

WF NewsLetter



200809

Annus Horribilis?

- AIG ▼
- Billionaires ▼
- Citibank ▼
- Commodities ▼
- Dollar ▶
- Emerging Markets ▼
- Ford ▼
- Fortis ▼
- GM ▼
- Gold ▶
- Iceland ▼
- Lehman Brothers ▼
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- Oil ▶
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- Sub-primes ▼
- Swiss Banks ▼
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4-page
Year-end
Special

Summary:

- Darth Vader
- The Domino Effect
- Oil Swing
- Newton
- € = 10
- Walnut Millésime
- Billionaires
- Investments Focus

2008, Year of... *Obama*

Now it's done, for the modest sum of \$750MM, he has been elected. On January 21st he will be crowned and will swear publicly that now not only can he do it, but *will* he do it. The black Messiah's show -as right-wingers call him- is starting! Most of the world is expecting that after eight Bushyears, nothing worse can come from this

side of the Atlantic that can still surprise us. However, President Obama will need to surprise us! The expectations are great and the task seems out of reach. Both at home and abroad. From the industry to



from Ukraine to the SEC, nothing will be easy for our man. Of course at home his first task will be to restore employment, then ensure a quick withdrawal from Iraq in a way that will not point him in history as the guy who lost a war. Finally, like his predecessors, he will have to make his *peace deal* in the Middle East... and fail...

2008, Year of... *the Crisis*

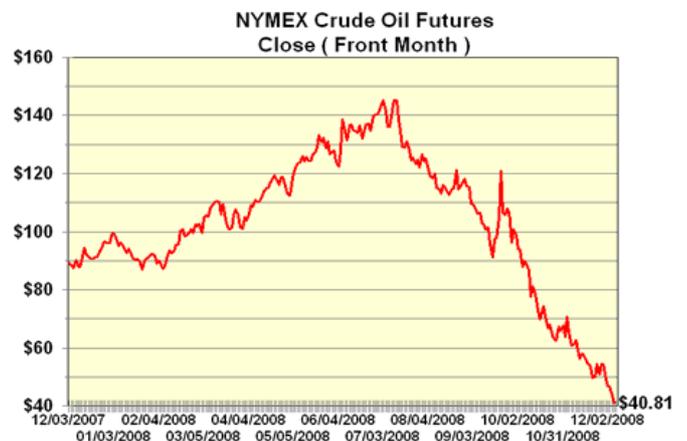
We have said about everything on the 2008 crisis. Most readers must now feel understandably quite bored with the word itself and be looking for different, if not better, news. So we will wrap it up quickly. Let's just remember that it started with *sub-prime* loans defaulting, then investment banks



that had purchased them announcing huge losses and then *dominos* starting to fall in predictable order. We are now close to the end (wishful thinking?) and are looking for a nice re-start. When? Optimists say 2009, pessimists 2020. We say early 2010. Until then...

2008, Year of... *the Big Oil Swing*

From \$90 to \$145 and back to \$40 for one barrel of oil. Truckers, oil countries or their clients have had a hard task at budgeting, or even hedging (most airlines have played it wrong) oil positions. It started with China over accumulating reserves and then finding out that it itself was in trouble and showing the world that its consumption was falling. Output reductions did nothing to stop prices dropping further... until ... your guess is as good as anyone's.



2008 step by step

Jan	Oil hits \$100 Wall Street tumbles
Feb	Castro resigns
Apr	Oil hits \$150
Jun	Ireland rejects European treaty Mugabe reelected
Jul	Betancourt freed Karadzic jailed
Aug	Beijing Olympics
Sep	Thai crisis starts Marriot explodes in Islamabad Thabo Mbeki resigns
Oct	Financial crisis
Nov	Obama elected Mumbai attacks
Dec	Riots in Athens Madoff uncovered Oil bellow \$49 Israel vs. Hamas

QUOTE OF THE MONTH

"Two things are infinite:
the universe and human
stupidity; and I am not
sure about the universe."

