



Stocks that are assigned 'Great White' status are speculative and fall into the high risk category. While they can turn out to be the catch of the year, sometimes they have a nasty bite. Our only sell recommendation in this category provided a nasty bite in deed.

We first recommended kaolin producer Minerals Corp (MSC) in February 2002. The plant in Queensland was targeting strong production growth to compete in the Asian market for kaolin. With the main alternative sources being the US and Brazil, we felt MSC's geographical proximity to Asia was a distinct advantage. However, progress was not forthcoming. Management repeatedly failed to deliver targeted outcomes and MSC experienced numerous operational issues. This led us to become sceptical of management's updated forecasts for breakeven cashflow. With no clear improvement in sight and a continued high rate of cash burn, we could no longer justify maintaining a position in MSC, which proved to be one of our most disappointing holdings.

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