richemont	56.5%	43.5%	6.7%	2.9%
SABMiller	27.8%	72.2%	6.4%	4.6%
Pernod Ricard	57.1%	42.9%	6.3%	2.7%
Mastercard	74.1%	25.9%	5.8%	1.5%
Wells Fargo	100.0%	0.0%	5.5%	0.0%
Anheuser-Busch InBev	54.0%	46.0%	4.9%	2.3%
Unilever	40.0%	60.0%	4.2%	2.5%
British American Tobacco	26.0%	74.0%	3.9%	2.9%
Altria	100.0%	0.0%	3.7%	0.0%
Diageo	54.0%	46.0%	3.1%	1.4%
Brown-Forman	85.2%	14.8%	2.9%	0.4%
Comcast	100.0%	0.0%	2.3%	0.0%
Martin Marietta Materials	100.0%	0.0%	1.9%	0.0%
Scripps Networks Interactive	100.0%	0.0%	1.4%	0.0%
Washington Post	100.0%	0.0%	0.7%	0.0%
Hasbro	85.2%	14.8%	0.3%	0.044%
Berner Gruppen	100.0%	0.0%	0.2%	0.0%
Norges Handels	100.0%	0.0%	0.2%	0.0%
			99.0%	36.7%

Notes:

Analysis excludes cash held in portfolio, which is generally less than 2% of portfolio.  
 Data from company reports, Capital IQ and GRG estimates.



