



# WF NewsLetter



## Summary

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- UAE markets rally
- Cost of Living Extremely Well
- Dow 116,200?
- Keystone Real Estate Placement
- The Lending Fund
- Crisis, What Crisis?
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## Apple \$500, Priceline.com \$650, Google \$625 *Is this Crazy?*

Once upon a time, a good tech stock was worth between \$5 and \$30, you could trade it, and more often lose your shirt over it. Nowadays, the large tech companies show crazy valuations, or rather prices. Which one has the biggest? That seems to be the question.

**Apple** (AAPL) is at \$545, **Priceline.com** (PCLN) is at \$645, **Google** (GOOG) is trading at \$625.

How much cash in the bank. Another question. Mountains of cash, no deals in perspective, those companies are just lying

flat under the sun, like a lizard, and getting bigger by the minute. No headlines. The strategy is rather simple. Buy and hold. And do not think, do not read research. Do not try to understand the rationale. For there is none. The target (expressed or implied) is \$1,000. And then?

Well, either a split, back to \$100 and the story starts again, or nothing and we'll see how much time it takes to reach \$2,000.

Not very scientific all this. The interesting fact would be to discover the next "big stock". **Amazon.com**

(AMZN) trading at \$180, or **LinkedIn** (LNKD) only worth \$87, or **Baidu** (BIDU) trading at \$141, or **Mastercard** (MA) already worth \$412, **Visa** (V) trading at \$116?

There are plenty of contestant, only a few winners...

You can also look at the IPOs, **Yelp** (YELP) already reaching \$25, or **Facebook** (FB) not yet trading but a good prospect. **Groupon** (GRPN) was a good contender, but there are still questions about its accounting methods.

An interesting one is **Chipotle Mexican Grill**

(CMG) which is NOT a tech stock, obviously, still trading at \$395. And what about **Intuitive Surgical** (ISRG) at \$517?

All these stock share one thing: high price. Not high value, just high price.

Very few of them offer a dividend. They are "**buy and pray stocks**", they will make you richer for no other reason that people are doing the same. Difficult times for analysts. Obsolete people that can only target \$1,000 (they all do) for they don't see how they couldn't. The **wf 100K Portfolio** has bought AAPL and PCLN. Successfully.

Rally in the **UAE markets!** The Dubai stock market has gone through an extremely successful two months (up +25% year-to-date), thanks to Arabtec, while Abu Dhabi is already up +9%. With Dh1.03 billion new money from foreign investors (47.7% of turnover). Try **FIM Sahara** to take advantage of it (up +17.21% over 3 months)

## Cost of Living Extremely Well *Is Up!*

Bad news, according to Forbes the **Cost of Living Extremely Well** (CLEWI) is... **UP!** Damned! Super Rich (\$100 Millions and more) are spending more on luxury goods. CLEWI is up +4.5% vs. +3.6% for the Consumer Price Index at the same time period. What went up? A few examples:

- Russian fur coat **+20%** (\$240,000)
- John Lobb pair of shoes **+17%** (\$4,917)
- Dinner La Tour d'Argent **+10%** (\$470)
- Helicopter Sykorsky S-76 **+14%** (\$14,800,000)
- Patek Calatrava gold watch **+14%** (\$19,800)
- Thoroughbred Yearling horse **+16%** (\$319,340)
- Travel bag Louis Vuitton **+19%** (\$1,460)

Life is difficult...

## Dow Jones at... 116,200?

**Bill Bergen** a Mutual Fund pioneer said in 1995 that by 2040 the Dow Jones would reach 116,200 (today about 13,000). The man had been in business for 45 years and had seen the Dow move from 200 to 4,500. Mathematically, he saw the Dow's future as reflecting — more or less — what had happened in the past, which would move it from the 1995 level to 116,200 in 45 years. Simple. In fact, since 1995 the Dow has grown by +6.75% per year. At that rate, **it would reach 117,000 in 34 years, that's 2046.** Or 4 years after Bergen's prediction.

The poor chap died in a few years after his prediction so he will not see it happen. Shall we?



Greece is falling further down while Italian and Spanish Bonds attract investors at much lower rates. So does France. The super rich are seeing their expenses grow in excess of CPI. Putin and Ahmadinejad are going to be (re-) elected, Wade changed the Constitution but may not make it. The French contenders have started a dirty war. Obama is relaxed.

