

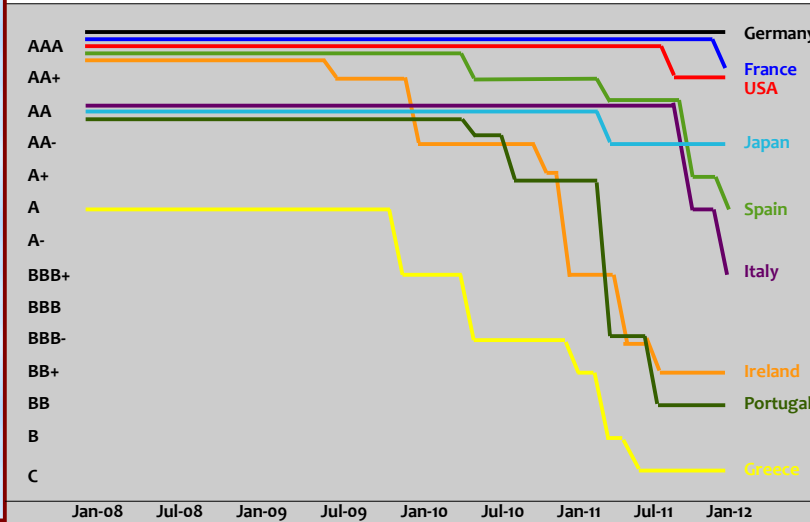


WF NewsLetter

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Sovereign Ratings according to S&P



S&P Sovereign Ratings over the past four years. Globally, the trend is clear: down. For information, China's rating is AA- while Russia's is BBB+.

The latest news come from Moody's, the other "big" rating agency threatening France, UK, and Austria's AAAs.

Is there a life after AAA? Obviously yes, the USA lost theirs last Summer and nobody cares.



Goodbye to Kodak, welcome back short selling in Europe, and long life to the Sovereign Wealth Funds which seem quite immune to the crisis. Markets are doing very well. Finally. The Euro is back where it was before -as usual. Rating Agencies continue to harass EU countries, French fighters may finally find their way out of France. 2012, may prove better than 2011!

Short selling is back both in France, Spain, and Belgium. Which means traders will again be able to sell what they don't own. Which also means speculation is back, which also means volatility should be on the rise, which also means not much as French, Spanish and Belgium markets altogether do not amount for much of the world's trades.

Kodak *out of Focus*

Founded by George Eastman in 1880, Kodak was still supplying 90% of the films and 85% of the cameras for the US market in 1976. Today, the company has filed for Chapter 11. Bankruptcy. The company has never been able to accept that Japanese competition was real. It really shows that 19th century giants don't have the staying power they used to.

There is a comparison to be made with airlines that go through bankruptcies one after in the other (in the US), however not for the same reasons. And they reappear in the case of Kodak, it's more a case of not coping with technology breakthrough, and that may be fatal.

Glencore and *the UN*

Glencore, the world's largest commodity trading company best known for its irregularities such as corruption in Congo, unlawful trading with Iran or just being founded by Marc Rich who escaped the US being charged with tax evasion and illegal business is the main beneficiary of the World Food Program. Bagging in excess of \$50 millions in trading fees for supplying wheat to the UN Agency whose job is to help and support the poorest. Details of the dealings with Glencore, which controls 8% of the global wheat market, emerged a year after the head of the **WFP committed to buying food from local farmers**. Not a very strong statement from the United nations...

Sovereign Wealth Funds *Top 10*

Money from oil or other commodities for some, from savings (China) for others, Sovereign Wealth Funds are the treasures of rich countries all over the world. Let's note that China plus Hong Kong is ranked 2, 5 and 7 for a total wealth of \$1.27 Trillion

Rank	Fund	Country	Size (Bn)	Rank	Fund	Country	Size (Bn)
1	ADIA	UAE	\$617	6	KIA	Kuwait	\$296
2	SAFE Inv	China	\$570	7	HK Monetary	Hong Kong	\$293
3	Gov Pension	Norway	\$560	8	SIC	Singapore	\$248
4	SAMA	Saudi Arabia	\$473	9	Temasek	Singapore	\$157
5	China Inv	China	\$410	10	Nal Welfare	Russia	\$150

Crisis? *What Crisis?*

India to buy 126 French Rafale fighters

In a death or life deal French manufacturer Dassault finally sold Rafale fighters to a foreign air force. It will be India before -maybe- the United Arab Emirates or Switzerland.

