

Global Equity Strategy

Investing 101: A reading list

Every so often someone will ask me which I consider the best investments books. This is not an easy question to answer, firstly there is an enormous amount written on finance every year (much of it pure junk, of course), and secondly if you miss off someone's personal favourite they take it as a personal affront. So it is with some trepidation that I have put together my ideal investors reading list.

- ▶ In the classics section my choices were relatively straightforward. First up is the 1934 edition of **Security Analysis** by Ben Graham and David Dodd (no surprise there I'm sure). Then I chose **Chapter 12 of the General Theory of Employment, Interest and Money** by John Maynard Keynes. John Burr William's **Theory of Investment Value** was my third choice. **Manias, Panics and Crashes** by Charles Kindlebeger was my next selection. My final classic was **Reminiscences of a Stock Operator** by Edwin Lefèvre.
- ▶ In the modern category I started off with two little books. Joel Greenblatt's **Little Book That Beats The Market** manages to display a mass of evidence showing how a quantitative approach to stock selection can produce exceptional performance (and it's only 155 pages). Chris Browne's **Little Book of Value Investing** contains the very essence of value investing from one of the industry's greats. My third choice was Nassim Taleb's **Foiled by Randomness** – a wonderful reminder of the fact that luck is far more important than we would all like to believe. Possibly my favourite investment book of all time is David Dreman's **Contrarian Investment Strategies**. Finally I chose **Speculative Contagion** by Frank Martin as a representative of dispatches from the front line of investing.
- ▶ The psychological selection starts off with Keith Stanovich's **Robot's Rebellion** – a great take on the combination of evolutionary psychology and the heuristics and biases literature. Then I selected Tim Wilson's **Strangers to Ourselves** - a thoroughly modern take on the unconscious. Next up was **How we know what isn't so** by Thomas Gilovich – a great introduction to the oft seen failures of reasoning. If you have ever wondered why you don't do what makes you happy then Daniel Gilbert's **Stumbling on Happiness** is the book for you. The final choice in this group was **The Psychology of Intelligence Analysis** by Richard Heuer Jnr (a former director of the CIA!).
- ▶ The final category was hidden gems. First up is Phil Rosenzweig's **Halo Effect** – a perfect antidote to the library of 'how to' business books that dominate the market. Every bottom up analyst should read this book. **Mindless Eating** by Brian Wansink shows just how universal behavioural errors are; the parallels between food and finance leap out as you read this book. In **The Inefficient Stock Market**, Robert Haugen neatly combines theory and evidence to show why multifactor models are superior to modern portfolio theory – a fun read! Seth Klarman's **Margin of Safety** is a hard-to-come-by classic. A scathing denouncement of the relative performance derby, and a great analysis of the essence of value investing make this book a must read. My final choice was a forthcoming book by Jason Zweig called **Your Money and Your Brain**. Jason explores the new field of neuroeconomics and its implications for investment behaviour.

James Montier
+44 (0)20 7475 6821
james.montier@dkib.com

Global Investment Strategy

Research Analysts

Global Asset Allocation

Albert Edwards

+44 (0)20 7475 2429

albert.edwards@dkib.com

Global Equity Strategy

James Montier

+44 (0)20 7475 6821

james.montier@dkib.com

Online research:

www.dresdnerkleinwort.com/research

Bloomberg:
DKIB1<GO>

A member of Allianz 

Please refer to the Disclosure Appendix for all relevant disclosures and our disclaimer. In respect of any compendium report covering six or more companies, all relevant disclosures are available on our website www.dresdnerkleinwort.com/research/disclosures or by contacting the Dresdner Kleinwort Research Department at the address below.

Dresdner Kleinwort Securities Limited, authorised and regulated by the Financial Services Authority and a Member Firm of the London Stock Exchange. PO Box 52715, 30 Gresham Street, London EC2P 2XY. Telephone: +44 20 7623 8000 Telex: 916486. Registered in England No. 1767419. Registered Office: 30 Gresham Street, London EC2V 7PG. A Member of the Dresdner Bank Group.

Investing 101: a reading list

One of the questions I am regularly asked is which books do I consider the best investment reads. This is not an easy question to answer, particularly as if you omit someone's personal favourite they tend to take it as a personal affront. So it is with some trepidation that I humbly submit the below as among the key readings for investors. If your favourite isn't on my list then feel free to send me an email, I may even compile a readers favourites list as well.

