

WF NewsLetter



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Islamic Finance *and Dubai World*

The Dubai World's decision to seek a "standstill" on its financial obligations has thrown the spotlight on the \$4 billion payment on a **sukuk due by Nakheel**. After Kuwaiti's investment company Dar (owner of 5% of Aston Martin) default on a \$100 million sukuk last summer, and the problems

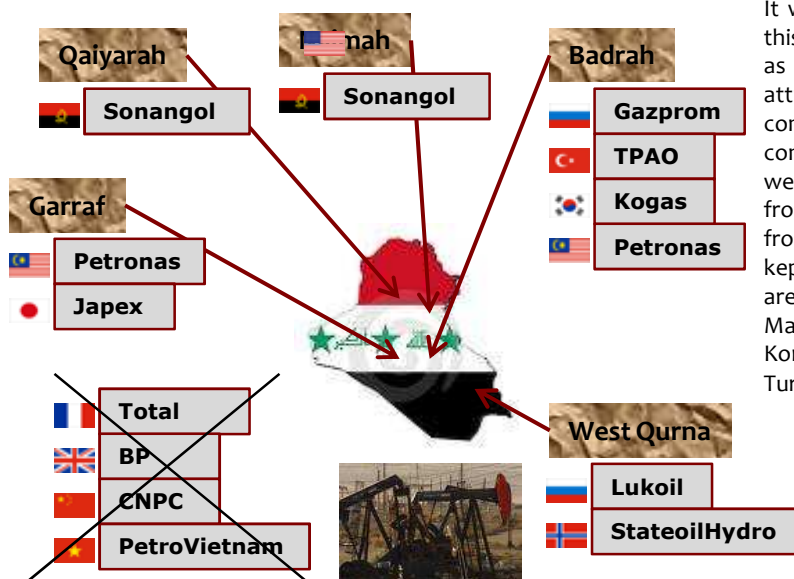
affecting the \$650 million the Golden Belt Islamic Bond controlled by Saudi Group Saad, the financial community is starting to wonder about the status of Islamic financing. Remembering that Islamic financing requires no interests but also avoidance of risk (could be

seen as gambling). There is also the question of the sukuk being "asset-backed" or "asset-based" If "backed", debtors expect priority when there are troubles, if "based" they'll stand last in line... and with the Nakheel issue there is uncertainty about **the reality of these assets**.



This decade had started with a fake Year 2000 bug and has ended with another fake in Copenhagen. Nice job. In the meantime, we've had 9/11, Tiger Woods, the metro in Dubai, a tsunami in Asia, Mrs. Bhutto assassinated, the collapse of Lehman Brothers and the start of Wikipedia. What a decade!

Early Christmas *in Bagdad*



It was Christmas early this month in Bagdad as oil fields were attributed to oil companies. The main conclusion is that western firms (apart from StatoilHydro from Norway, were kept out. The winners are Russian, Malaysian, Angolan, Korean, Japanese and Turk companies.



København *The Fiasco*

- No financial commitment
 - No transparency
 - Will foot the bill
- Will get some cash**



Obama & Hu Jintao

Crisis? *What Crisis?*

+70% Pay Rise

A 70% public-sector pay rise in the UAE has been announced. Applies to UAE nationals only.

The World Dubai: *Go!*

Kleindienst Group of Austria will start building on The World, a Dhs 3 billion contract for 6 islands.

2009 in pictures



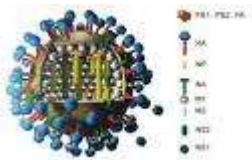
Inaugurated

Remember me?



Bankrupt

Well done Captain!



Swine Flu

Earthquake L'Aquila



Dubai World fails

The Metro in Dubai



Copenhagen fails

And the winner is...