**Semper Vic Partners, L.P.**  
**Table of Historical Holdings**  
**Presented as of December 31, 2012**

<u>Company</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Nestle SA	10.5%	10.3%	11.8%	12.1%	11.9%	9.1%	6.8%	6.3%	5.1%	5.1%	5.2%	5.2%	5.2%
Berkshire Hathaway Inc	10.4%	9.7%	10.2%	9.9%	11.4%	11.0%	9.1%	8.4%	7.2%	7.2%	7.7%	7.3%	5.0%
Philip Morris International Inc	9.4%	12.9%	10.4%	9.1%	9.0%	-	-	-	-	-	-	-	-
CIE Financiere Richemont SA	8.2%	6.4%	8.3%	7.2%	5.0%	5.2%	5.1%	4.9%	4.8%	3.9%	3.3%	3.0%	3.9%
Heineken Holding NV	7.3%	6.2%	6.5%	7.9%	6.4%	7.5%	5.8%	4.8%	4.8%	4.6%	4.8%	5.2%	6.7%
SABMiller PLC	6.6%	6.4%	6.7%	7.0%	4.6%	-	-	-	-	-	-	-	-
Pernod-Ricard SA	6.4%	6.1%	6.2%	6.1%	4.9%	3.0%	2.6%	2.3%	1.6%	-	-	-	-
Mastercard Inc	6.0%	5.3%	2.8%	-	-	-	-	-	-	-	-	-	-
Wells Fargo & Company	5.6%	4.7%	4.5%	3.8%	5.1%	4.2%	4.0%	4.2%	3.6%	3.9%	4.1%	3.8%	5.0%
Anheuser-Busch InBev	4.9%	3.7%	2.9%	-	-	-	-	-	-	-	-	-	-
Unilever NV	4.4%	4.3%	4.1%	4.1%	3.0%	3.4%	2.6%	2.4%	2.0%	-	-	-	-
British American Tobacco PLC	3.6%	4.6%	4.0%	3.4%	2.3%	-	-	-	-	-	-	-	-
Altria Group Inc	3.4%	4.5%	3.9%	3.9%	3.9%	9.5%	9.0%	9.1%	7.7%	7.7%	7.2%	8.3%	7.6%
Diageo PLC	3.1%	3.0%	3.0%	3.4%	3.5%	3.4%	3.6%	3.2%	3.1%	2.8%	3.0%	3.6%	3.8%
Brown-Forman Corp	2.8%	3.2%	3.0%	3.0%	3.8%	3.1%	3.0%	3.9%	3.0%	3.2%	2.9%	2.6%	2.6%
Comcast Corp	2.4%	1.9%	3.1%	4.1%	4.4%	3.7%	5.5%	3.5%	4.3%	3.9%	4.1%	3.3%	3.4%
Martin Marietta Materials Inc	2.1%	2.3%	2.9%	3.4%	4.7%	4.9%	4.3%	4.2%	3.6%	3.5%	2.8%	3.2%	2.7%
Scripps Networks Interactive	1.3%	1.4%	1.9%	3.1%	1.9%	-	-	-	-	-	-	-	-
The Washington Post Company	0.6%	1.0%	1.6%	2.5%	2.2%	2.9%	2.7%	3.1%	4.3%	3.9%	5.5%	4.6%	4.8%
Hasbro Inc	0.3%	0.4%	0.9%	0.8%	1.0%	1.6%	2.1%	2.3%	2.5%	3.2%	1.9%	2.3%	0.7%
Berner Gruppen AS	0.3%	0.4%	0.5%	0.4%	0.7%	1.2%	1.0%	1.1%	1.0%	0.8%	1.1%	0.5%	0.6%
NHST Media Group	0.1%	0.2%	0.2%	0.2%	0.3%	0.5%	0.4%	0.4%	0.3%	0.3%	0.5%	0.4%	1.1%
Cadbury				3.9%	1.7%	2.7%	2.4%	2.2%	1.7%	-	-	-	-
Telegraaf Holding					1.0%	3.4%	3.3%	3.3%	4.5%	4.8%	4.6%	4.4%	5.3%
Philip Morris CR					0.5%	0.4%	0.5%	0.8%	0.9%	1.0%	1.7%	1.6%	0.9%
EW Scripps Company					0.1%	2.8%	3.0%	3.3%	3.4%	3.8%	4.7%	4.7%	5.4%
UST Inc						4.8%	4.8%	4.0%	4.9%	3.8%	5.1%	5.7%	3.8%
American International Group Inc						4.0%	4.1%	4.4%	3.8%	3.8%	3.2%	4.6%	4.4%
H&R Block Inc						1.4%	2.1%	2.7%	2.9%	3.7%	3.1%	3.5%	-
McClatchy Company						1.4%	2.7%	2.0%	2.3%	2.5%	2.7%	2.2%	1.6%
Kraft Foods Inc						1.3%	1.4%	2.1%	2.9%	2.7%	3.3%	2.9%	-
Schweitzer-Mauduit International Inc						1.1%	1.6%	1.9%	3.0%	2.9%	3.2%	3.1%	2.0%
International Speedway Corp						1.0%	1.4%	1.5%	1.7%	1.5%	1.6%	1.7%	1.7%
Readymix PLC						0.2%	0.4%	0.8%	1.0%	1.3%	1.0%	0.9%	1.1%
Partridge Fine Art						0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.3%
Citigroup Inc							3.2%	3.1%	3.0%	3.3%	3.1%	1.7%	2.0%
Wegener NV							0.9%	1.5%	2.0%	1.6%	1.1%	0.5%	0.4%
Weetabix										8.2%	4.2%	5.0%	4.7%
Corby Distilleries Ltd												0.3%	0.4%
Morgan Stanley Dean Witter Discover													1.3%
<u>Fortnum &amp; Mason PLC</u>													0.1%
Total common equity	99.7%	98.8%	99.5%	99.2%	93.2%	98.6%	99.4%	97.8%	97.2%	99.2%	97.1%	96.5%	88.4%
Cash and other	0.3%	1.2%	0.5%	0.8%	6.8%	1.4%	0.6%	2.2%	2.8%	0.8%	2.9%	3.5%	11.6%
Total partnership	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Weetabix, Ltd.**  
**Valuation Model (8x)**  
**1989-2003**

