



Renaissance US Growth Investment Trust PLC

January 2009 Newsletter

We have been updating you between the annual and interim reports using newsletters. These are not intended to provide detailed financial information as in formal reports, but are intended to provide an overview of your Company's activities during the previous quarter.

Net Asset Value

Your Company's net asset value at 31 December 2008 was 263.36 pence compared with 253.33 pence on 30 September 2008, a gain of 3.96% against a loss of 8.40% in the Russell 2000. For the nine months ending 31 December 2008, your Company's assets decreased in value by 10.55% in Sterling against a gain of 1.59% in the Russell 2000.

The Markets

Unless backed by the US government, virtually all assets decreased in value. The year 2008 swung from worries about inflation to significant concerns of deflation evidenced by massive government stimulus efforts and the November consumer price index logging its largest percentage decrease of the post-war era. The contradictions were ever-present, such as the flight to safety in Dollar denominated treasuries while the prospect of US government deficits was at all time highs. Most surprising was the speed at which events unfolded. The US stock market lost 40% of its value in just nine weeks from September through November and world policy makers moved faster towards Keynesian stimulative interventions than ever before.

Many of our portfolio companies are debt free and less vulnerable to direct credit risks. However, many of our holdings prices suffered partially as a result of the hedge funds forced to sell due to redemptions. 2008 became a year of "just sell me out" without much thought of fundamental valuations. 2009 appears to be more of a year of return to realism. This will benefit our portfolio.

Portfolio Activity

For the three months ended December 2008 no material changes were made to the portfolio with respect to new investments or sales. Therefore we will discuss some of the changes which have occurred within various holdings.

On 11 January 2009 **A-Power Energy Generation Systems**, Ltd celebrated the facility inauguration of its new wind generator plant in Shenyang. The event consisted of three ceremonies, the start-up ceremony of the Shenyang wind turbine production facility, the inaugural ceremony of Fuhrlander Wind Power Technology Co. Ltd, and a signing ceremony of cooperation agreement between A-Power and GE Transportation. The company announced a joint venture with GE to co-manufacture gearboxes which is further validation of A-Power's technical and production capabilities versus other Chinese turbine manufacturers.

Details of the cooperative agreement with GE are limited, however, the company indicated that phase 1 consists of a \$40 million investment with a total investment of \$100 million. The company estimates the manufacturing facility will have an eventual annual production capacity of approximately \$880 million. We view this agreement with a top-tier wind turbine manufacturer as further validation of A-Power's technical and production capabilities versus other Chinese turbine manufacturers and believe it presents an attractive long-term opportunity.

On 13 November 2008, **Access Plans USA** entered into a definitive agreement to be acquired by Alliance HealthCard, Inc. (OTCBB:ALHC). We are favourably impressed with the HealthCard management team and the company's distribution capabilities; thus, we view this transaction as an excellent opportunity for Access Plans USA to make further progress. The deal is expected to close in the first calendar quarter of 2009.

BPO Management Services completed the acquisition of Healthaxis, Inc. (Nasdaq:HAXS). BPO Management Services provides human resource outsourcing services, enterprise content management services and information technology outsourcing services. HAXS will become BPO Management Services' healthcare division. With the addition of HAXS, BPO Management Services will be a \$50 million revenue company. In connection with the transaction, the company restructured its balance sheet by eliminating a number of classes of stock and warrants. This will make the company's stock much more attractive to would be buyers. The stock will trade under the HAXS ticker.

In November we spent some time with the management of **HLS Systems** which is the leading industrial automation control systems provider in China. The industrialization of China has created a rapidly growing demand for automation equipment in the conventional, nuclear and rail industries. Excluding stock compensation expense, the company's earnings increased 21% for FY 2008 over FY 2007. Backlog is up 75% and the company has a strong cash position. Dr. Wang Changli, CEO, speaks confidently of the company's strong management team and ability to successfully compete head-to-head with the large multinational automation control companies.

In early December we visited with the management of **SinoHub**, a Chinese logistics company focused on optimizing availability of electronic components between Hong Kong and mainland China. After a stellar third quarter, the company is projecting earnings of \$0.38 per share for 2008, up 73% from 2007. Also in December, Global Hunter Securities, a boutique investment bank, issued the first analyst report on SinoHub.

In May 2008, **Shine Media**, a special purpose acquisition corporation (SPAC), entered into a definitive agreement to acquire **China Greenscape**, a private Chinese company. Both of these companies are portfolio companies. In December, Shine Media shareholders voted to reject the acquisition of China Greenscape. Thus, Shine Media, which is comprised primarily of cash, will be liquidated. Your company will continue to own China Greenscape. While we are disappointed that a deal could not be reached, we will be pleased to receive the cash from Shine Media. We are also pleased to hold China Greenscape while it considers other ways to go public. For the nine months ended 30 September 2008, China Greenscape earned \$17 million on revenue of \$33 million.

Finally, in November we visited with the management of **Wonder Auto** which designs, develops and manufactures automotive electrical parts and engine accessories. The company recently reported their Q3 results which show sales up 44% and earnings up 73%. The company also provided guidance for 2008 sales to be over \$150 million and 2009 revenues over \$220 million. During our visit with management we learned more about a new development agreement with a Korean auto company which makes specialized electric vehicles. We are impressed with Wonder Auto's management team and its commitment to enter into the electrical and hybrid vehicle markets.

Conclusion

We believe 2009 will be a much better year for our portfolio. There are a number of mergers and acquisitions that are occurring in our portfolio which could create value outside the normal market place. We believe our discount to net asset creates an opportunity for investors.

Russell Cleveland, RENN Capital Group, Inc.

This report contains forward-looking statements. Such statements reflect the current views of the Manager with respect to future events and are subject to certain risks, uncertainties and assumptions. Although the Manager believes that the expectations reflected in such forward-looking statements are reasonable, should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual future results or events may vary materially from those described herein.

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