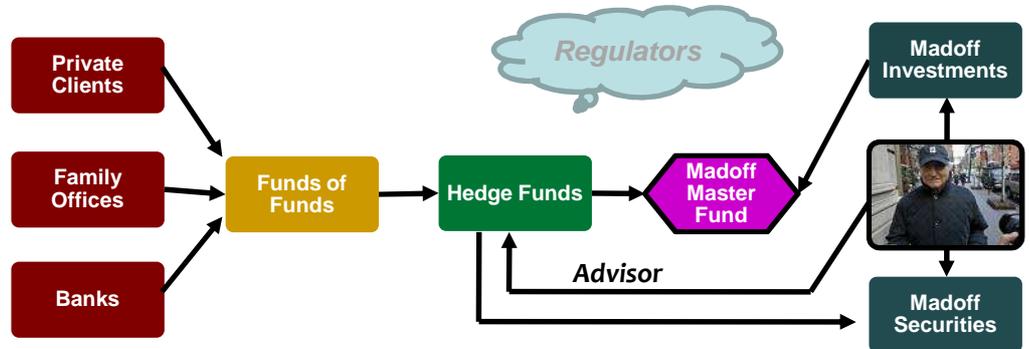
ALBERT EINSTEIN
PHYSICIST



NUMBERS THAT STRIKE

- **\$100,000,000** is the latest banknote issued by the Zimbabwean government
- **0%** prime rate in the US, cash is free
- **\$50,000,000,000** the size of the Madoff scam
- **-64%** the drop of oil price since its peak

Indicator	Last	Year-to-date	1-Year	3-Year
Dow Jones	8,776.39	-31.09%	-31.09%	-19.92%
NASDAQ	1,577.03	-39.41%	-39.41%	-31.60%
CAC 40	3,217.97	-42.02%	-42.02%	-33.88%
\$/€	1.3985	+4.76%	+4.76%	-14.19%



We really hope **HE** can do something..



"Bernie" stole \$50 Billions from "friends" and fellow community members



Flying shoes, **Bush** ends up in style...



Casino magnate **Sheldon Adelson**, biggest loser of 2008: minus \$30BN

Man of the Year... Newton

$$\vec{F} = \frac{d\vec{p}}{dt} = \frac{d}{dt}(m\vec{v}) = \vec{v} \frac{dm}{dt} + m \frac{d\vec{v}}{dt}$$

Gravitation seems to be the word of the year. It appears that both Einstein and Newton were right... a lot of things that appear to hold in the air without motion, fall. Be it sub-primes or executives' golden parachutes, gold, companies profits, or the Dow at 14,500 (vs. 8,500 today), everything that has gone up inexplicably has had, thanks to **Newton**, at least an explainable fall. Now,

this doesn't mean that markets and prices should not go up and even continue to hold, but that requires the creation of **real wealth**, and not futures, options, and other derivatives. Real money, real wealth, this almost sounds like an oddity but we may have to reacquaint with the concept as early as possible as real money is what is going to be badly needed. And a lot of it. US automobiles, banks, or airlines

everyone is going to ask for it. And governments that seemed to distribute billions here and there are beginning to feel the pain if the difficulty of the German Central Bank to raise a mere \$7 Billion last week were needed as a proof. The story doesn't say what Newton did with the apple afterwards, maybe he used it for cooking a **tart**. Maybe should we learn how to cook/deal with leftovers?

Euro at... 10?

For once we'll make an affirmative stance, the Euro will be 10 in January 2009. Yes, the Euro will be ten year old next month! Ten years already and the question: is it a success? Probably yes, since cabs in London, New York and Tokyo accept it. Now at the end of 2008, the Euro is regaining some ground as US

Dollar interest rate is zero and the greenback is no longer an attractive alternative. So the Euro is celebrating 10 years in fanfare and all dollar earners are crying. Not to mention oil producers watching the fall of oil compounded with its dollar value. There seems to be an attraction to the Euro since it has become the legal currency

in 19 countries. Switzerland has a special agreement with and its currency is now technically linked to the Euro as well. The same applies to Estonia, Denmark and Latvia. So a success? Definitely if its **attractiveness** is the criteria. It has become the 2nd reserve currency, ahead of the Yen, but still far behind the Dollar.



NOW OPEN FOR INVESTMENT

Walnut Millésime

Walnut Millésime (the "Fund") is a specialized Fund that deals exclusively on the **Premiers Grands Crus Classés** market through privileged access to the Bordeaux specialized merchants. The return of the Fund basket* has been consistent and has yielded in excess of +25% per annum.

The rising price of Premiers Grands Crus Classés is the result of high and rising demand versus limited supply.

WF Assets Management's winning investment strategy associated to the unique potential returns of the underlying allows for outstanding profits perspectives with a zero correlation to traditional financial markets.