## New Funds Offered by walnutfinance

### Keystone Real Estate Placement

**Keystone Real Estate Placement** is a new investment Fund that specializes in owning and managing professional real estate such as offices and retail spaces in France, specifically in the Riviera, Paris area, and Western France. The fund is registered in Luxembourg and trades in Euros. The fund targets a 8%-10% yearly return including a 2% distribution per year. Minimum Investment € 150,000.

### The Lending Fund

**The Lending Fund** specializes in loans to UK farmers. Over a 5-year period, the fund has never had a negative month/year. It aims at earning 0.55%-0.75% per month. Very low default rate, steady returns, this is a no-surprise fund aimed at replacing deposit/bonds. The fund can be purchased in USD, GBP, EUR, SEK, or CHF. Shape ratio is an exceptional 0.07. Minimum Investment \$100,000 and equivalents.

## Crisis? *What Crisis?*

### General Motors to buy 7% of Peugeot

Becoming the second largest shareholder after the Peugeot family, **General Motors** bought 7% of PSA (**Peugeot-Citroën**). The deal aims at cutting costs by up to \$2 Billion per year without job losses.

### Carnival Corp. (Costa Cruises) bad streak

Less than six weeks after the **Costa Concordia** disaster, it's now the turn of **Costa Allegra** crippled after fire destroyed engine rooms and cut power with over 1,000 passengers on board

# walnutfinance *Investments*

Fund	Last	Month	YTD	2011	2010
Man Directional Series 2 USD Income	\$0.8655	+0.10%	+0.30%	-9.20%	n.a.
Man AP Enhanced Series 2 USD	\$ 1.2043	-0.80%	+0.10%	+9.10%	+11.10%
Man AHL Diversified (Guernsey USD)	€ 1.1882	+0.60%	+3.10%	-6.40%	+16.10%
Man Synergy USD Income Bond	\$0.8468	+2.40%	+2.10%	-	-
Man Directional USD Income	\$ 0.8085	+0.10%	+0.30%	-9.20%	+4.90%
Man IP 220 Series 5 USD	\$ 1.0317	-0.20%	+0.50%	+1.90%	+21.20%
Man AP Stratum Series 2 USD	\$ 0.9813	-1.00%	+0.10%	+8.20%	+14.20%
Man IP 220 Series 6 USD	\$ 1.0118	+0.20%	+0.50%	-4.40%	+15.40%
Man IP 200 Series 7 USD	\$ 1.0709	+0.60%	+0.60%	-7.00%	+14.40%
FIM Brazil	€ 28.95	+4.17%	+16.36%	-23.60%	+19.30%
FIM India	€ 37.36	+1.85%	+19.25%	-36.90%	+27.60%
FIM Russia	€ 86.77	+6.35%	+20.90%	-34.40%	+45.40%
FIM Emerging Europe	€ 13.22	+3.44%	+15.56%	-30.00%	+13.10%
FIM China	€ 10.92	+5.51%	+17.67%	-30.60%	+16.70%
FIM Sahara	€ 11.09	+9.58%	+13.98%	-19.10%	+27.00%
FIM Ukraine	€ 1.68	-2.89%	-2.33%	-39.70%	+30.10%
FIM Brands	€ 14.58	+4.82%	+13.20%	-6.20%	+21.90%
Superfund Blue SPC (Class A) Gold	€ 1,696.30	-0.10%	+12.29%	+10.60%	+49.00%

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## People of the *Month*



Jean Dujardin  
Best Actor 2012 Oscar



Vladimir Putin  
Back to Square One: President



Bashar al-Assad  
Nowhere to go...



Dmitry Medvedev  
Surprise next Russian PM

## Talk of the *Month*

David Cameron, United Kingdom PM

"The Assad regime is butchering its own people. The history of Homs is being written in the blood of its citizens"

Wladimir Putin, Former (and next) Russian President, current PM

"Our country does not enjoy a special relationship with Damascus"

Barack Obama, US President

"I'm not bluffing on Iran"

François Hollande, French Candidate for Presidency

"There are no communists left in France"

