

WF NewsLetter



What's up for 2009?

Not much it seems, the markets have already started to stumble every other day; the Dubai Desert Classic (Golf for the ignorants) is happening in the midst of total indifference not to mention actual fog; the ceasefire in Gaza lasted only long enough to allow Obama to make his speech in "peaceful times". The Republicans have found their own "colored" leader, Michael Steele. The French are on strike (a little earlier than the usual month of May), Davos is the usual shake hand and no action. Nothing has really changed! Nothing? What about *snow in Ras-al-Khaimah*? Yes, in the UAE! That's NEW.

Summary:

- 2009
- The Trillion
- US Presidents
- Auditors
- No Gloom
- Davos
- Exceptional Crisis?
- Investments Follow up

2009, not such a good start

If 2008 will remain in history books as an awful year for finance and markets; 2009 did not impress us so far. There are three possible scenarios ("ii", OK) (1) the *recovery*, but that seems a bit early to say, (2) *further disasters*, but there are indications that most catastrophes have now been accounted for, and (3) a *dire year* without any appeal to

investors. The latest seems the more likely. Private bankers are going to have to convince investors that the "worst is behind" and that "now is the time to move in". Which may be true, or not. However, for investors who'll want to recover part of their losses there will be no other way than to go back to the markets, be a little more selective, and forget about big

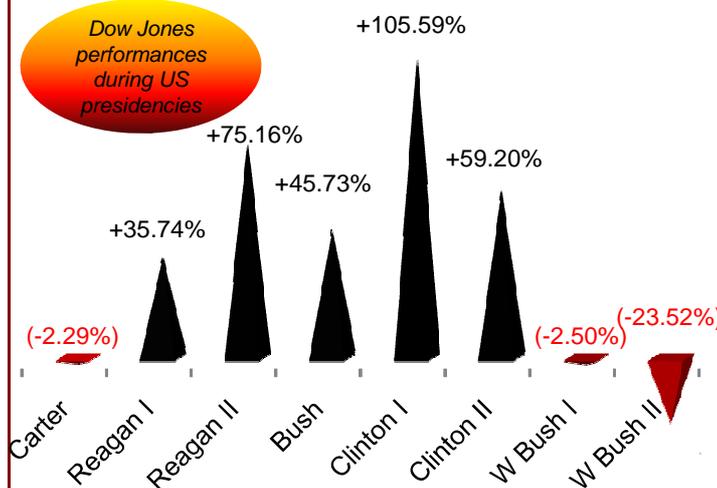
names and/or outstanding returns to focus on reasonable offers. There are bonds, alternative investments, or even some companies (see next page) that have continued to offer solid returns during the crisis. It's probably a good time to compare investments within each portfolios. There are some very bad, and some who managed not so badly.

And now... the Trillion!

The Billion had become the unit of reference and we were barely becoming used to it. A Billion here, a few Billions there and there it was! But the new US President has already announced a *Trillion Dollar* rescue plan. A Trillion is a 1 followed by 12 zeros. Nothing less. And what count is not the one, but the number of zeros. This is a lot! But the big question is: where will the zeros come from? Tax? No, the US Government will issue *more*

debt and the rest of the world will finance it. Hopefully. The Chinese are usually the natural recipients of these bonds. Let's see what will happen. 2009 may be the year of the Trillion, a big number, but deficits and losses are also in big numbers, so these numbers can match. Let's not forget that a Trillion is also approximately the dollar amount that has been lost in collapsed funds. We will see what 2009 returns will yield, with hope for the best.