AUSONE



CHEVAL BLANC



HAUT BRION



LAFITE ROTHSCHILD



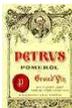
LATOUR



MARGAUX



MOUTON ROTHSCHILD



PETRUS



YQUEM

Key benefits of Walnut Millésime

Performance

Target in excess of 18% per annum with a volatility kept lower than 10%

Security

Real underlying assets

Liquidity

The market is organized through a highly sophisticated computerized system that allows for permanent liquidity

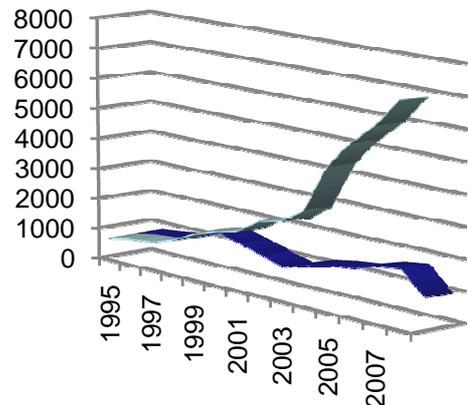
Alternative Investment

The 1st Grands Crus Classés market has no correlation whatsoever with stocks and bonds

Initial launch period

January 1, 2009 till February 15, 2009

Unit Value	€ 10
Minimum	€ 25,000
Entry Fee	2%
Exit Fee	1%
Subscriptions	Monthly
Redemptions	Monthly



■ Walnut Millésime
■ MSCI World Equities

* pro-forma performance

Contacts

Tel +971 4 229 7450
Fax +971 4 229 7480
Mail millesime@walnutfinance.com
Web www.walnutfinance.com



Walnut Finance

The Twin Towers, Office 701a
Baniyas Street
PO Box 51774
Dubai
United Arab Emirates

Phone +971.4.229.7450
Fax +971.4.229.7480
Mail info@walnutfinance.com

Visit us

www.walnutfinance.com

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Walnut Finance

JOKER OF THE MONTH

Dubai Municipality has started a new road sign system, instead of directions, it now says "North" or "South". Now we want to meet, in person, the first one who will have a taxi driver taking him "North" and reach his destination... or any destination for that matters.

North, South, is a system that works in the USA, but not in Dubai. There (in the USA) it simply identifies the enemy: East is Bagdad, North is Canada, and South, well, South is all those countries...

In Dubai, we need clearer indications such as "after the Mosque" or "straight and after go right". Simple.



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2009, Year of... the Right Millésime?

As you may have read on the previous page, Walnut Finance is launching *Walnut Millésime*, the first and only Fund to focus exclusively on Bordeaux 1st Grands Crus Classés. A very secretive world were classifications are discussed amongst "initiés" only and dominated, rather surprisingly, by **Robert M. Parker Jr.**, an American whose words can make or destroy a wine! Because, of the troubled times we live in,

Walnut Finance is enthusiastically moving ahead, because an investment with no correlation to the financial markets looks **well-timed**. Demand for 1st Grands Crus Classés is constantly rising and is about 3 million bottles, while the production (see illustration below) is limited (by a 1855 Napoleon II decree) to 600,000 bottles. A winning combination! The price of these wines has therefore constantly risen over the past years.

36,600,000,000 bottles

6,300,000,000 bottles

1,000,000,000 bottles

600,000 bottles



Worldwide Production

French Production

Bordeaux Production

1st Grands Crus Classés

2009, Year of ... living like a "Poor"

Sample of Billionaires: before and after the crisis



Wealthy Men	Country	Activity	Before	Now
Warren Buffet	USA	Investments	\$62 BN	\$48 BN
Lakshmi Mittal	India	Steel	\$51 BN	\$20 BN
Anil Ambani	India	Telecom	\$42 BN	\$12 BN
Sheldon Adelson	USA	Casinos	\$40 BN	\$10 BN
Oleg Deripaska	Russia	Metals	\$28 BN	\$10 BN
Anurag Dishkit	India	Gaming	\$2 BN	\$1 BN
David Ross	UK	Industry	\$1.4 BN	0.15 BN
Luis Portillo	Spain	Real Estate	\$1.2 BN	\$0.015 BN
Bjorgflur Gudmudsson	Iceland	Bank	\$1.1 BN	\$0.000 BN

2009, Year for... Investing

SAFE & RELIABLE

Man AHL Diversified Guaranteed Ltd.

- 100% Capital Guaranteed
- 2008 Performance +25.9%
- Negative correlation to Stocks
- Low correlation to Bonds
- No Entry Fee
- USD/EUR denominations
- Minimum USD/EUR 20,000

UNIQUE & REWARDING

Walnut Millésime

- Fine Wines Fund
- Target performance +18%
- No correlation to Stocks
- No correlation to Bonds
- Exclusive access to selected Fine Wines and Primeurs
- EUR denomination
- Minimum EUR 25,000

HIGH RISK, HIGH RETURN

Superfund GTC

- Managed Futures
- 2008 Performance +47.7%
- Annualized Return +23.6%
- Dynamic Management and with High Volatility
- Leveraged Investment
- USD/EUR denominations
- Minimum USD/EUR 10,000

Walnut Finance wishes you a **Better 2009**