In order to give my choices a little structure I have created four categories of books and only allowed myself to select five books in each group, so there were many great books that just didn't quite make my very restricted list.

Classics

The first category is the timeless masters. The books in this group have lasted for generations, yet their wisdom seems often to go unheeded.

Security Analysis by Ben Graham and David Dodd

I prefer the original 1934 edition of this book (available thanks to a recent reprint). No other book covers such an immense array of investment knowledge. Whilst the accounting standards may have altered, the very essence of investing can be found within these pages. Some may prefer the easier (and more comfortable to hold) read that is provided by Graham's Intelligent Investor. Either or indeed both of these great books should be required reading for anyone serious about investing.

Chapter 12 of the General Theory of Employment, Interest and Money by John Maynard Keynes

Much of the General Theory will do little to help investors as it is concerned with economics. Keynes himself turned his back on trying to apply economics as an aid to investing as he put it "I can only say that I was the principal inventor of credit cycle investment... and I have not seen a single case of success having been made of it". However, Chapter 12 is very different from the rest of the book; it contains a wealth of understanding and analysis of the psychology and institutional constraints that bedevil investors as much today as they did when Keynes was writing in 1935. (For more on the relevance of both Graham and Keynes to the modern investment problem see Global Equity Strategy, 23 January 2007).

The Theory of Investment Value by John Burr Williams

A third book from the 1930s (anyone spot a pattern emerging here?). John Burr Williams published his book in 1938 – having written it as his PhD thesis. Williams went to Harvard to study for his doctorate. His supervisor was none other than Joseph Schumpeter, who suggested that he looked at the question of intrinsic value of a stock. Williams actually published his book (backed in part by his own money) before he was awarded his PhD (a subject of much discussion at his viva).

The book contains the essence of the discounted cash flow approach to valuation. As such it far predates the more widely cited Gordon papers (as in Gordon Growth Model). The book not only lays out the process and examples of DCF but also contains perhaps the first treatment of the industry lifecycle (Chapter VII). Williams opens The Theory of Investment Value with words that have been value investors' creed ever since "Separate and distinct things not to be confused, as every thoughtful investor knows, are real worth and market price."

Manias, Panics and Crashes by Charles Kindleberger

First published in 1978 this is almost a candidate for our modern section. But its numerous reprints and editions since 1978 suggest that it has earned a place amongst

the classics. This book contains not only a history of most of the major bubbles in financial markets, but also provides a framework for understanding their progress and ultimately their demise. As such it serves to remind us that although bubbles usually arise on different assets, the pattern they follow is relatively consistent. We have often used the Minsky/Kindelberger paradigm when discussing the path of bubble unwinding (see Global Equity Strategy, 18 July 2002 for example).

Reminiscences of a Stock Operator by Edwin Lefèvre

Originally published in book form in 1923 (although published in Saturday Evening Post as articles prior to that), Reminiscences tells the barely fictionalised biography /autobiography of Jesse Livermore. Livermore battled with depression throughout his life; he finally lost the fight in 1932 when he took his own life.

Although a perennial favourite with traders, Reminiscences contains much advice that investors would do well to remember, such as “Another lesson I learned early is that there is nothing new in Wall Street. There can’t be because speculation is as old as the hills. Whatever happens in the stock market today has happened before and will happen again. I’ve never forgotten that.” Or “There is the plain fool, who does the wrong thing at all times everywhere, but there is the Wall Street fool, who thinks he must trade all the time. No man can always have adequate reasons for buying or selling stocks daily – or sufficient knowledge to make his play an intelligent play. I proved it.” And “The desire for constant action irrespective of underlying conditions is responsible for many losses in Wall Street even among the professionals, who feel that they must take home some money every day, as though they were working for regular wages.” But perhaps my favourite quotation is “A stock operator has to fight a lot of expensive enemies within himself.”

Modern

To qualify to be in this section the book must have been written within the last ten years, but have the potential to become a classic given time.

The little book that beats the market by Joel Greenblatt

Regular readers will know that I am a big fan of Joel Greenblatt’s book. Indeed we have tested Greenblatt’s formula in non-US markets and shown it is a powerful tool regardless of the market under consideration (see Global Equity Strategy, 9 March 2006). In just 155 pages Greenblatt produces a mass of evidence showing that following a quantitative value orientated approach to stock selection can produce exceptional performance. But the book is more than just a quantitative take on the value process; it also contains gems such as “You must understand only two basic concepts. First, buying good companies at bargain prices makes sense... Second, it can take Mr. Market several years to recognize a bargain.”