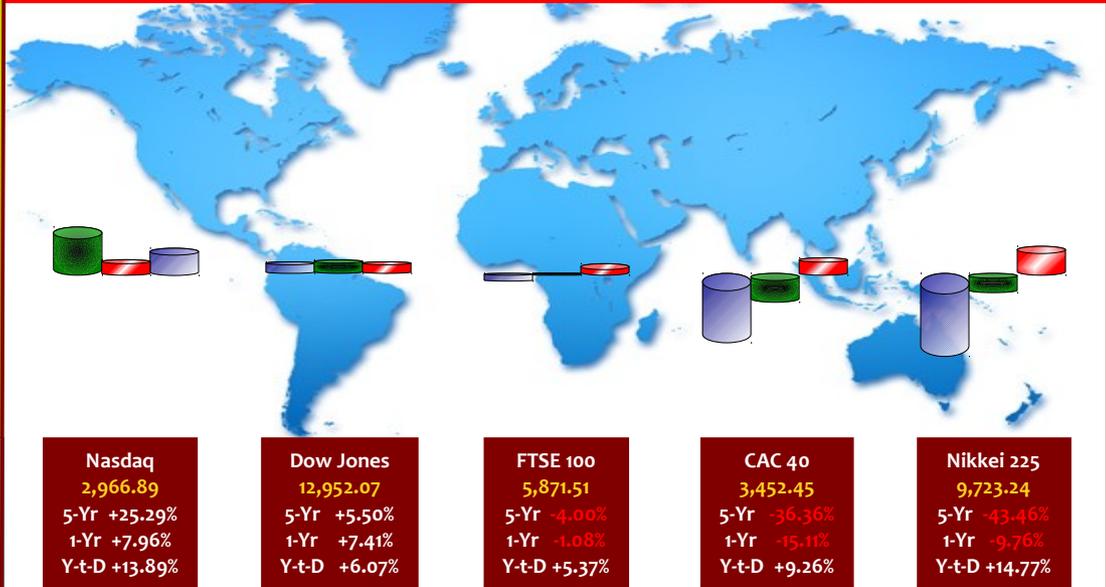
# walnutfinance Panel

## Financial News

- **Greece** downgraded one more time by Moody's from Ca to C
- **Citigroup's** Chairman Richard Parsons to step down in April
- **Chateau Margaux** flirts with screw tops, still a strong percentage of faulty ones
- **Russian stock market** is rallying around Putin. Russian press calls it the "Putin Bump"
- Spikes in **Italian and Spanish Bonds**. 2.07% for Spanish 2-year.

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February 2012 closings  
 EUR/USD 1.3328    USD/JPY 81.1500    GBP/USD 1.5918    USD/CHF 0.9044



## walnutfinance \$100K Portfolio vs. Markets

Index	February 2012	Year-to-date	Since January '09*
wf 100K Portfolio	<b>Best</b> +11.68%	<b>Best</b> +28.98%	<b>Best</b> +469.36%
S&P500	+4.06%	+8.59%	+51.20%
CAC40	+4.67%	+9.26%	+3.07%
FTSE100	+3.34%	+5.37%	+28.71%

\*Inception of wf 100K Portfolio

## walnutfinance \$100,000 Portfolio

Company	Symbol	Shares	Paid	Last	Value	P/L
Ultra QQQ	QLD	600	\$94.00	\$108.02	\$64,812.00	\$8,412.00
Cisco	CSCO	3,000	\$18.00	\$19.88	\$59,640.00	\$5,640.00
Bk of America	BAC	10,000	\$5.80	\$7.97	\$79,700.00	\$21,700.00
Apple	AAPL	200	\$410.00	\$542.44	\$108,488.00	\$26,488.00
Citigroup	C	900	\$40.17	\$33.32	\$29,988.00	(\$6,165.00)
Microsoft	MSFT	2,500	\$26.60	\$31.74	\$79,350.00	\$12,850.00
Priceline.com	PCLN	120	\$584.00	\$627.02	\$75,242.40	\$5,162.40
eBay	EBAY	2,000	\$35.00	\$35.74	\$71,480.00	\$1,480.00
<b>Cash + Net Dividends Earned</b>					\$658.67	
<b>Portfolio Net Value as of February 29, 2012</b>					<b>\$569,359.07</b>	<b>\$469,359.47</b>

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

Little trading, all stocks up. Bank of America, best performer over 12 months. Apple and Priceline.com seem very good long-term prospects.

Sold	Bot
MRVL \$16.00 AMD \$7.60	EBAY \$35.00 PCLN \$584.00

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Annualized Return  
 Since Inception:  
**+71.95%**

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 February 29, 2012. Dividends are net and not re-invested. Total return is +469.36%.

Current Value:

**\$569,359.07**

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