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You liked the BRIC... *You will love CIVETS!*

After the BRIC countries (Brazil, Russia, India, and China), the markets are now turning to a new brand, the CIVETS which stands for Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa, six fledgling democracies dotted across Latin America, Africa and Asia, with very little apparently in common. They are named after the civet, a small arboreal mammal that looks something like a spotted cat crossed with an otter. The CIVETS are a similarly unlikely blend of very different beasts, but could they add bite to your investment portfolio? As an indicator,

Standard & Poor's, the ratings agency, has just launched the **CIVETS 60 Index**. These second-generation emerging markets do have certain things in common: all boast dynamic, rapidly changing economies and young, growing populations, they have reasonably sophisticated financial systems and rapidly maturing equity markets, and show all the signs of becoming increasingly important to international investors, their economies are relatively diversified, not overly reliant on natural resources. So let's watch CIVETS progress and decide action.

Five Risky... *But Promising Stocks*

Want to make money with a little bit of added risk but potential big payoff? Watch those.

Characteristics:

- ✓ Market Value in excess of \$1 Billion
- ✓ Volatility three times that of S&P500 Index
- ✓ Expected earnings growth over next 12 months better than 75%

Meritor (MTOR) \$16.51 Manufacturer of drive trains and brakes for trucks, trailers and various specialty vehicles.

Genworth Financial (GNW) \$11.11 Mortgage and life insurances.

Century Aluminum (CENX) \$16.14 Aluminum producer in the USA, Iceland and internationally.

Dana Holding (DAN) \$18.12 Automotive parts manufacturer.

CBL & Associates Properties (CBL) \$19.24 Owns and operate 157 malls across the USA.

As we enter the "Sell in May and go away" period, why not take a bet on potentially attractive companies with sufficient market value (in excess of \$1 Billion) to ensure real business and expected earnings growth better than 75% for the next 12 months? All these companies have gone through thorough restructuring, are low vs. their historic highs and have the high volatility associated with potential return.



After the Arab world, the next explosion came from Washington with only three letters: D-S-K. In the meantime, Europe was hit by a cucumber (*Cucumis sativus*) and Moody's threatened the US to downgrade its sacred AAA rating. Again. M&A activity is re-birth, and IPOs are slowly coming out of the deep drawers were they had been hidden for the past three years.



DSK vs. ZZ *The Match*



The French are blessed with two world stars who, on the eve of their crowning, went bust. It started with Zinedine Zidane on July 9, 2006 on the occasion of the Soccer World Cup Final (not less) where, after a superb goal, ZZ commits "suicide" by headbutting one of his opponents in the chest. Red card, exclusion from the final, loss of the World Cup title for France, end of his career. That's it. Dominique Strauss-Kahn was on the verge of escalating from Director General of the IMF to favorite candidate for the French Presidency.

Not bad. However, DSK, unlike ZZ who did his act in front of billions of spectators, (is suspected to have) acted in the privacy of a hotel room. A difference in the form, but similarities for the consequence. Close to the top, very likely to reach it (there were 15 mn left before the end of the match for ZZ and 10 mn for DSK's flight to take-off...), and *the Harder they Fell*. It will be interesting, in a few years' time, to assess which of ZZ or DSK will remain the biggest flop of the French winners.

Crisis? *What Crisis?*

Qatar buys Paris St Germain for \$40 M
A Qatari Fund bought 70% of the Paris St German Football Club for \$40 million. The balance will remain the property of US Private Equity Fund Colony Capital.

Fiat gets majority of Chrysler
For a mere \$560 millions, Fiat bought the last 6% held in the US automaker by the US government bringing its share to 52%. US Treasury is now working on exiting its position in GM.