Emirates raises \$1.9 Bn to buy planes

American Airlines' parent company filed for Chapter 11, having never recovered after two of its aircraft were hijacked and destroyed on September 11, 2001. The company is the world's 4th largest.

walnutfinance *Investments*

Fund	Last	Month	YTD	2011	2010
Man Directional Series 2 USD Income	\$0.8582	-0.10%	-9.70%	n.a.	n.a.
Man AP Enhanced Series 2 USD	\$ 1.2022	+1.10%	+9.10%	+11.10%	+11.10%
Man-IP 220 EUR	€ 1.2609	+2.00%	-11.00%	+18.10%	+18.10%
Man AHL Diversified (Guernsey USD)	€ 1.1530	-2.00%	-6.40%	+7.90%	+7.90%
Man Directional USD Income	\$ 0.8014	-0.10%	-9.70%	+4.90%	+4.90%
Man IP 220 Series 5 USD	\$ 1.0264	+1.90%	+2.00%	+21.20%	+21.20%
Man AP Stratum Series 2 USD	\$ 0.9800	+1.40%	+8.20%	+14.20%	+14.20%
Man IP 220 Series 6 USD	\$ 1.0084	+1.80%	-4.30%	+15.40%	+15.40%
Man IP 200 Series 7 USD	\$ 1.0594	+1.10%	-7.40%	+14.40%	+14.40%
FIM Brazil	€ 24.88	+7.01%	-23.63%	+19.30%	+19.30%
FIM India	€ 31.33	-3.42%	-34.44%	+27.60%	+27.60%
FIM Russia	€ 71.77	-3.91%	-35.01%	+45.40%	+45.40%
FIM Emerging Europe	€ 11.44	-5.22%	-29.99%	+13.10%	+13.10%
FIM China	€ 9.28	+5.94%	-30.59%	+16.70%	+16.70%
FIM Sahara	€ 9.73	+3.18%	-19.12%	+27.00%	+27.00%
FIM Ukraine	€ 1.72	-1.71%	-39.65%	+30.10%	+30.10%
FIM Brands	€ 12.88	+0.78%	-6.19%	+21.90%	+21.90%
Superfund Blue SPC (Class A) Gold	€ 1,533.63	-6.30%	+12.30%	+49.00%	+49.00%

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People of the *Month*



François Hollande
 Heading to the Elysée?



Francesco Schettino
 Famous Captain of the Costa Concordia



Aung San Suu Kyi
 Free.. at last...



Abdoulaye Wade
 Inspired by North Korea?

Talk of the *Month*

Kim Yong Nam, leader of North Korea's Parliament
 "The great heart of comrade Kim Jong-Il has ceased"

Sara Seager, Planetary physicist
 "We're getting closer and closer to finding a habitable world"

Bashar al-Assad, Syrian President
 "There will be a referendum leading to a multiparty election"

François Hollande, French Candidate for Presidency
 "There are no communists in France"