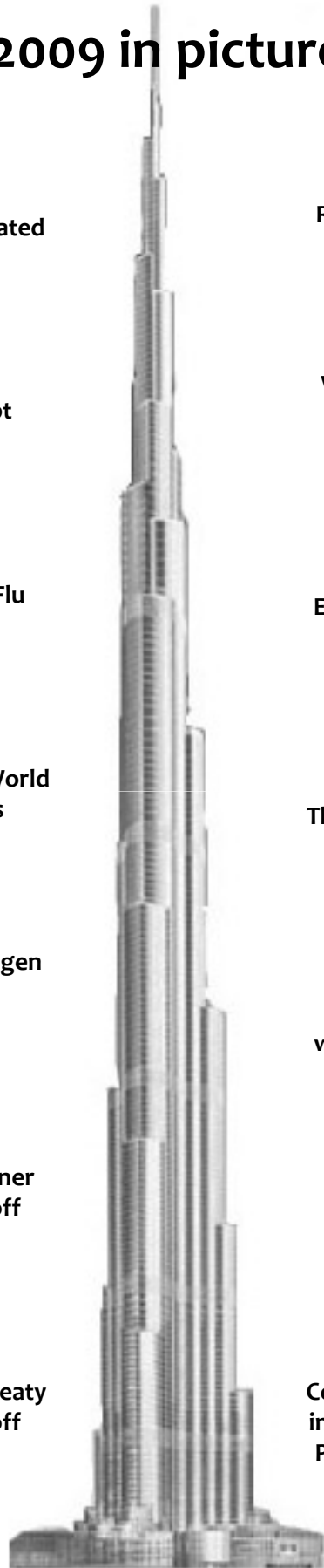
Dreamliner takes off

Gone



Lisbon Treaty takes off

Commander-in-Chief gets Peace Prize



Companies That *Have Disappeared in 2009*

Nortel Networks



SiliconGraphics

Silicon Graphics

In Dubai: the telephone on your desk

Don't worry ladies, they were in 3D animation

Sun-times Media



Trump Entertainment

The Chicago Tribune

Donald didn't make it this time

Companies That *May Disappear in 2010*

Chrysler



The New York Times

The New York Times

Would you buy one?

\$400 millions in debt

Sun Microsystems



Newsweek

Newsweek

Java may become Oracle

The poor's man Economist

Fannie Mae



Freddie Mac

Close to bankruptcy

Close to bankruptcy

Motorola



Eastman Kodak

Not Nokia, nor LG, nor Sony, ...

Digital photo killed it

Palm



Saab

Would you exchange your Blackberry...

2009 loss: \$412 million

Walnut Finance

Panel

	\$/€	Dow	NASDAQ	Nikkei	Footsie	CAC 40
Last	1.4325	10,428.05	2269.15	10,546.44	5,412.88	3,936.33
1-Mth	+4.50%	+0.80%	+5.81%	+12.85%	+4.28%	+6.96%
Y-t-D	-5.32%	+28.49%	+47.46%	+37.29%	+21.68%	+15.90%
12-Mth	-5.32%	+28.49%	+47.46%	+37.29%	+21.68%	+15.90%
5-Year	-10.76%	-2.69%	+9.27%	-7.80%	+11.51%	-2.00%

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QUOTE OF THE MONTH

"If you want a guarantee, buy a toaster."

**CLIENT EASTWOOD
 AMERICAN COWBOY**



Copenhagen
Nice city



Leaders Maximos
 On your left 1st Economy
 Big pollutant



Copenhagen
Nice city

On your right 1st Pollutant
 Rising Economy

This Year's Winners

Our selection

Company	Symbol	December '09 Perf	Year-to-date Perf	Price
Advance Micro Devices	AMD	+32.60%	+306.72%	\$ 9.68
Office Depot	ODP	+1.90%	+132.01%	\$ 6.45
Google	GOOG	+5.53%	+92.95%	\$ 619.98
Apple	AAPL	+6.99%	+132.21%	\$ 210.73

Annualized Return
 Since Inception:
+ 98.97%

Walnut Finance \$100,000 US Portfolio

On January 1, 2009, Walnut Finance invested for its own five times \$ 20,000 in five different US-listed securities. The table on the right gives the result of that investment as of December 31, 2009. Dividends are net and not re-invested. Profit is +98.97%.

Current Value:
\$ 198,971.28

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Walnut Finance \$100,000 Portfolio

Company	Symbol	Shares	Bought	Last	Value	P/L
AIG	AIG	574	\$ 34.80	\$ 29.98	\$ 17,208.52	(\$2,766.68)
Arcelor Mittal	MT	679	\$ 29.43	\$ 45.75	\$ 31,064.25	\$ 11,081.28
Yahoo!	YHOO	1,600	\$ 14.75	\$ 16.78	\$26,848.00	\$ 3,248.00
Nvidia	NVDA	2,254	\$ 8.87	\$ 18.68	\$ 42,104.72	\$ 22,111.74
Microsoft	MSFT	1,000	\$ 24.75	\$ 30.48	\$ 30,480.00	\$ 5,730.00
Exide Techno.	XIDE	3,500	\$ 6.00	\$ 7.11	\$ 24,885.00	\$ 3,885.00
Schlumberger	SLB	400	\$ 57.00	\$ 65.09	\$ 26,036.00	\$ 3,236.00
Cash + Net Dividends Earned					\$ 344.79	
Portfolio Net Value as of October 31, 2009					\$ 198,971.28	\$ 98,971.28

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

No change in the portfolio's composition, we let the market do its work, apart from Exide Technologies (XIDE) all components

moved north. We ended the year 2009 with a near +100% return, compared with +30% for the Dow Jones and +45% for the NASDAQ.