Fund	Last	Month	YTD	2010	2009
Man Directional Series 2 USD Income	\$ 0.9295	-5.80%	-6.00%	n.a.	n.a.
Man AP Enhanced Series 2 USD	\$ 1.1118	+0.30%	+0.90%	+11.10%	-7.80%
Man-IP 220 EUR	€ 1.2949	-6.69%	-8.60%	+18.10%	-10.50%
Man AP Enhanced Series 3 EUR Capital	€ 0.9521	-0.60%	-2.10%	+7.90%	-1.20%
Man Directional USD Income	\$ 0.8625	-8.80%	-6.40%	+4.90%	n.a.
Man IP 220 Series 5 USD	\$ 0.9662	-3.50%	-4.00%	+21.20%	-17.30%
Man AP Stratum Series 2 USD	\$ 0.9019	-0.30%	-0.40%	+14.20%	-11.90%
Man IP 220 Series 6 USD	\$ 0.9847	-5.60%	-6.50%	+15.40%	-8.70%
Man IP 200 Series 7 USD	\$ 1.0606	-6.50%	-7.30%	+14.40%	n.a.
FIM Brazil	€ 29.76	+0.95%	-9.50%	+19.30%	+135.60%
FIM India	€ 40.68	-1.64%	-16.70%	+27.60%	+71.00%
FIM Russia	€ 100.44	-2.49%	-5.90%	+45.40%	+152.30%
FIM Emerging Europe	€ 16.66	-4.64%	+6.90%	+13.10%	+44.20%
FIM China	€ 11.89	+1.62%	-12.50%	+16.70%	+40.60%
FIM Sahara	€ 10.16	+0.79%	-15.10%	+27.00%	+31.70%
FIM Ukraine	€ 2.57	-3.75%	-6.30%	+30.10%	+15.20%
FIM Brands	€ 13.52	+1.43%	-2.90%	+21.90%	+40.93%
Superfund Blue SPC (Class A) Gold	€ 1,476.60	+6.20%	+8.06%	+49.00%	+22.90%

Investments *Fund of the Month*

East Capital Russia Fund (Lux)

The East Capital (Lux) Russian Fund mainly invests in shares of companies exposed to growth in Russia and other former Soviet Union countries. The fund's strategy is to buy shares in low-valued companies that are expected to be supported by long-term development trends, such as growth in domestic consumption and investment. In order to obtain the best exposure, the fund invests in a wide range of sectors and companies. Two thirds of the portfolio consists of large or medium sized companies. The fund can have up to 10% of its net asset value invested in a single issuer, with most holdings being under 5%. The fund has a low turnover rate.

EAST CAPITAL

	2007	2008	2009	2010
Total Return	+14%	-73%	+134%	+37%
NAV (Euro)	€ 114.36	€ 30.30	€ 70.81	€ 97.67

East Capital is a leading independent asset manager specializing in the Emerging markets of Eastern Europe and China. Basing its investment strategy on thorough knowledge of the markets, fundamental analysis and frequent company visits by its investment teams, East Capital actively manages EUR 5.9bn in the East Capital Universe.