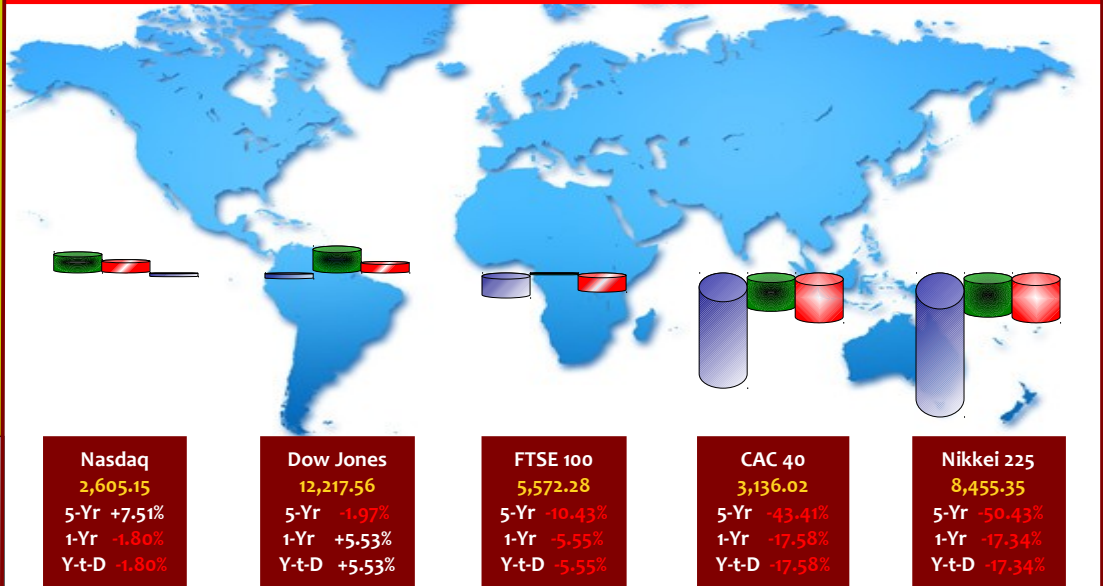
walnutfinance Panel

Financial News

- Euro lost -3.62% in December, its largest one-month loss in years.
- Nicolas Sarkozy announced that France will implement a **Tax on Financial Transactions** before the May 2012 Presidential Election
- France did not lose its AAA rating, surprise, surprise, ...
- Hedge Funds and large investors **increased their overall exposure** by 20 percent to 888,000 contracts of futures and options

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January 2012 closings
 EUR/USD 1.2952 USD/JPY 76.9150 GBP/USD 1.5546 USD/CHF 0.9392



walnutfinance \$100K Portfolio vs. Markets

Index	January 2012	Year-to-date	Since January '09*
wf 100K Portfolio	Best +15.49%	Best +15.49%	Best +409.81%
S&P500	+4.36%	+4.36%	+45.30%
CAC40	+4.39%	+4.39%	+2.34%
FTSE100	+1.96%	+1.96%	+29.36%

*Inception of wf 100K Portfolio

walnutfinance \$100,000 Portfolio

Company	Symbol	Shares	Paid	Last	Value	P/L
Ultra QQQ	QLD	600	\$94.00	\$95.53	\$57,318.00	\$918.00
Cisco	CSCO	3,000	\$18.00	\$19.65	\$58,950.00	\$4,950.00
Bk of America	BAC	10,000	\$5.80	\$7.13	\$71,300.00	\$13,300.00
Apple	AAPL	200	\$410.00	\$456.48	\$91,296.00	\$9,296.00
Citigroup	C	900	\$40.17	\$30.72	\$27,648.00	(\$8,505.00)
Microsoft	MSFT	2,500	\$26.60	\$29.53	\$73,825.00	\$7,325.00
Advanced Mic.	AMD	10,000	\$5.75	\$6.71	\$67,100.00	\$9,600.00
Marvell Tech.	MRVL	4,000	\$13.80	\$15.54	\$62,160.00	\$6,960.00
Cash + Net Dividends Earned					\$229.67	
Portfolio Net Value as of January 31, 2012					\$509,811.67	\$409,811.67

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

A very hectic but positive month. January may hopefully show the trend for 2012.

Sold	Bot
ALSK \$7.50 - MT \$20.50 - CDE \$29.50 INTC \$25.40 - ARG \$73.50 - PWAUSD \$2.75 AMR \$1.60	CSCO \$18.00 - YHOO \$15.50 - PWAUSD \$2.00 GLUU \$2.80 - AMR \$1.70 - HPQ \$27.25 MRVL \$13.80

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Annualized Return
 Since Inception:
+55.41%

2009 >>> +98.97%

2010 >>> +56.84%

2011 >>> +41.45%

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 January 31, 2012. Dividends are net and not re-invested. Total return is +409.81%.

Current Value:

\$509,811.67

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