

WF NewsLetter



SUMMARY

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Arcelor Mittal (MT)
+32% in one month, oversold

General Motors (GM)
-96% over the last 12 months, dead

Bourbon (GBB)
+78% over 6 months on oil price rise and strong management

Barclays (BARC)
-13% in one day after Abu Dhabi Int'l Petroleum Investment announced a sale worth \$6.7 Billion of its holdings in the bank

Back on stage: *Crazy Horse*

After a few months of relief due to a stroke that disabled him substantially, the **Dear Leader**, Kim Jong Il, is back on the forefront. Missiles, N-Bomb, and threatening stances, he seems ready to do everything possible to test Barack Obama and trigger a reaction. The closest neighbors, South Korea and Japan are not taking it lightly; while it is accepted that some of North Korean missiles could hit Alaska (hence the USA), their efficient range is more likely to affect the surroundings. For the time being Obama seems to have

the right reaction: **no reaction**. Economic sanctions would hurt the people and Kim doesn't care, additionally



this could push an exodus of North Korean into China that the Chinese government is not looking for. Two years ago the US government has succeeded in freezing a Kim's offshore account in Macao, which is said to have greatly

hurt the dictator. One question remains, why does Kim play this game? The answer could be found internally as some high ranking North Korean are starting to discuss Kim's replacement. His health is known to be poor, and many are watching it. So launching missiles and being on TV may be the best for Kim to reaffirm his preeminence on his country. In North Korea, missiles have always been a good bargaining tool: give us food and we reduce our missiles. So let us watch what the next months will yield.

A real turnover: *Fiat*



Oldies... but Goodies

Close to bankruptcy in 1973, and producing cars whose reputation was well below its European counterparts, the Italian automaker is

coming back in fanfare to the front of the scene at a time when most automakers in the USA, Europe and Asia are crying. Behind Fiat, the Agnelli family who has always be ready to cover losses even when that meant partnering with then (1976) "terrorist" Moammar Khadafy who still owns 10% of the company.

The list of car makers that have been added to the Fiat

catalogue is impressive: Alfa Romeo (1986), Maserati, Ferrari, Lancia, Autobianchi (1989). Today, Fiat is seriously looking at taking over Chrysler and Opel (GM Europe) which would transform it into one of the world's largest auto makers. Large Italian companies have not shined recently, but Fiat is the one exception, and it does it well. Let's watch it.

Who to replace GM? *Bets are on*

GM is bankrupt, another company is due to replace it in the Dow Jones Index. The bets are open and there is usually good money to be made by buying the chosen one. The favorite are Visa (**V**), Wells Fargo

(**WFC**), Cisco Systems (**CSCO**), Goldman Sachs (**GS**), and Apple (**AAPL**). There may be another slot if Citigroup is removed for low capitalization. We bet on **Visa**, and if a second slot opens, for **Cisco Systems**.

Abraaj, ...

A first in the UAE, a private group is buying into government: Abraaj Capital, a Dubai-based Private Equity group is said to acquire part of Dubai Holdings

FC Barcelona has become the best soccer club in the world, having won in the same year the European Champion's League, the Spanish Liga, and the King's Cup

Failing to impress GM's management with its offer for Opel, Fiat has apparently lost the bid in favor of Magna, a Canadian auto parts maker

The UK Premier League is set to become a fighting field for Abu Dhabi soccer fans after Mr. Al-Fahim bought the Portsmouth team

Forget about Google and try Wolfram|Alpha, named after its creator, mathematician Stephen Wolfram, don't look for words, ask questions

It's over for GM, the bankruptcy has been filled. A landmark in American history? Maybe not

Air France flight 447 from Rio de Janeiro to Paris is set to become one of the worst air crash in history

Cisco Systems (CSCO) and Travelers Companies (TRV) are set to replace GM and Citigroup within the Dow Jones Industrial Index

Index	Last	Year-to-date	1-Year	5-Year
Dow Jones	8,500.33	-5.05%	-30.10%	-18.39%
NASDAQ	1,774.33	+8.71%	-29.12%	-10.69%
CAC 40	3,277.65	-2.15%	-33.59%	-11.40%
FTSE 100	4,417.94	-4.76%	-22.88%	-1.95%
Nikkei 225	9,522.50	+7.76%	-33.60%	-19.17%
\$/€	1.4156	-1.44%	+8.37%	-14.09%



B. Obama

Guantanamo, and the military are more difficult issues than expected



Manmohan Singh

Back-to-back winner of the Indian election



Kim Jung Il

Dictator of the month



Pep Guardiola

FC Barcelona Coach
Winner of everything!

