

DICK DAVIS INCOME DIGEST

JULY 20, 2009

NESTLE SA

"Nestle SA Reg Shrs S (NSRGY.PK 38.11 OTC – yield 2.10%) (NESN, Switzerland, Sfr 41.46) fell along with all global markets at the beginning of the year – over 20% – but has since fully recovered and is holding those gains, this despite the Swiss market being among the worst performers among global markets this year. (Nestle SA trades OTC in the U.S., currently \$38.11). The stock remains inexpensive, selling at only 8 times earnings, and yielding over 2%. It has a rock-solid balance sheet, and with diversified operations and earnings across multiple countries, it remains the ideal defensive stock for these difficult times. But it's not purely defensive; the company continues to grow, despite headwinds in some sectors such as bottled water. But the company recently said it is on track for annual sales growth of 'at least' close to 5%, and in April, the company raised its annual dividend as it has every year for the past decade, by virtually 15%. We would accumulate positions in Nestle SA, a top-quality, low-risk global company, on any weakness."

Adrian Day, Adrian Day's Global Analyst, #10-224-8885,
www.AdrianDayGlobalAnalyst.com, 50 issues, 7/09

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