

July 2009

WF NewsLetter



SUMMARY

- **Man in the tank**
- **V-shape**
- **Mutual Funds are back**
- **Mutual Funds**

**Amazon.com (AMZN)**

Best play on Michael Jackson, sales already shooting up +300%

Sanofi-Aventis (SAN)

-17% anti-diabetic drug not showing good results

Palm (PALM)

+410% over 6 months that's a mover!

Juniper Networks (JNPR)

+80% over 3 months

Beneteau (BEN)

-40% over 10 months, not a good time for the luxury/leisure industry

Let's not forget *the man in the tank*

The picture is of an unarmed man standing in the center of the street, halting the tanks' progress. As the tank driver attempted to go around him, the "**Tank Man**" moved into the tank's path. He continued to stand defiantly in front of the tanks for some time, then climbed up onto the turret of the lead tank to speak to the soldiers inside. After this the man was taken away by soldiers and probably executed very shortly after. As of today the man's identity is still unknown, students say he is a student, workers a worker. The clash

at Tiananmen Square 20 years ago, on June 5, 1989 has killed 241 people. Official number of the Chinese government. The Red Cross estimates 3,000 deaths. Finally a small number



compared to the **20 millions believed to have been killed** under Mao's leadership. For the celebration of Tiananmen 20th anniversary, the Chinese authorities have blocked all

websites relating to the event. Back to the event, the question is which one was the bravest? The guy standing in front or the guy with his foot on the pedal? The first one had probably nothing to lose. And lost it. The latter could have enjoyed a nice life in the Chinese army, but decided to spare the life of one of his fellow citizen. History will only remember about the Tank Man. It is just fair, we believe to mention the **Man in the Tank**. According to western journalists he was executed as swiftly as his "opponent".

Stock Markets: *The V-shape*

Dow Jones since January 1, 2009 - Typical V-shape

It may not yet be the recovery most investors are longing for. However this nice V-shape is the Dow Jones since January 1, 2009. Went down straight, came back up straight. What's the next move is anyone guess, but at least it is showing that we may have reached a certain bottom. "**V**" for **Victory**? Probably not that easy, but we have just had 3 months on the upside and that feels good. Hold on your shares. Buy more?

Desert Storm: *Big hits*

Saad on one side, Algosaiibi on the other one, both among **Saudi Arabia's** largest conglomerates are broke. Bankers are hit hard, BNP-Paribas and Citigroup go down for \$500 millions each, but regional banks

such as Mashreqbank, ADCB, Bank Muscat, Kuwaiti, Bahraini and, of course Saudi banks are also badly hit. Accounts have been frozen, and, again, the **rating agencies** have downgraded **after** the hits.

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QUOTE OF THE MONTH

"Inflation is the one form of taxation that can be imposed without legislation."

MILTON FRIEDMAN,
AMERICAN ECONOMIST

EDF, the French Energy group is launching a Bond issue. 4.5% over 5 years is

Work one month for free to save the company. **British Airways** has asked its employees if they would agree to this surprising offer. Even more surprising, the employees' response is quite positive while unions contest.

Switzerland is no longer the safe heaven for **French taxpayers** after the Swiss authorities have granted access to French tax authorities to accounts.

Index	June '09	Year-to-date	1-Year	5-Year
Dow Jones	8,447.00	-6.50%	-24.68%	-16.69%
NASDAQ	1,835.04	+12.43%	-20.39%	-0.76%
CAC 40	3,140.44	-6.25%	-27.43%	-9.88%
FTSE 100	4,249.21	-7.21%	-21.69%	-3.71%
Nikkei 225	9,958.44	+9.66%	-25.46%	-12.83%
\$/€	1.4082	-1.65%	+10.83%	-16.34%



Omar Bongo

Oil, gold, diamonds and 80% of the population under \$2 per day



Michael Jackson

The Good, The Bad, and the Ugly



M. Ahmadinedjad

Dictator of the month



And the Winner is...

Mutual Funds: *Back in the market*

Maybe the clearest indication of renewed interest in the stock markets is the arrival of mutual funds as buyers. They had been absent for the last 18 months and are now looking at **opportunities**, and there are many, to buy cheap. The markets have taken a beating, companies have gone under, workers have been laid off, but there is still economic activity going on, and if the value of a

company has dropped below the amount of its "real" value, it may be clever to get in. The problem, as usual, is to buy at the bottom. It is well known within the industry that individuals rarely buy low and sell high; they usually wait to see a "clear" indication of recovery to move in. And they usually miss the best part of it. Mutual funds, on the contrary, have managers and use analysts who are there to evaluate, and then take the

risk of the markets. So when mutual funds are moving in, the best individuals should do is to duplicate the move and follow suit. Does this mean that the markets will move straight up? Certainly not. It's going to be a bumpy ride and **there will still be blood**. The only question is: are you ready to endure flat deposit rates for years or willing to participate in a potential recovery of the economy?

Technicalities: *Mutual Funds*

Mutual Funds are **collective investment instruments** that pool money from various investors and invest it. Historically, the first Mutual Fund is said to have been invented by MFS (Massachusetts Investment Services) in 1924 (\$400,000). Since then, thousands of such funds have developed over the world. There are many

classes of mutual funds. They can be classified as geographic (USA vs Japan) or industry, or large or small companies, or bonds vs. equities. Some are Sharia oriented, other are ethical, or gender, or "green". There is no area of investment that has been left out by the astute minds of fund managers. The value of a mutual fund

unit is simply the value of the fund divided by the number of its units. There are charges associated with Mutual Funds. Mainly management fees that represent the work done by the manager to select the stocks that will make the fund. Entry fees are there to compensate the marketing forces. They usually have a daily NAV.

