

Dow Jones +26.50%  
 Nasdaq +37.21%  
 Nikkei 225 +56.72%  
 CAC 40 +17.99%  
 FTSE 100 +14.43%

priceline.com +87.37%  
 Netflix +297.63%  
 Google +58.43%  
 Toyota Motors +41.64%  
 Nike +52.40%

J.C. Penney -53.58%  
 Newmont Min. -50.41%  
 Abercrombie -31.39%  
 and  
 Gold -23.25%

**Well Done Markets**

**Stars of 2013**

**2013 Losers**

Portfolio Description



The wf \$1MM Portfolio invests in stocks believed to have short/medium term growth potential at prices believed to be low relative to their intrinsic value, the basic criteria of selection are:

- Consensual potential growth in excess of 25%
- Valuation below the S&P 500 average
- Competitive advantages over peers within the same industry group

There are no constraint in terms of geographical areas, industry or allocation of assets. The Portfolio may use leverage at certain times but is not to be leveraged in excess of 50% of its value.

Portfolios Description



The wf Income & Growth Portfolio seeks both income and capital appreciation by investing in a diversified portfolio of global equities, and uses a dynamic bottom-up allocation process. The Portfolio normally invests between 75% and 150% of its assets into equities. The Management Team maintains proactive and reactive attitudes towards investment opportunities.

Two Classes of investment, (A) Distribution (80% of annual performance) and (B) Accumulation.

**walnutfinance** entering into its full 10<sup>th</sup> year of operations

In 2004 **walnutfinance** was created as a small operation by its current partners.

Initially the firm's activities were confined to fund distribution with special focus on Alternative Investments.

The Company then extended its range of products to Mutual Funds, especially Country and Emerging Markets Funds.

In recent years **walnutfinance** added specialized Funds such as PALTF (lending fund to farming industry in the UK).



Finally after a 4-year testing period, **walnutfinance** started to manage its own Equity Portfolios.

First the Absolute Return wf \$1MM Portfolio that has never have a negative year since its inception (2009) and the more defensive wf Income & Growth Portfolio which offers a possibility to draw an annual coupon equal to 80% of its net annual performance.

Besides investments, since 2008 **walnutfinance** is now actively involved in the M&A field (Mergers & Acquisitions) with substantial achievements selling UAE companies to international Private Equity Firms looking at exposure in the Middle East.

The wf \$1 MM Portfolio ended 2013 on a very positive note (+31.38%).

The Technology allocation did very well overall during the year with both long-term holds (priceline.com, Apple) and shot-term trades (Baidu or Youku Tudou) both Chinese giants.

Despite the fact that the markets (at least in the United States) seem overbought, we still see

opportunities in Healthcare, and Manufacturing for example.

We have increased our exposure to Energy (Oil, Gas, Services, ...) and despite stable oil prices this has proven, so far, a good bet.

Never-ending talks about tapering and rates have finally not have much of an impact on the overall bullish sentiment and despite some hesitation

early December the markets' growth was sustained till the end of the year.

We increased our Financial exposure to 22% and this has also proven a good bet as Financials did well and most companies in the sector are coming back to healthy dividends.

