

# WF NewsLetter



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## Where in the World is *the Baroness*?

### High Representative of the Union for Foreign Affairs and Security Policy

Earthquake in Haiti, Hillary Clinton, her US counterpart is there and active. The Baroness sends an emissary. Meeting in Canada for reconstruction of the same Haiti, the Baroness announces that it is **out of question for her to travel extensively** (foreign affair minister???) . Problem In Greece, well, too far, she is back in London. One of the main concern

of the EU is its foreign policy, too many voices. The solution: elect a **deaf and mute foreign affairs minister**. Good result, and that may not be the better choice. Except maybe from a London perspective which has happily put its most inefficient soldier in a war it wants to lose. Europeans can only hope for better.



Catherine Margaret Ashton, Baroness Ashton of Upholland.



**Last month we had oil and the Burj Khalifa launch in Dubai, this month we got the Mossad and the Shopping Festival. Always an exciting place to be, Dubai. If they can hold it to two or three headlines that keep the city on the front pages of newspapers every month, the job is done!**

## Greece A Shoot in the Arm

### But where is the arm?

€300,000,000,000 this is the **Greek deficit**. The French, and the German are going to support crippled Greece. So far France has bought worth €55 Billion of Greek debt while Germany has bought some € 43 Billion. But now, it appears that banks from both countries seem unlikely to go further as the drop in value of this debt is hammering their own balance sheets. And there is a Spanish problem looking very much like it. The Euro is attacked, mostly by speculators led by large hedge funds. The attack will probably fail, and money be made...



### Goldman Sachs



The spider has hit again. Goldman Sachs, has been advising the Greek government since early 2009 In short, Goldman has helped Greece to hide the extent of its debt. In January 2010, Goldman, led the speculation, leaking false data about Greece being unable to sell its Bond to the market. **Unethical?** Goldman Sachs doesn't mind **advising a client and hitting him in the back**. Goldman is being investigated for its role in AIG and Lehman demises'. The EU may do the same for its role in Greece.

## Distressed-Assets Market? UAE

### Looking for a 50% discount on a Ferrari, a jet, or a yacht?

Want to buy a **cheap Ferrari** 430 or a yacht? Not ready to pay the price? Welcome in Dubai! Everything that could be bought with a nice and fat bonus or profit on a real estate business is now for sale at an average 40% to 50% discount. Condition: new. Most deals are to be

found in Marinas where sad owners of yachts start to realize how useless and costly such a caprice can become when everything is doom and gloom. And of course if you are ready for the big jump and **acquire a business jet**, this is the place! Of the estimated 400 or so

executive jets based in the Middle East, a good 40% is said to be on the lookout for buyers at 35% to 45% discount. A Challenger 605 from Bombardier worth \$25 millions can be bought for \$18 millions in Dubai. And of course, there are plenty of plush properties for sale.

## Crisis? What Crisis?

### Sanofi-Aventis Record Profits

Largest CAC40 member profits this year. French drug company happy with the crisis. **H1v1 effect?** € 8.5 Billion profits.

### BNP-Paribas Record Profits

Last minute naming, great show, will the gigantic tower mark the beginning of the City of Gold recovery?

# News of the World

## The Middle East



**UAE**  
**Israel** The **BIG STORY** is of course the killing of a Hamas leader in Dubai by a team apparently from Israel's Mossad. Apparently because while the modus operandi is very much Mossad, the carelessness about secrecy is not. Unless the Israeli wanted to make a point "we can strike where and when we want" or the team was not from Israel but wanted the world to believe it was.



## Europe



**Portugal**  
**Italy**  
**Greece**  
**Spain** Can a country become bankrupt? The answer is obviously "no". However, with Greece on respirator from the EU, and now Spain starting to feel the effect of over dependence on wild real estate promotion, the question may seem a valid one. Italy and Portugal are also under scrutiny. Especially from the Anglo-Saxon financial community which has found a rather inelegant term to qualify them: **PIGS** (**P**ortugal, **I**taly, **G**reece and **S**pain).

**Germany** 2009 has been the worst year since 1950 in terms of **exports** for Germany. German exports in 2009 have gone **down by 18.4%** vs. 2008; and for the first time ever, Germany has been outranked by China which has climbed to the number one rank.



**Iceland** This is called the **Icesave Row**. Icesave was a scheme where UK and Dutch depositors got high deposit rates in a very weak country. Didn't see the risk? Didn't want to see the risk? Now Iceland say it will not pay the depositors back. Greed? Yes greed. It is called "**too good to be true...**"

## Americas



**USA** They are called the "**walk away**". Their houses have lost 50% of their values, they are solvent, but have decided to drop their houses, forget about their American dreams, and their mortgages. Like 11 millions householders they are "**under water**", i.e. the value of their homes is less than 50% of their borrowings. In California or Florida the value is even than 65% down from the mortgaged values. President Obama called them "speculators". But even investment bankers like **Morgan Stanley** or real estate specialists like **Tishman Speyer** have started walking away. Morgan Stanley gave up on five office buildings in New York while Tishman Speyer and the **BlackRock Fund** have announced dropping worth \$5.4 Billions of buildings now only worth \$1.8 Billions.