Markets Performances vs. US Presidents



The chart may not tell us much: *Bill* was the best and George W. the worse. Well doesn't it ring a bell somewhere? Which president, in recent times, could have made it a 3rd time if allowed? *Bill* of course, and probably *Ronald* as well, and unsurprisingly, he ranks second. So if *popularity* is any indication we may be headed for outstanding years of strong markets in the US. And therefore, elsewhere. Go *Barrack!*

2008 Income (US Companies)

Company	3Q08/ 4Q07
AIG	-95%
Amazon	-25%
Apple	+35%
AT&T	+3%
Bk of America	+1%
Boeing	-12%
Citigroup	-13%
Dell	-5%
Ford	-27%
GM	-19%
IBM	-25%
Intel	-5%
Mc Donalds	+9%
Microsoft	+7%
Pfizer	-7%
Schlumberger	+15%
Wal-Mart	-6%

QUOTE OF THE MONTH

"He who can, does. He who cannot, teaches."
GEORGE BERNARD SHAW
PLAYWRIGHT

NUMBERS THAT STRIKE

- **50,000,000** is the number of new unemployed people worldwide in 2008
- **-40%** of the world wealth has disappeared with the crisis, absurdly huge amount!
- **\$20,000,000,000** Wall Street bonuses for 2008 (paid by US taxpayers!)
- **-\$500/second** is the running California deficit, current total is **-\$40,000,000,000**

Indicator	Last	Year-to-date	1-Year	5-Year
Dow Jones	8,000.86	-11.44%	-37.21%	-24.47%
NASDAQ	1,476.42	-9.54%	-37.15%	-27.55%
CAC 40	2,973.92	-11.22%	-37.04%	-17.95%
FTS 100	4,149.64	-9.04%	-29.43%	-5.75%
Nikkei 225	7,994.05	-11.60%	-40.10%	-24.28%
\$/€	1.2816	+8.16%	+13.43%	-0.58%

Satyam, the Indian software giant has announced that it had **inflated its assets by \$1 Billion** for the last 4 years. Arthur Andersen, its well known and respected auditors had approved Satyam's accounts during all these years.

Russia is bankrupt. Despite having sold gold worth \$215 Billion, the Ruble is still plunging (down -54% vs. US Dollar since July '08). Exports (commodities) are plunging while imports get more and more expensive. Local goods are quasi non-existent as Russia has totally neglected this non-speculative side of its economy.



Give him an Airbus, he'll make a speedboat. Hero of the month, **Captain Sullenberger**



"I inspired Obama and his team copied me" **Ségolène Royal** has got a problem with herself



Ban-Ki-moon, the new UN boss seems a bit more pro-active than its predecessors



Schwartzie is losing it, with a \$40 Billion deficit, the Californian dream is shattered

Why auditors should be **nationalized**?

Auditors are very expensive firms filled with plenty of (very expensive) business suits that look down at you to make it clear they belong to a world apart. Auditors are supposed to go through the companies accounts and ring the bell when coming across errors of worse: frauds. Auditors are appointed and paid by the same people they are supposed to cross-check. And they must do it in a nice

way in order to "keep their clients happy" and be re-appointed next year. Like any other business. Now can someone explain us how a supplier (the audit firm) is going to upset its client (the company being audited) while invoicing it and hopping to be kept as a supplier? No way! Madoff, Satyam Software, Enron, AIG, the BCCI, all had auditors, and the best, the biggest, the most

prestigious. To what end? To miss the obvious! And it's not just large firms, LTCM the biggest hedge fund failure was audited. And its accounts approved. There is no way the system can work. The only way for the system to work would be for auditors not to be "clients oriented", and the solution could be to have them **nationalized**, like the taxman. That way, when something appears wrong, they'll say!

All gloom? **No.**

There is a crisis and it's gloom and doom everywhere. No one, no company seems immune to the crisis. No company? Look at **McDonalds** the fast food giant. They have announced a \$4.3 Billion profit for 2008 (+87%), they are planning the opening of 1,000 new restaurants in 2009 and the hiring of more than

2,000 people worldwide. The stock has gained +5% last year (vs. -31% for the Dow).



Apple is celebrating its 25th birthday, its stock has lost -30% in 2008 (but that drop has more to do with Steve Job's

own illness than performance), and between Macs, iPhones and iPods sales are growing like never! Finally, the world's largest retailer, **Wal-Mart**, has shown that sales, despite the crisis, are still doing OK. The stock went up by +14% in 2008. So is this all gloom? We say **No.**

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JOKER OF THE MONTH

US Investment Banks have awarded their employees an outstanding \$20 Billion in bonuses for their performances (bonus is linked to performance) in 2008. Apart from the obscenity of the act, one has to remember that this money comes directly from the US Government rescue package, hence the taxpayers pockets, hence the guys that have lost money and/or their jobs because of the super performances of the investments bankers! Obama, in his first flash of anger described the action as "shameful". It was also a good opportunity for him to force Citigroup to cancel delivery of a \$50 Million Corporate jet. Meanwhile, our Swiss friends, UBS to name one, also granted fat bonuses to bankers, but at least top executives forfeited theirs.