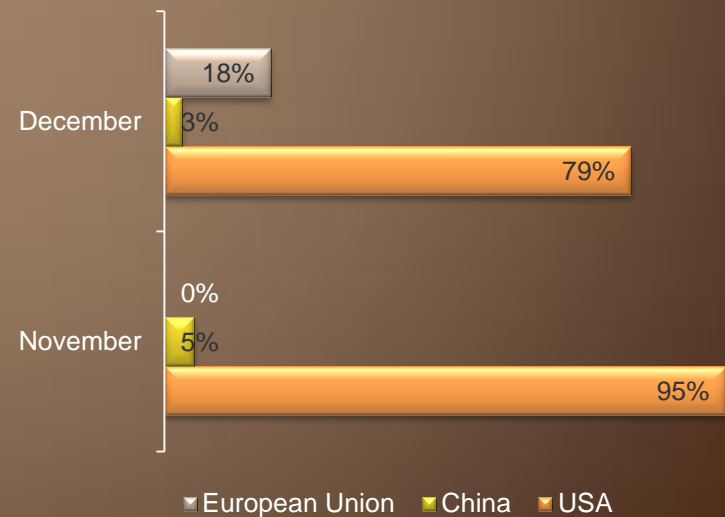
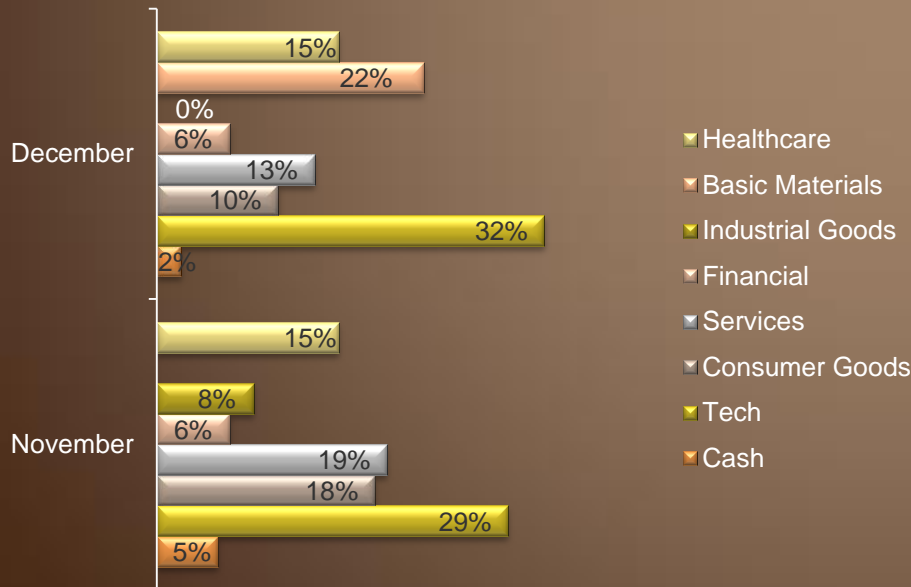
It will certainly be challenging to do better in 2014 than in 2013, but we are looking forward to it.



Year	Portfolio
2009	+98.97%
2010	+56.84%
2011	+41.45%
2012	+26.73%
2013	+31.38%

### Performances

Jan	+11.10%
Feb	+3.46%
Mar	+4.95%
Apr	+0.09%
May	+1.61%
Jun	-3.45%
Jul	+6.12%
Aug	-3.22%
Sep	+2.20%
Oct	+2.93%
Nov	+2.06%
Dec	+0.59%



The **wf Income & Growth Portfolio** ended its first year on a +17.48% performance. Class A (Income) holders will receive a 13.98% annual coupon against their investment.

The Portfolio is predominantly invested in value companies that deliver both steady growth and income.

There has been some geographical diversification out of the US markets as we believe that Europe and

Japan are also able to offer attractive deals.

Europe has been lagging the US markets in 2013 while Japan, despite an outstanding year (Nikkei 225 up +57% in 2013) is still way down compared to Europe and the US.

In Europe (European Union, UK, and Switzerland) we are looking at banks, oil services, and global players (Technip, SAP). In Japan we are mainly looking at manufacturers and

exporters (Toyota Motors).

Within the United States we stick to the mega-cap technology companies (Google, Apple, ...) and the financial and healthcare sectors.

The Portfolio as a whole holds a 22% equity in consumer goods.

There is –as usual- 50% of the oracles who believe in a growing market and the other half that are doomsayers. We will try our best to beat them all!



2013 Portfolio +17.48%

### Performances

Jan	+1.77%
Feb	+2.44%
Mar	+2.54%
Apr	-0.36%
May	+0.85%
Jun	-2.56%
Jul	+3.66%
Aug	-0.68%
Sep	+1.85%
Oct	+1.98%
Nov	+4.02%
Dec	+0.90%