Even better than that, the book is written so that an 11 year old can understand it. But a lot of professional investors could do far worse than peruse this slim volume.

The little book of value investing by Chris Browne

My second choice in the modern section is another book from the little book series. This one written by Chris Browne of Tweedy Browne – one of the greatest living embodiments of value investing. The very essence of the value approach and all it entails (patience etc.) are explored here in 180 pages. The discussion on the margin of safety highlights the way in which value investors think about risk – a far cry from modern portfolio theory’s beta concept. Browne also explores issues such as how to distinguish a value trap from a value opportunity. Can be read easily in an afternoon, but should be repeatedly studied by value investors as a check on their own behaviour.

Fooled by Randomness by Nassim Taleb

Taleb's next book *The Black Swan* is due out shortly – I've had the luxury of reading a draft copy and thought it was every bit as insightful as *Fooled by Randomness* (although personally I miss the Nero Tulip stories). In *Fooled* Taleb highlights just how easy it is for us to fall victim to spotting patterns in the purely random. Every investor who has done well in a given period should read this book as a reality check, before they start to believe their own hype. Anyone who is vaguely interested in the role of luck, chance and randomness will find Taleb's book a source of much wisdom.

Contrarian Investment Strategies by David Dreman

One of my favourite books on investment. I only recently read Dreman's book (since then I have obtained and read his previous two books, and I gather a new book is due out later this year). This tome is packed with deep insights into the nature of the investment problem, and practical investment strategies designed to avoid some of the behavioural pitfalls that we all too often stumble into. Dreman is also an empirical sceptic, and offers up good statistical evidence to support his analysis – something that is far too rare in the world of investment books. My own *Seven Sins of Fund Management* (November 2005) reaches many of the same conclusions as Dreman, albeit from a totally different perspective.

Speculative Contagion by Frank Martin

For my final selection in the modern category I wanted a book that represented an investor's real time experience of dealing with the market. Several books could have fitted the bill; Cunningham's edited version of Buffet's letter was a front runner, as was Chancellor's edited version of Marathon Asset Managements' views (*Capital Account*). However, in the end I settled on Frank Martin's *Speculative Contagion*. This book pulls together the annual reports that Martin had written to his clients throughout the bubble and burst years. It is source of much investment insight. As regular readers will know I recently used Martin's trinity of risks as a basis of a better way of thinking about the nature of risk from an investment perspective (see *Global Equity Strategy*, 1 February 2007). Martin's book provides us with opportunity to see exactly how bad it feels to be on the wrong side of a bubble, but also delivers insights into the discipline needed to stick to sensible investment process though thick and thin.

Psychological

The books in this category are close to my heart. They are books on psychology. They aren't concerned with investing per se. Instead they are all concerned with the way in which we think and make choices. Investing is all about making decisions and choices, and as such I think a good grip on psychology is vital for all investors's hoping to conquer their internal demons.

The Robots Rebellion by Keith Stanovich

The title sounds like a Sci-Fi novel. However, the robots are us. Dawkin's selfish gene ideas suggest we are effectively just a vehicle for the replication of genes. Stanovich argues that we may be the only species that have the ability to rebel against our genes. At the heart of his approach is a dual system theory of thought (system X vs. system C for regular readers). The X system is very much a product of genetics, the C system provides us with a way of over-riding our genetic predispositions. Stanovich explores how evolutionary psychology and the heuristics and biases literatures can be reconciled (an arena that I have tried to explore before¹). The book also covers how and where many of the major biases are likely to show up.

¹ Darwin's Mind available from www.ssrn.com

Strangers to Ourselves by Tim Wilson

Freud introduced the concept of the unconscious (at least as it is known in the West). Sadly people seem to equate Freud with psychology. However, academic psychology has little to do with Freudian concepts thankfully. Tim Wilson's book explores the modern concept of the unconscious (system X in many ways). He presents evidence showing that our actions are often outside of our conscious control. He also points out that simple introspection is not the answer, as we are more than capable of lying to ourselves. A brilliant, if disconcerting book.

How we know what isn't so by Thomas Gilovich

This book is one of the best introductions to error prone human reasoning that I have ever come across. Many of the biases that I have explored in the context of finance are to be found within the pages of this book. Gilovich covers such areas as our misperception of random events (hot-hands in basket ball), our habit of seeking out information that agrees with us (confirmatory bias), and issues surrounding group influence on decisions. Anyone interested in the pitfalls of human reasoning will find this a treasure trove of analysis.

