



Summary

- >S&P negative on US
- >Military Spending
- >Glencore Mega IPO
- >Crisis, What Crisis?
- >wf Investments
- >Fund of the Month
- >Financial News
- >wf Panel
- >wf \$100K Portfolio

Standard & Poors Downgrades... *The USA!*

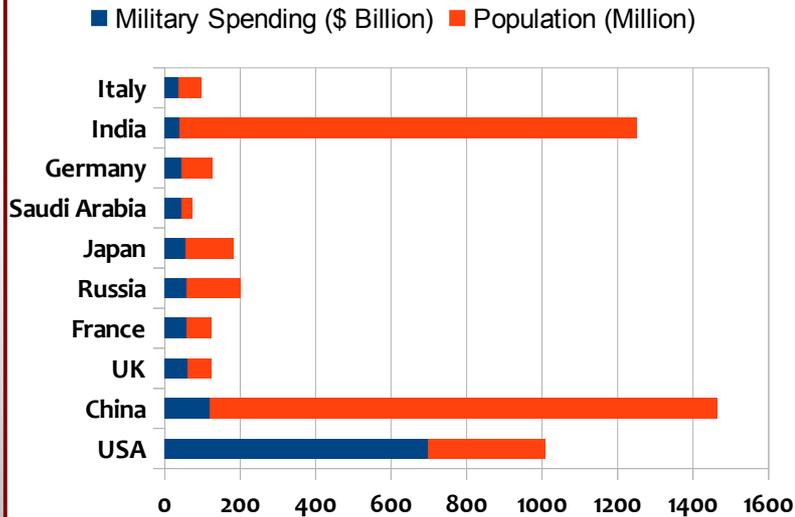
S&P has turned negative on the US outlook. Not Greece, Ireland or Portugal (already done), but neither France or UK. The downgrading of the US outlook to “negative” is quite an event. The markets reacted accordingly with the Dow plunging more than 200 points on the news and the S&P 500 (yes, the same “S&P”) lost more than 1.6% on it.

So have Mr. S and Mr. P gone wild? Maybe not. First, if they have lowered their outlook, they are still keeping the AAA rating for the US. S&P notes that the US are not taking as

much steps towards a less unbalanced fiscal policy than its 18 AAA peers (Germany, Japan, France, Switzerland, ...). In other words, the US is not doing enough towards re-balancing its spending and earnings in a way that would show budget improvement in the near future.

Lets' note that it is the first time in history that S&P lowers the US, while Moody's did raise a red flag to the US in 1996, a move that was immediately followed by policy makers raising the debts ceiling... When you cannot cure the ill, blame the doctor...

Military Spending... *Bigger Population doesn't mean More Arms*



Top 10 countries in terms of military spending

The relation between population size and defense spending is not an obvious one. While countries like France and the UK spend about \$1,000 per soul, the USA spends \$2,250 per person. At the bottom of the scale, Italy only spends \$600 per inhabitant in military spending, while India wisely spends only \$34 and China \$90. Note that the largest arms manufacturers are -by far- the USA.



Libya, Yemen and above all Syria are still making headlines. Morocco and Jordan hint at joining GCC. Military spending in the USA still the highest -by far- per inhabitant. Gold and oil prices stabilize respectively around \$1,500 per ounce and \$100 per barrel. Mega commodity trader Glencore announces mega \$60 billion IPO. Euro retreats after picking up at 1.4825.

Glencore *The Mega IPO*

According to an Australian radio, “Glencore history reads like a *Spy Novel*”. To start with, the company (initially called Marc Rich & Co.) was founded by billionaire commodity trader Marc Rich who was later charged with tax evasion and illegal business trading with Iran (later pardoned by Bill Clinton).

In 1994 after failing to control the zinc market (losing \$172 million) Rich was forced to sell back his holding to the company which was renamed Glencore.

Glencore has had an history of dealing with a

“rogue” states (apartheid South Africa, USSR, Iran, Iraq ans busting UN embargoes.

That said, Glencore is a big company, one of the world's largest suppliers of commodities. Its planned IPO values it at \$60 Billion. Quality names are mentioned among “cornerstone” investors such as Abu Dhabi Aabar, the Singapore Investment Corp., BlackRock, China's Zijin Mining Group, etc...

This IPO also highlights the *Swiss dominance in commodities* (Glencore is headquartered in Switzerland).

Crisis? *What Crisis?*

Microsoft buys Skype for \$8.5 Billion

In a deal that is already scaring videoconferencing firms (Polycom or Logitech) software giant Microsoft paid \$8.5 Billion for Skype the VOP provider.