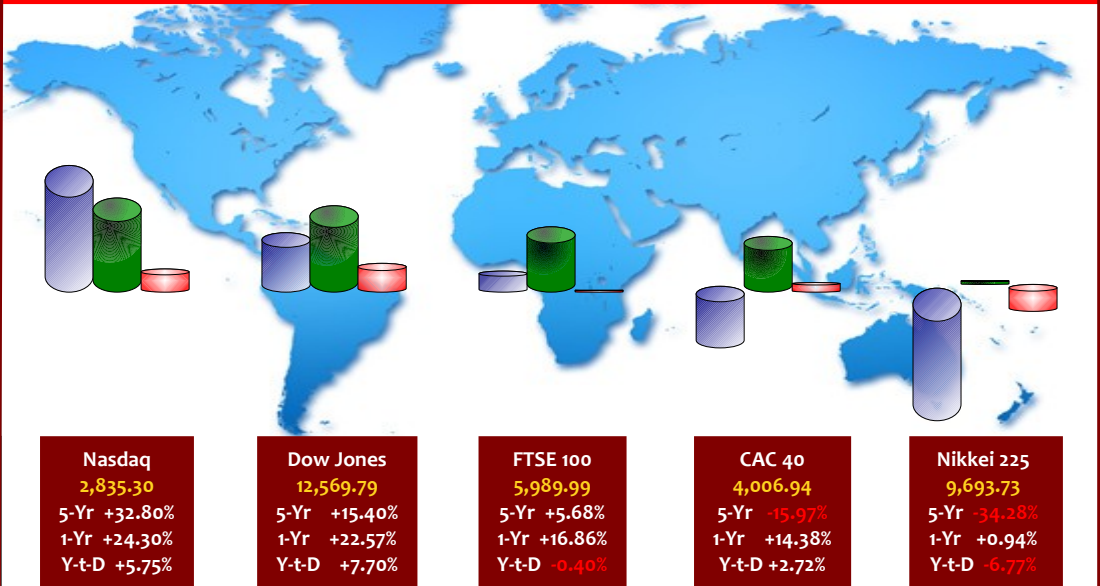
walnutfinance Panel

Financial News

- Another bad month for **Equities** across the board. USA, Europe, and of course Japan took a hit in May
- A **Qatari sovereign fund** owned by one of the Ruler's sons has paid \$50 million to buy 70% of the French Capital football club PSG.
- Moody's is hinting at cutting the US triple-A credit rating if USA doesn't limit its national debt. The rating agency cites "**very small but rising**" risk of the US defaulting on its loans.

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May 2011 closings
 EUR/USD 1.4424 USD/JPY 81.4050 GBP/USD 1.6468 USD/CHF 0.8528



walnutfinance \$100K Portfolio vs. Markets

Index	May 2011	Year-to-date	Since January '09*
wf 100K Portfolio	Best -0.32%	Best +16.74%	Best +264.30%
S&P500	-1.35%	+6.96%	+48.93%
CAC40	-2.43%	+5.31%	+24.52%
FTSE100	-1.32%	+1.53%	+35.09%

*Inception of wf 100K Portfolio

walnutfinance \$100,000 Portfolio

Company	Symbol	Shares	Paid	Last	Value	P/L
Powerwave	PWAV	12,500	\$4.30	\$3.78	\$47,250.00	\$(6,500.00)
Dot Hill Syst.	HILL	22,000	\$2.80	\$2.91	\$64,020.00	\$2,420.00
Exxon Mobil	XOM	550	\$81.00	\$83.47	\$45,908.50	\$1,358.50
Broadcom	BRCM	850	\$42.20	\$35.98	\$30,583.00	\$(5,287.00)
Citigroup	C	600	\$47.00	\$41.15	\$24,690.00	\$(3,510.00)
General Mot.	GM	2,000	\$30.75	\$31.81	\$63,620.00	\$2,120.00
Alcoa	AA	2,500	\$17.20	\$16.81	\$42,025.00	\$(975.00)
Ford Motors	F	2,650	\$16.00	\$14.92	\$39,538.00	\$(2,862.00)
Cash + Net Dividends Earned					\$6,669.57	
Portfolio Net Value as of May 31, 2011					\$364,304.07	\$264,304.07

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

No-win month, both for the portfolio and the major indexes. There was a reverse-split (1 for 10) on our Citigroup position.

Sold	Bot
JPM \$42.75 NVDA \$20.00 GLUU \$5.00	HILL \$2.80 GM \$30.75

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Annualized Return Since Inception:
+68.38%

2009 >>> **+98.97%**

2010 >>> **+56.84%**

On January 1, 2009, **walnut** finance invested \$100,000 split evenly over five different US-listed securities. The table on the right gives the result of that investment as of May 31, 2011. Dividends are net and not re-invested. Total return is +264.30%.

Current Value:

\$364,304.07

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