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Davos... What for?

Davos (Switzerland) is a good reflection of what the large Swiss banks have shown last year: live a good life, advise without discernment, charge huge fees... and in the end **fail**.

President Obama has rightly refused to attend and has even downgraded the White House representation to a sub-sub-assistant. Davos is the place where important decisions among big guys are taken in the name of capitalism, or at least free enterprise. If these people

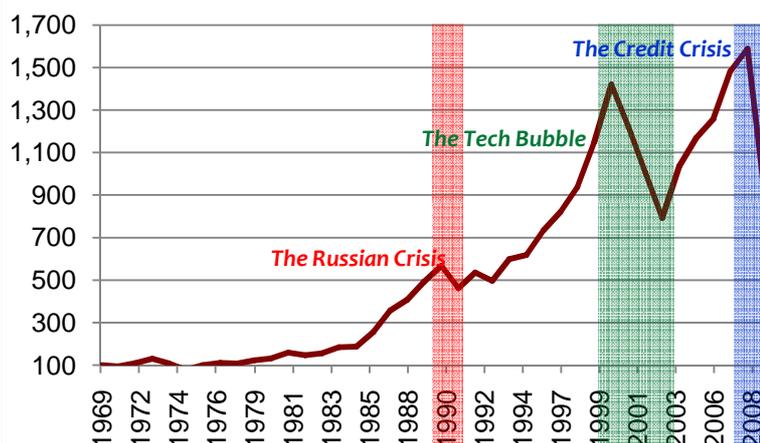
have to be judged, or evaluated, against their results, Davos should have taken a year off and announced that in view of the disaster free-enterprise has generated, usual guests have been advised to better use their time looking after their banks, governments or hedge funds.

Jacques Attali, who, like Obama will not attend, rightly said that Davos is just a "Café du Commerce" where no important decision is taken. Just wonder what he was

doing there last year...

But he is right in saying that a place where less than 10% of the world's population is represented cannot be qualified as a decision place. There seems to be a lot of **finger pointing** at Davos, everyone having an opinion on who is the main culprit for the disaster the world is witnessing. And this is the time chosen by the **IMF** to announce that it is **downgrading its 2009 world's growth forecast to 0.5%**. The lowest since WW II.

Big Crisis? Yes. Exceptional? Maybe not.



Yes, the crisis is deep. And it hurts. But is it unique? Maybe not. Just a few years back, the Internet/Tech Bubble hit investors hard. In 1990 the combination of LTCM and Russia sent the first signal that crisis were hitting harder and that recoveries were quick to come. So, where will we be next year? Either further down. **Or back.**

Follow Up... January '09

SAFE & RELIABLE

Man AHL Diversified Strategies Ltd.

The Man Investments flagship manager, AHL, continued its excellent progression. After an outstanding **+33.2%** in 2008, AHL is on course for a super 2009.

Now on offer, two options:

100% Guaranteed Capital

or

8% Annual Coupon Guaranteed

UNIQUE & REWARDING

Walnut Millésime

The First & Only **1ers Grands Crus Classés** wine fund is now open for subscriptions. The prices of wines, in line with other goods, has declined, but the demand for the Crème de la Crème is **still intact**, so the timing seems definitely perfect.

The 2008 crop is a small one, and quality is expected to be on op of the range.

HIGH RISK, HIGH RETURN

Superfund GTC

The 2008 performance was **+50.51%**. The annual compounded return since inception is **+23.31%**.

The fund achieved close to **+1% in January 2009**. We are on course.

This is a very volatile fund, but for those who don't fear abrupt changes, definitely a long-term winner.