Year Ended July 31,	2003	2002	2001 restated	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
(in millions of GBP except per share amounts)															
Turnover	382.742	361.627	349.397	341.372	308.749	308.155	274.340	271.411	239.729	218.702	203.265	184.274	184.426	150.343	138.775
Operating income	44.609	39.475	42.458	47.702	49.558	49.378	40.121	34.828	30.419	28.297	25.339	24.460	20.620	15.116	12.999
Depreciation & amortization <sup>1</sup>	18.511	19.069	18.032	16.915	15.001	13.895	12.592	11.691	10.017	9.559	8.810	7.799	7.660	6.620	6.262
<b>EBITDA</b>	<b>63.120</b>	<b>58.544</b>	<b>60.490</b>	<b>64.617</b>	<b>64.559</b>	<b>63.273</b>	<b>52.713</b>	<b>46.519</b>	<b>40.436</b>	<b>37.856</b>	<b>34.149</b>	<b>32.259</b>	<b>28.280</b>	<b>21.736</b>	<b>19.261</b>
Multiple (8x)	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Enterprise Value Operation	504.957	468.352	483.920	516.936	516.472	506.184	421.704	372.152	323.488	302.848	273.192	258.072	226.240	173.888	154.088
<b>Plus: cash &amp; equivalents</b>	<b>105.252</b>	<b>80.080</b>	<b>69.272</b>	<b>76.574</b>	<b>75.080</b>	<b>65.147</b>	<b>56.716</b>	<b>45.731</b>	<b>31.580</b>	<b>23.436</b>	<b>13.533</b>	<b>7.456</b>	<b>6.208</b>	<b>7.100</b>	
Less: long-term creditors	2.501	2.501	2.561	0.117	1.838	2.894	4.988	5.678	6.280	5.210	4.581	5.907	9.211	12.709	5.684
<b>Equal: Implied intrinsic value</b>	<b>607.708</b>	<b>545.931</b>	<b>550.631</b>	<b>593.393</b>	<b>589.714</b>	<b>568.437</b>	<b>473.432</b>	<b>412.205</b>	<b>348.788</b>	<b>321.074</b>	<b>282.144</b>	<b>268.086</b>	<b>224.485</b>	<b>167.387</b>	<b>155.504</b>
<b>Per share valuation</b>															
<b>Implied intrinsic value / share</b>	<b>51.17</b>	<b>45.97</b>	<b>46.36</b>	<b>49.97</b>	<b>49.66</b>	<b>47.86</b>	<b>39.86</b>	<b>34.71</b>	<b>29.37</b>	<b>27.04</b>	<b>23.76</b>	<b>22.57</b>	<b>18.90</b>	<b>14.09</b>	<b>13.09</b>
<b>Actual market value / share<sup>2</sup></b>	<b>52.00</b>	<b>21.75</b>	<b>23.75</b>	<b>29.75</b>	<b>32.00</b>	<b>37.50</b>	<b>30.50</b>	<b>25.00</b>	<b>27.00</b>	<b>19.50</b>	<b>13.50</b>	<b>11.80</b>	<b>7.97</b>	<b>5.30</b>	<b>5.95</b>
Actual market value / impl. intrinsic value	101.6%	47.3%	51.2%	59.5%	64.4%	78.3%	76.5%	72.0%	91.9%	72.1%	56.8%	52.3%	42.2%	37.6%	45.4%
CAGR (1989 to date):															
Implied intrinsic value	10.2%	10.1%	11.1%	12.9%	14.3%	15.5%	14.9%	14.9%	14.4%	15.6%	16.1%	19.9%	20.1%	7.6%	
Actual market value	16.7%	10.5%	12.2%	15.8%	18.3%	22.7%	22.7%	22.8%	28.7%	26.8%	22.7%	25.6%	15.7%	-10.9%	
<b>Return Analysis</b>															
EBITDA / Operating assets	25.5%	23.5%	23.4%	29.6%	33.7%	35.3%	32.5%	31.7%	29.7%	31.1%	29.8%	32.9%	30.6%	26.7%	24.3%
Incr. EBITDA / Incr. operating assets	na	20.7%	-10.5%	0.2%	10.5%	62.2%	39.7%	58.2%	18.1%	49.9%	11.6%	71.0%	59.2%	113.2%	na
(in millions)															
<b>Number of A equivalent shares</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>	<b>11.876</b>
<b>Data as of December 31st</b>															
Thirty-year US Treasury %	5.07%	4.78%	5.47%	5.46%	6.45%	5.10%	5.92%	6.64%	5.95%	7.88%	6.35%	7.40%	7.40%	8.25%	7.98%
US Dollar / British Pound	1.78	1.61	1.41	1.49	1.62	1.66	1.65	1.71	1.55	1.56	1.48	1.51	1.87	1.93	1.61
Price per share	52.00	21.75	23.75	29.75	32.00	37.50	30.50	25.00	27.00	19.50	13.50	11.80	7.97	5.30	5.95
Dollar price per share	92.63	35.05	33.56	44.42	51.69	62.25	50.18	42.85	41.84	30.51	19.95	17.82	14.91	10.23	9.59