**Canada** The **Winter Olympics** have started in Vancouver. Lots of athletes, little snow.

## Asia



**Myanmar** Another 18-month assignation to residence for **Aung San Suu Kyi**, Peace Nobel Laureate. Nothing seems to be able to stop the Burmese dictators in their strategy of shutting off one of the few sensible voices in the country.

**Thailand** The former Prime Minister is feeling the pain as his country just took \$1 Billion away from him. "Political enrichment" they say. Not so sure. He was already extremely wealthy prior to his entry into politics, but good move for the country's finances!

## And the Rest of the World...



**Niger** Another Coup in Africa. Niger is potentially important since it holds substantial **uranium** reserves, and was named by the USA the source of supposed Iraqi uranium when Bush & Co. were looking for a pretext to invade. Of course it proved a wrong assertion.

**Rwanda** The French president went to Rwanda and admitted to some "errors" from France for the 1994 events. Fine, but told to the Rwandan President, the man known to have started the event by ordering the downing of his predecessor's plane, and thus the actual responsible of those events, may be a little too much to swallow.



## Walnut Finance

### Panel

	\$/€	Dow	NASDAQ	Nikkei	Footsie	CAC 40
Last	1,3625	10,325.26	2,238.26	10,126.03	5,354.52	3,708.80
1-Mth	+2.42%	+1.28%	+1.57%	-1.93%	+1.47%	-2.58%
Y-t-D	+5.49%	-2.44%	-3.05%	-4.96%	-2.65%	-7.60%
12-Mth	-8.38%	+43.76%	+62.45%	+40.67%	+39.80%	+45.18%
5-Year	-2.96%	-5.62%	+12.42%	-15.08%	+10.42%	-10.07%

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### QUOTE OF THE MONTH

“My son is now an entrepreneur, that’s what you’re called when you don’t have a job”

**TED TURNER**  
 AMERICAN TYCOON

Annualized Return Since Inception:  
**+ 57.68%**

2009 >>> **+ 98.97%**

2010 >>> **-2.47%**

On January 1, 2009, Walnut Finance invested for its own five times \$ 20,000 in five different US-listed securities. The table on the right gives the result of that investment as of February 28, 2010. Dividends are net and not re-invested. Profit is +94.06%.

Current Value:  
**\$ 194,056.38**

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Baroness Ashton  
Useless



Aung San Suu Kyi  
Another 18-month house arrest



Tiger Woods  
Worldwide apologies. What for?



Віктор Янукович  
(Victor Yanukovich)  
New Ukrainian President

## Walnut Finance \$100K Portfolio vs. Markets

Index	February 2010	Year-to-date	Since January '09*
WF 100K Portfolio	<b>+7.94%</b>	<b>-2.47%</b>	<b>+94.06%</b>
S&P500	+1.13%	-2.52%	+22.28%
CAC40	-2.58%	-7.60%	+24.70%
FTSE100	+1.47%	-2.65%	+20.76%

\*Inception of the WF 100K Portfolio

## Walnut Finance \$100,000 Portfolio

Company	Symbol	Shares	Bought	Last	Value	P/L
AIG	AIG	574	\$ 34.80	\$ 24.77	\$ 14,217.98	(\$5,757.22)
Arcelor Mittal	MT	679	\$ 29.43	\$ 38.22	\$ 25,951.38	\$ 5,968.41
Yahoo!	YHOO	1,600	\$ 14.75	\$ 15.31	\$24,496.00	\$ 896.00
EMC	EMC	1,500	\$ 16.80	\$ 17.49	\$ 26,235.00	\$ 1,035.00
IBM	IBM	300	\$ 122.00	\$ 127.16	\$ 38,148.00	\$ 1,548.00
Citigroup	C	8,000	\$ 3.59	\$ 3.40	\$ 27,200.00	(\$1,520.00)
Schlumberger	SLB	400	\$ 57.00	\$ 61.10	\$ 24,440.00	\$ 1,640.00
Cash + Net Dividends Earned					\$ 13,368.02	
<b>Portfolio Net Value as of February 28, 2010</b>					<b>\$ 194,056.38</b>	<b>\$ 94,056.38</b>

(\$ 100,000 invested on January 1, 2009, equally split over five securities)

We sold Nvidia (NVDA) and Microsoft (MSFT), and invested the proceeds into EMC (EMC) and IBM (IBM). The value of the

portfolio increased by \$14,275.79, not a bad performance considering overall dire markets for the month of February.