GCC wants to expand

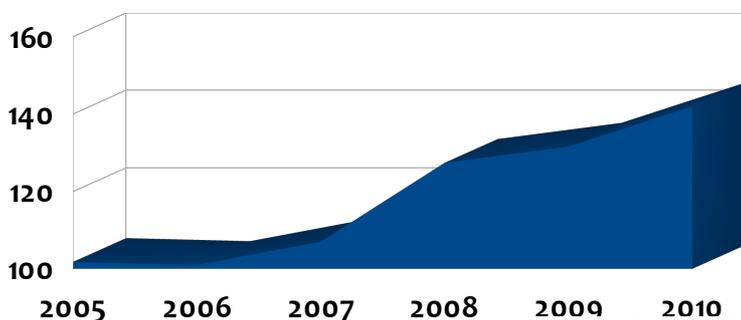
In a surprising announcement, GCC countries have disclosed that they are considering including Morocco and Jordan. Both countries are Arab and Kingdoms and would fit in.

Fund	Last	Month	YTD	2010	2009
Man Directional Series 2 USD Income	\$0.9942	+0.20%	-2.90%	n.a.	n.a.
Man AP Enhanced Series 2 USD	\$ 1.0905	+0.80%	-1.00%	+11.10%	-7.80%
Man-IP 220 EUR	€ 1.3161	+0.90%	-7.10%	+18.10%	-10.50%
Man AP Enhanced Series 3 EUR Capital	€ 0.9338	-0.40%	-3.40%	+7.90%	-1.20%
Man Directional USD Income	\$ 0.9208	+0.00%	-3.20%	+4.90%	n.a.
Man IP 220 Series 5 USD	\$ 0.9615	+0.90%	-4.50%	+21.20%	-17.30%
Man AP Stratum Series 2 USD	\$ 0.8858	+0.70%	-2.20%	+14.20%	-11.90%
Man IP 220 Series 6 USD	\$ 0.9907	+1.10%	-6.00%	+15.40%	-8.70%
Man IP 200 Series 7 USD	\$ 1.0709	+0.90%	-6.40%	+14.40%	n.a.
FIM Brazil	€ 29.48	-0.24%	-6.50%	+19.30%	+135.60%
FIM India	€ 41.36	-4.15%	-12.20%	+27.60%	+71.00%
FIM Russia	€ 103.00	-6.19%	+1.30%	+45.40%	+152.30%
FIM Emerging Europe	€ 17.47	+4.80%	+2.30%	+13.10%	+44.20%
FIM China	€ 11.70	-2.17%	-9.20%	+16.70%	+40.60%
FIM Sahara	€ 10.08	-1.37%	-15.10%	+27.00%	+31.70%
FIM Ukraine	€ 2.67	-4.98%	-1.40%	+30.10%	+15.20%
FIM Brands	€ 13.33	+2.07%	-4.60%	+21.90%	+40.93%
Swiss-Asia Marco Polo Hedge Fund	\$75.09	-2.35%	-2.54%	+3.20%	+12.82%

Investments *Fund of the Month*

Superfund Blue

“**Superfund Blue** employs a systematic equity market neutral strategy which aims to produce consistent returns regardless of general market conditions with relatively low volatility. The fund can achieve capital gains by short term trading of stocks that are expected to outperform the overall market. By hedging the portfolio against overall market risk with index futures a market neutral portfolio is created. The fully systematic **Superfund Blue** trading strategy invests in shares listed on major stock exchanges in mainly Europe, Asia and America. It is intended to have minimal or even no correlation to other asset classes, and therefore should be an effective diversifier for a portfolio.”



The Superfund group of investment companies was founded in 1995 by Christian Baha. Previously, Mr. Baha had developed proprietary software systems for the technical analysis of financial data. With further refinement, the award-winning Superfund trading strategy emerged, resulting in a fully automated approach to trading. Today, more than 15 years later, Superfund companies are among the world's leading providers of managed futures funds.