Note: Above calculations based on EV / EBITDA multiple of eight.

Source: Weetabix annuals and Gardner Russo & Gardner estimates.

<sup>1</sup> Depreciation and amortization for 2003 is estimated assuming the ratio of depreciation and amortization to tangible assets remains the same as in 2002.

<sup>2</sup> As of December 31,

Semper Vic Partners, L.P.  
Annual Summary of Limited Partner Returns  
Currency Effects Highlights

<u>Year</u>	<u>Semper Vic Partners</u>	<u>Dow Jones Industrials</u>	<u>S &amp; P 500</u>
2012	24.2%	10.2%	16.0%
2011	6.9%	8.4%	2.1%
2010	21.5%	14.0%	15.1%
2009	25.8%	22.7%	26.5%
2008	-31.5%	-31.9%	-37.0%
2007	7.7%	8.9%	5.5%
2006	20.8%	19.1%	15.8%
2005	3.2%	1.7%	4.9%
2004	11.9%	5.3%	10.9%
2003	33.5%	28.3%	28.7%
2002	-1.0%	-15.1%	-22.1%
2001	0.1%	-5.4%	-11.9%
2000	15.6%	-4.7%	-9.1%
1999	-2.1%	27.2%	21.0%
1998	23.8%	18.1%	28.6%
1997	24.7%	24.9%	33.4%
1996	19.0%	28.8%	23.0%
1995	23.6%	36.9%	37.5%
1994	12.4%	5.0%	1.3%
1993	22.1%	16.7%	10.1%
1992	13.4%	7.4%	7.6%
1991	27.4%	24.5%	30.5%
1990	5.3%	-0.7%	-3.1%
1989	24.6%	31.8%	31.7%
1988	19.8%	16.2%	16.5%
1987	37.1%	5.5%	5.2%
1986	24.8%	27.2%	18.8%
1985	43.9%	33.6%	31.7%
1984	13.6%	1.0%	6.2%
Compound Annual Return	15.3%	11.4%	10.4%



Semper Vic Partners, L.P.  
 After Tax Rate of Return, Net of Expenses  
 July 16, 1990 - December 31, 2011

Year	Semper Net YTD %	Semper After tax YTD %	Dow Jones YTD %	S & P YTD %
1990	2.68%	1.90%	-10.42%	-8.67%
1991	27.35%	26.28%	24.53%	30.47%
1992	13.44%	12.24%	7.40%	7.61%
1993	22.06%	20.52%	16.72%	10.08%
1994	12.37%	10.42%	4.99%	1.34%
1995	23.58%	22.55%	36.90%	37.52%
1996	19.02%	17.77%	28.93%	23.11%
1997	24.67%	24.02%	24.96%	33.38%
1998	23.80%	22.77%	18.12%	28.56%
1999	-2.14%	-2.44%	27.21%	21.01%
2000	15.59%	14.36%	-4.71%	-9.11%
2001	0.06%	-1.86%	-5.40%	-11.89%
2002	-0.96%	-1.89%	-15.09%	-22.10%
2003	33.49%	33.35%	28.26%	28.69%
2004	11.86%	10.88%	5.32%	10.88%
2005	3.17%	3.03%	1.72%	4.91%
2006	20.83%	20.89%	19.05%	15.80%
2007	7.65%	7.18%	8.88%	5.50%
2008	-31.47%	-32.14%	-31.93%	-37.00%
2009	25.79%	25.45%	22.68%	26.45%
2010	21.49%	20.87%	14.06%	15.06%
2011	6.67%	6.61%	8.38%	2.11%
<b>Cumulative Return Since 7/16/90</b>	<b>1059.06%</b>	<b>882.56%</b>	<b>584.79%</b>	<b>436.61%</b>
<b>Compounded Annzd Return Since 7/16/90</b>	<b>12.10%</b>	<b>11.24%</b>	<b>9.38%</b>	<b>8.14%</b>