Stumbling on Happiness by Daniel Gilbert

This book is really a book about the folly of forecasting. However, rather than focusing on the failure of GDP forecasts or interest rate forecasts, Gilbert is more interested in our forecasts about what makes us happy. Gilbert is the leading expert in the field of affective (or emotional) forecasting. This book explores his research into why it is we don't make decisions that would make us happy. Gilbert argues that someone else's evaluation of how they feel in a given situation is a far better guide to how we will feel than our own prediction. Not only is Gilbert's subject fascinating, he is also an incredibly talented and funny writer, not to mention an astute observer of human behaviour with a wicked sense of humour.

The Psychology of Intelligence Analysis by Richard Heuer, Jnr

It isn't often that the CIA is a good source of insight! However, this book pulls together Richard Heuer's papers from 1978-1986 originally written for use within the CIA. He neatly reviews the psychology literature as it relates to the processing of information, and its application to solving intelligence problems. The overlap between intelligence analysis and investment analysis is surprisingly high. Both deal with decision making in the face of marked uncertainty. Heuer's book is an easy read that more than repays its reading. The chapter on the analysis of competing hypotheses should be mandatory reading for all financial analysts! This book may be the best value book on this list – it is free to download at <https://www.cia.gov/csi/books/19104/index.html>.

Hidden Gems

The books in this section are a hodgepodge of ideas and interesting reads, some are rare, some haven't even been published yet, but all provide some powerful insights into the investment problem.

The Halo Effect by Phil Rosenzweig

This book was recently suggested to me by a client (thank you Steve). It is an empirical sceptic's delight and should be required for all of those involved in the analysis of companies from the bottom-up. Rosenzweig takes much of what passes for analysis in the business world and shows it to be complete piffle. Too many books in the business field go along the lines of Company "X" did exceptionally well for the last Y years, now study what they did and learn to apply it to your business. Or CEO of Company X created a culture of excellence, read this book and you can be like him.

Even the so-called data based books like 'Good to Great' or 'In Search of Excellence' are really little more than stories masquerading as science. They are subject to the garbage

in, garbage out critique, low quality data will result in low quality conclusions. My favourite section is on the halo effect – our habit of seeing one good trait and inferring lots of other good traits. It strikes me that analysts may often find themselves at the mercy of this effect - going and visiting a company, deciding they like the management and then inferring all sorts of desirable traits like future growth or cheapness.

Mindless Eating by Brian Wansink

Regular readers may recall that I recently used Wansink's work as an example of the universality of behavioural patterns (see Global Equity Strategy, 14 February 2007). Exactly the same behavioural errors and mental pitfalls are displayed in the realm of food consumption and the financial markets. For those looking for an entertaining example of the wide spread nature of error prone human decision making this book is excellent. It also provides yet more evidence of the importance of codifying rules to help overcome our behavioural biases.

The Inefficient Stock Market by Robert Haugen

A former academic, Bob Haugen now runs Haugen Custom Financial Systems. His trilogy of books: The New Finance, The Inefficient Stock Market and the Beast on Wall Street are all excellent. But 'Inefficient' is my personal favourite. Haugen explores the failures of classical finance with his tongue firmly in his cheek. He also extols the virtues of multifactor quantitative models, and his web site has plenty of data to show that the out of sample performance of such models has been exemplary. This book neatly combines theory and evidence – a top read.

Margin of Safety by Seth Klarman

Perhaps the best book on value I've read, although not the best value book I've read since copies appear to change hands at around £700-800! I was lucky enough to find someone with a copy of the book who was willing to let me borrow it (Thank you Whitney). Klarman's discussions on the nature of value investing are priceless. As Klarman puts it "Value investing...is simply the process of determining the value underlying a security and then buying it at a considerable discount from that value. It is really that simple. The greatest challenge is maintaining the requisite patience and discipline to buy only when prices are attractive and to sell when they are not, avoiding the short-term performance frenzy that engulfs most market participants".

I must confess to displaying strong confirmatory bias when reading Klarman's work. He argues that value investors should be absolute return focused, and that the margin of safety is all important and central to risk management. He also explores both the behavioural biases and institutional constraints that prevent most investors from following a value orientated strategy.