This month's *Winners*

Our selection

Company	Symbol	May '09 Perf	Year-to-date Perf	Price
Arcelor Mittal	MT	+44.64%	+27.13%	\$ 33.18
Research in Motion	RIMM	+17.74%	+69.30%	\$ 78.64
Powerwave Tech.	PWAV	+51.69%	+117.74%	\$ 1.35
STMicroelectronics	STM	+12.02%	+8.24%	\$ 7.36
DP World		+52.00%	+8.57%	\$ 0.38
Bank of America	BAC	+29.84%	-1.40%	\$ 11.27
BNP Paribas	BNP	+21.12%	+39.29%	€ 48.75

Worst CEOs *in the US*

CEO	Company	Comments
Vikram Pandit	Citigroup	2008: \$20 Billions lost, Pandit made \$38 Millions
Carly Fiorina	Hewlett-Packard	Merger with Compaq a huge failure, still hurting HP
Stan O'Neal	Merrill Lynch	Biggest loss in ML history, left with \$ 168 Millions
Bob Nardelli	Home Depot	Crippled the company, then fired with \$210 Millions
Gerald Levin	AOL	Destroyed \$200 Billions in shareholders value
Martin Sullivan	AIG	Killed the company, and left with \$22 Millions

A successful company (Microsoft, Apple) is often associated with the name of a fantastic CEO; however this also goes the other way round and the names listed above are names you should remember in

order to avoid them should they appear again on the front scene. Beware then, these men (and one woman) are dangerous for your money. Look for their names in Boards or Senior Management... and sell the stocks!

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QUOTE OF THE MONTH

"I guess I should warn you, if I turn out to be particularly clear, you've probably misunderstood what I've said"

ALAN GREENSPAN, FORMER CHAIRMAN OF THE FED

NUMBERS THAT STRIKE

- 239,000,000 people unemployed. Where? Worldwide
- -\$173,000,000,000,000 is the GM loss for this year
- 1% of its population (or more than 200,000 people) is the percentage of North Korean political prisoners
- +70% is the rise of the price of crude oil during the last three months

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Technicalities: Options



An option is a **contract** between a buyer and a seller that gives the buyer the right—but not the obligation—to buy or to sell a particular asset, the underlying, at a later date (maturity) and at an agreed price (strike). There are options in various fields (commodities, stocks, bonds, indexes). The most commonly used

are stock options. An example: instead of investing \$100 to buy 1 IBM share, you can invest \$5 to buy 1 IBM option that gives you the right to buy 1 IBM share at \$100 in two months. If IBM does well and reaches \$110 after two months, you win: you have the right to buy it at \$100. Add the cost of the option (\$5) and your cost is \$105,

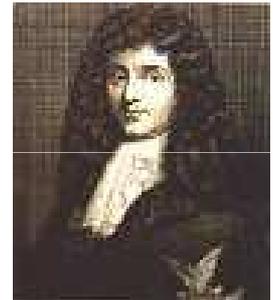
your profit is \$5. If IBM goes south, your maximum loss is \$5 (the cost of the option) even if the stock dives to \$75, you just forget about your option and lose the \$5 invested. You can buy or sell options, they can be right to buy (**call**) or right to sell (**put**). Pro: low investment. Con: limited life (wasting asset).

J.-B. Colbert, the French way

He was Louis XIV's minister of finance. And, in his time, he built roads, canals and many monuments that are still used today. In a recent article, *The Economist* cites France as the one developed country that emerges best from the current crisis. No increase (not much at least) in spending power, but a massive investment in infrastructure, TGVs (Obama in Strasbourg said "why can't we have the same?"). Numbers now. According to IMF, French GDP will shrink by -3%, versus -4.1% (Britain), -4.4% (Italy), and -5.6% (Germany). French deficit while still high (6.2% of GDP)

stands better than the USA (13.6% of GDP), or Britain (9.8% of GDP). So what's the recipe? Well, strong (some say heavy) government intervention, but unlike the Anglo-Saxons, no bank nationalization. And the big one: the French are big savers, and now both Obama and Brown are pushing their respective subjects to do the same. The French way of going through the crisis is quite surprising. France is a risky place for an American manager today, risk of being hijacked and inability to lay off excess staff as it is done in the Anglo-saxon world during crisis. On the other hand,

cafés and restaurants are full, and most people's life does not seem affected by



the crisis. The French way? Invest rather than distribute money to the population. So Colbert's way seems to still be the way in France. And it may work!



230 km/h top speed, over 200 horsepower, 0-100 km/h in 2.7 sec

The 2009 monster has arrived! Some prefer bikes rather than cars. No air conditioned, no telephone, **but** no traffic jam. In addition, in Dubai, all radars flash you from the front so you can use the V-Max full power and enjoy Sheikh Zayed Road at its best, over 200 km/h. The noise is fantastic, the look is close to perfection. 1,750 cc from Yamaha. The V-Max is exclusively sold through a waiting list and is not easy to get. You get a new one for \$18,000.