Notes:

1. 1990 reflects a partial year, beginning on July 15, 1990

2. Assumptions:

<b>Long-Term Capital Gains</b>	
1991-1997	28.00%
1998 to 5/5/2003	20.00%
5/6/2003 to 12/31/2011	15.00%

<b>Qualified Dividends</b>	
2003-2011	15.00%

<b>Short-Term Capital Gains</b>	
1990	28.00%
1991-1992	31.00%
1993-2001	39.60%
2002	38.60%
2003-2011	35.00%

<b>Investment Income/Expense</b>	
1990	28.00%
1991-1992	31.00%
1993-2001	39.60%
2002	38.60%
2003-2011	35.00%

Background Information: Thomas A. Russo, Gardner Russo & Gardner

Thomas A. Russo joined Gardner Russo & Gardner as a partner in 1989. Eugene Gardner, Thomas Russo and Eugene Gardner, Jr., as partners, each manage individual separate accounts and share investment approaches and strategies. In addition, Thomas Russo serves as General Partner to Semper Vic partnerships. Mr. Russo oversees \$6 billion through separately managed accounts and Semper Vic partnerships. Gardner Russo & Gardner is a registered investment adviser under the Investment Advisers Act of 1940, and is not associated with any bank, security dealer or other third party.

Mr. Russo's investment philosophy emphasizes return on invested capital, principally through equity investments. His approach to stock selection stresses two main points: value and price. While these would seem to be obvious key considerations in any manager's approach, it is equally obvious that all too often they are either misjudged or, perhaps more frequently, simply not viewed together.

Mr. Russo looks for companies with strong cash-flow characteristics, where large amounts of "free" cash flow are generated. Portfolio companies tend to have strong balance sheets and a history of producing high rates of return on their assets. The challenge comes in finding these obviously desirable situations at reasonable or bargain prices.

Mr. Russo's investment approach is focused on a small number of industries in which companies have historically proven to be able to generate sustainable amounts of net free cash flow. (These industries typically have included food, beverage, tobacco, and advertising-supported media.) This fairly narrow approach reflects his training and discipline at the Sequoia Fund in New York, where he worked from 1984 to 1988. Mr. Russo tries to limit risk by not paying too large a multiple of a company's net free cash flow in light of prevailing interest rates. He attempts to broaden this otherwise narrow universe by including companies with smaller market capitalizations and companies in similar industries based abroad.

Mr. Russo's goal is one of an absolute return rather than a relative return, and he continues his long-term investment objective of compounding assets between 10 and 20 percent per year without great turnover, thereby realizing a minimum amount of realized gains and net investment income.

Thomas A. Russo is General Partner of Semper Vic Partners, L.P., and Semper Vic Partners (Q.P.), L.P., limited partnerships whose combined investments exceed \$500 million, along with overseeing substantially more funds through separate accounts for individuals, trusts, and endowments. He is a graduate of Dartmouth College (B.A., 1977), and Stanford Business and Law Schools (JD/MBA, 1984). Memberships include California Bar Association and Dean's Advisory Council for Stanford Law School. Mr. Russo is a charter member of the Advisory Board for the Heilbrunn Center for Graham & Dodd Investing at Columbia Business School. He is a member of Dartmouth College's President's Leadership Council. He serves on the boards of the Winston Churchill Foundation of the U.S. and Facing History and Ourselves.