Your Money and Your Brain by Jason Zweig

I recently returned from holiday to find Jason had very kindly sent me a pre-publication copy of this book. I started reading it almost immediately, and was smitten from the outset. For those of you who don't know him, Jason is a well respected writer on finance. He edited the latest version of Ben Graham's Intelligent Investor. Given that I am a huge fan of Graham's work I rarely think it can be improved. However, Jason managed the near impossible, he added value to Graham's great text.

In this new book, Jason explores neuroeconomics as it applies to investing (a topic I have touched on before, see Global Equity Strategy, 20 January 2005). The book is a pleasure to read – Jason's writing style is second to none. For those (like me) who are fascinated by the underlying neurological correlates of decision making, this is a must read. It also hints at why we find it quite so difficult to change our behaviour, many of the behavioural biases appear to be a hard wired function of brain architecture.

Disclosure appendix

Disclosures under US regulations

The relevant research analyst(s), as named on the front cover of this report, certify that (a) all of the views expressed in this research report accurately reflect their personal views about the securities and companies mentioned in this report; and (b) no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this report.

Any forecasts or price targets shown for companies and/or securities discussed in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by Dresdner Kleinwort or by other sources relied upon in the report were inapposite.

Recommendation history charts

Past performance is not an indicator of future performance.

Dresdner Kleinwort Research – Recommendation definition

(Except as otherwise noted, expected performance over next 12 months)

Buy:	10% or greater increase in share price	Sell:	10% or more decrease in share price
Add:	5-10% increase in share price	Reduce:	5-10% decrease in share price
Hold:	+5%/-5% variation in share price		

Distribution of Dresdner Kleinwort equity recommendations as of 31 Dec 2006

	All covered companies		Companies where a Dresdner Kleinwort company has provided investment banking services (in the last 12 months)	
Buy/Add	306	55%	65	21%
Hold	170	31%	22	13%
Sell/Reduce	80	14%	9	11%
Total	556		96	

Source: Dresdner Kleinwort

Additional disclosures under other non-US regulations

The disclosures under US regulations above should be read together with these additional disclosures.

In respect of any compendium report covering six or more listed companies, please refer to the following website for all relevant disclosures: www.dresdnerkleinwort.com/research/disclosures

Disclaimer

This report has been prepared by Dresdner Kleinwort, by the specific legal entity named on the cover or inside cover page.

United Kingdom: This report is a communication made, or approved for communication in the UK, by Dresdner Kleinwort Securities Limited (authorised and regulated by the Financial Services Authority and a Member Firm of the London Stock Exchange). It is directed exclusively to market counterparties and intermediate customers. It is not directed at private customers and any investments or services to which the report may relate are not available to private customers. No persons other than a market counterparty or an intermediate customer should read or rely on any information in this report. Dresdner Kleinwort Securities Limited does not deal for, or advise or otherwise offer any investment services to private customers.

European Economic Area: Where this report has been produced by a legal entity outside of the EEA, the report has been re-issued by Dresdner Kleinwort Securities Limited for distribution into the EEA. Dresdner Kleinwort Research GmbH is authorised and regulated by the Federal Financial Supervisory Authority ('BaFin') by the laws of Germany.

United States: Where this report has been approved for distribution in the US, such distribution is by either: (i) Dresdner Kleinwort Securities LLC; or (ii) other Dresdner Kleinwort companies to US Institutional Investors and Major US Institutional Investors only ; or (iii) if the report relates to non-US exchange traded futures, Dresdner Kleinwort Limited. Dresdner Kleinwort Securities LLC, or in case (iii) Dresdner Kleinwort Limited, accepts responsibility for this report in the US. Any US persons wishing to effect a transaction through Dresdner Kleinwort (a) in any security mentioned in this report may only do so through Dresdner Kleinwort Securities LLC, telephone: (+1 212) 429 2000; or (b) in a non-US exchange traded future may only do so through Dresdner Kleinwort Limited, telephone: (+ 11 44) 20 7623 8000; or (c) in a banking product may only do so through Dresdner Bank AG New York Branch, telephone (+1 212) 969 2700.

Singapore: This research report is being distributed for Dresdner Kleinwort in Singapore by Dresdner Bank AG, Singapore Branch, purely as a resource and for general informational purposes only, and is intended for general circulation. Accordingly, this research report does not take into account the specific investment objectives, financial situation, or needs of any particular person and is exempted from the same by Regulation 34 of the Financial Advisers Regulations ("FAR") (as required under Section 27 of the Financial Advisers Act (Cap. 110) of Singapore ("FAA")).