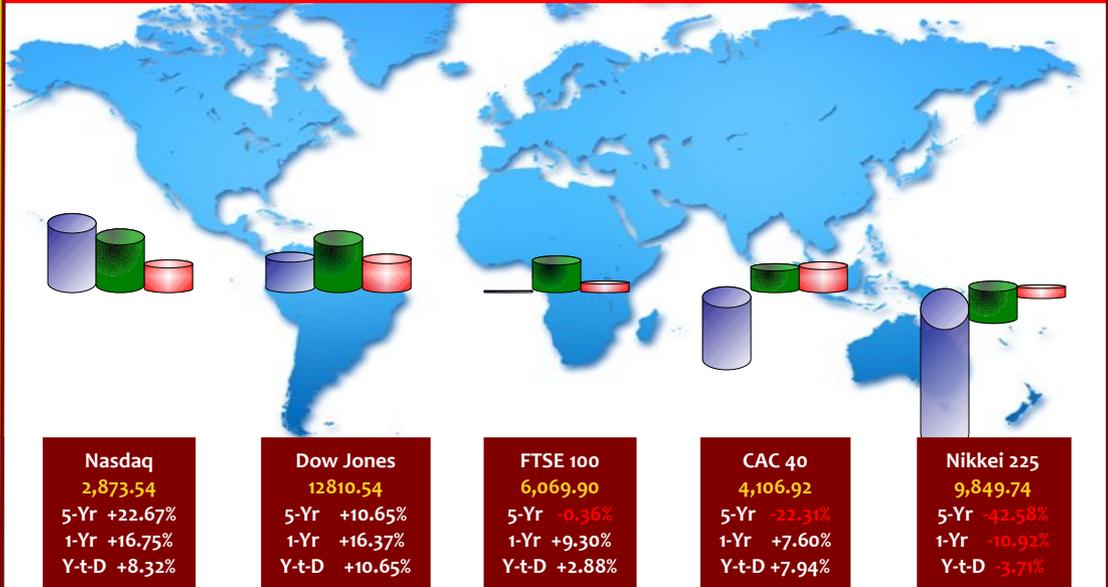
walnutfinance Panel

Financial News

- **Raj Rajaratnam** hedge-fund tycoon and Galleon Group co-founder found guilty of 14 counts against the largest illegal stock-tipping case in generation
- E*Trade CEO **Steven Freiberg** received \$3 million in total compensation in 2010
- **Greece** braces for renewed debt,, deficit woes
- **EU** imposes first ever anti-subsidy tariffs against imports from China

Phone +971.4.343.0782
 Fax +971.4.343.0569
 Mail info@walnutfinance.com

April 2011 closings
 EUR/USD 1.4160 USD/JPY 83.6250 GBP/USD 1.6070 USD/CHF 0.9221



walnutfinance \$100K Portfolio vs. Markets

Index	April 2011	Year-to-date	Since January '09*
wf 100K Portfolio	Best +6.27%	Best +17.11%	Best +265.46%
S&P500	+2.85%	+8.43%	+50.97%
CAC40	+2.95%	+7.94%	+27.62%
FTSE100	+2.73%	+2.88%	+36.89%

*Inception of wf 100K Portfolio

walnutfinance \$100,000 Portfolio

Company	Symbol	Shares	Paid	Last	Value	P/L
Powerwave	PWAV	12,500	\$4.30	\$4.56	\$57,000.00	\$3,250.00
Nvidia	NVDA	3,500	\$17.00	\$20.00	\$60,000.00	\$9,000.00
Exxon Mobil	XOM	550	\$81.00	\$87.98	\$48,389.00	\$3,839.00
Broadcom	BRCM	850	\$42.20	\$35.19	\$29,911.50	(\$5,958.50)
Citigroup	C	6,000	\$4.70	\$4.59	\$27,540.00	(\$660.00)
JPMorgan Ch.	JPM	1,250	\$41.25	\$45.63	\$57,037.50	\$5,475.00
Alcoa	AA	2,500	\$17.20	\$17.00	\$42,500.00	(\$500.00)
Ford Motors	F	2,650	\$16.00	\$15.47	\$40,995.50	(\$1,404.50)
Cash + Net Dividends Earned					\$2,082.57	
Portfolio Net Value as of April 30, 2011					\$365,456.07	\$265,456.07

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

Little changes in the portfolio. The month of April was quite strong across the board and we mostly let positions value themselves.

Sold	Bot
AMZN \$185.00 NVDA \$18.00 HILL \$3.00 - RIMM \$57.00	NVDA \$17.35 RIMM \$52.75

Visit us
walnutfinance.com

Annualized Return Since Inception:
+71.74%

2009 >>> **+98.97%**

2010 >>> **+56.84%**

On January 1, 2009, **walnut** finance invested \$100,000 split evenly over five different US-listed securities. The table on the right gives the result of that investment as of April 30, 2011. Dividends are net and not re-invested. Total return is +265.46%.

Current Value:

\$365,456.07

© **walnutfinance MMXI**