Hong Kong: This report is being distributed for Dresdner Kleinwort in Hong Kong by Dresdner Kleinwort Securities Limited. Unless permitted to do so by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue this report, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong, other than with respect to the securities referred to in this report which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made thereunder, and to persons whose ordinary business is to buy and sell shares or debentures.

Japan: Where this report is being distributed in Japan, such distribution is by either (i) Dresdner Kleinwort (Japan) Limited Tokyo Branch (registered and regulated by the Financial Services Agency and General Trading Participant of TSE, Regular Transaction Participant and Transaction Participant in Futures Transaction of OSE, Participant of JASDAQ) to Japanese investors excluding private customers or (ii) other Dresdner Kleinwort companies, to entities falling within Article 2, Paragraph 1 of the Enforcement Order for Law Concerning Foreign Securities Firms act. Any Japanese persons not falling within (ii) wishing to effect a transaction through Dresdner Kleinwort in any security mentioned in this report may only do so through Dresdner Kleinwort (Japan) Limited Tokyo Branch, telephone: (+ 813) 6230 6000.

Australia: Neither Dresdner Bank AG ("DBAG") nor Dresdner Kleinwort Securities Limited holds an Australian financial services licence. This report is being distributed in Australia to wholesale customers pursuant to an Australian financial services licence exemption for DBAG under Class Order 04/1313 or for Dresdner Kleinwort Securities Limited under Class Order 03/1099. DBAG is regulated by BaFin under the laws of Germany and Dresdner Kleinwort Securities Limited is regulated by the Financial Services Authority under the laws of the United Kingdom, both of which differ from Australian laws.

This report contains general information only, does not take account of the specific circumstances of any recipient and should not be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. Each recipient should consider the appropriateness of any investment decision having regard to their own circumstances, the full range of information available and appropriate professional advice. The information and opinions in this report constitute judgment as at the date of this report, have been compiled or arrived at from sources believed to be reliable and in good faith (but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness) and are subject to change without notice. Dresdner Kleinwort may amend, supplement or update the contents of this report in such form and in such timescales as Dresdner Kleinwort deems appropriate. Recommendations and opinions herein reflect Dresdner Kleinwort's expectations over the 12 month period following publication from the perspective of long-only investment clients. Dresdner Kleinwort reserves the right to express different or contrary recommendations and opinions for different timescales or for other types of investment client. This report does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or any invitation to offer to buy or subscribe for, any securities, nor should it or any part of it form the basis of, or be relied on in any connection with, any contract or commitment whatsoever. Dresdner Kleinwort accepts no liability whatsoever for any loss or damage arising from any use of this report or its contents. Whilst Dresdner Kleinwort may provide hyperlinks to websites of entities mentioned in this report, the inclusion of a link does not imply that Dresdner Kleinwort endorses, recommends or approves any material on the linked page or accessible from it. Dresdner Kleinwort accepts no responsibility whatsoever for any such material, nor for any consequences of its use. This report is for the use of the addressees only, is supplied to you solely in your capacity as an investment professional or knowledgeable and experienced investor for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of Dresdner Kleinwort. Dresdner Kleinwort may distribute reports such as this in hard copy, electronically or by Voiceblast. Dresdner Kleinwort and/or any of its clients may undertake or have undertaken transactions for their own account in the securities mentioned in this report or any related investments prior to your receipt of it. Dresdner Kleinwort specifically draws recipients attention to the disclosures contained in the Disclosure Appendix but notes that, excluding (i) Dresdner Kleinwort Securities LLC and (ii) the research analyst(s) responsible for this report unless specifically addressed in the "Disclosures under US regulations": (a) Dresdner Kleinwort and its directors, officers, representatives and employees may have positions in or options on the securities mentioned in this report or any related investments or may buy, sell or offer to buy or sell such securities or any related investments as principal or agent on the open market or otherwise; and (b) Dresdner Kleinwort may conduct, solicit and/or engage in other investment and/or commercial banking business (including without limitation loans, debt securities and/or derivative, currency and commodity transactions) with the issuers or relating to the securities mentioned in this report. Accordingly, information may be available to Dresdner Kleinwort, which is not reflected in this report or the disclosures. In this notice "Dresdner Kleinwort" means Dresdner Bank AG and/or Dresdner Kleinwort Securities Limited and any of their affiliated or associated companies and their directors, officers, representatives or employees and/or any persons connected with them. **Additional information on the contents of this report is available at www.dresdnerkleinwort.com/research and on request.**