

WF NewsLetter



SUMMARY

- **NASDAQ, etc...**
- **Forex**
- **Yahoo!**
- **Winners**
- **WF US Portfolio**



NASDAQ, Dow Jones, *the Winners!*

As you will be able to read next page, both the NASDAQ and the Dow Jones are up year-to-date. Idem for other major indexes such as the Footsie, Nikkei or CAC 40. Actually, the NASDAQ and the Nikkei are close to a +20% performance! Whether it's a short lived rally or the beginning of the end of the financial crisis, we don't know yet, but interestingly some major financial institutions such as Goldman (up +88% year-to-date), the President's men (or the other way round) are already coming out with outstanding results. Rates

are at their lowest, with the official saving rate in France (Caisse d'Epargne) at its all-time low of 1.25%. So is it too late (already) or too early (still) to invest? We think there is a window that will spread over 2009 and 2010 to build portfolios with caution. Our advice, invest with a goal and take and sit on profits when you have reached those goals, the markets will be volatile enough to provide everyone with an investment opportunity, and there are still bad news to come. But if you feel the worst is over, then a gradual build up of a diversified portfolio is as good

a bet as anything else. The same actually applies to real estate. At least in Europe and the US where transaction are again climbing up. If not prices. As for Dubai and the rest of the Gulf, we caution advice: there are a lot of unanswered for questions such as the fate of ghost programs (those that have never seen anything else than a 10% deposit). We are also cautious on the Gulf stock markets with the assets freeze of some large family groups in Saudi Arabia. Conclusion: time to get in WITH CARE.

Microsoft (MSFT)

Good play on Yahoo! And a potential competitor to Google

HSBC (HSBA.L)

More bad loans, more bad news.

Michelin (ML.PA)

Auto sales still declining worldwide, tires are not fashionable

Pharmaceuticals

With the swine flu now a global phenomenon –as per WHO- a good play, all of them



Technicalities: *Forex*

Forex is the best known abbreviation to say "how to lose money with a high degree of certainty". Banks do Forex both for their corporate clients and for their own portfolios. Individual clients usually do it out of greed and naturally lose their money. Like in Vegas, one thing is for sure: you cannot beat

the system. A reminder first, Forex is simply the process of selling a currency to buy another one. For the major duos (EUR/USD, USD/JPY, etc...) it is an extremely liquid market, you can trade any day, any time. The average daily turnover is estimated at \$ 4 Trillion. You can trade cash (spot), forward,

futures, swaps or even options on the currencies. Yes! You may be right, dollar is going to move up, but do not forget the commissions and don't be too greedy waiting for the next peep to cash in (meaning reverting, again a commission) or it may fall back on you as quickly as meteorite!

Joker of the Year? *Yahoo!*

Just one year ago, Microsoft, in order to compete with Google on the search business made a \$47 Billion offer to Yahoo! The offer was flatly rejected, Carol Bartz, Yahoo! CEO saying that it would

take loads of money to buy them out. Last week, a year into the worst financial crisis, Yahoo! advertising revenues have plummeted and Microsoft got Yahoo! for \$0. Zero. And that's for the Joker.

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QUOTE OF THE MONTH

**"Formula for success:
rise early, work hard,
strike oil"**

**J. Paul Getty,
US Industrialist**

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 July 31, 2009. Dividends are net and not re-invested. The current profit is +36.84% (or +73.69% annualized).

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Index	Last	Year-to-date	1-Year	5-Year
Dow Jones	9,171.61	+4.58%	-19.39%	-9.55%
NASDAQ	1,978.50	+19.74%	-16.01%	+7.64%
CAC 40	3,426.27	+1.97%	-21.99%	-1.68%
FTSE 100	4,608.36	+2.29%	-13.38%	+6.23%
Nikkei 225	10,365.83	+16.78%	-22.51%	-8.48%
\$/€	1.4259	-5.44%	+8.29%	-15.57%



Armstrong (Lance)

Finally lost the Tour de France and won popularity



Armstrong (Neil)

A small step for man, etc, etc...



The Good, the Bad, and the Ugly

The Professor who breaks in his own house, the cop that doesn't understand a joke when he sees one, and the President who drinks beer

This month's *Winners*

Our selection

Company	Symbol	July '09 Perf	Year-to-date Perf	Price
Goldman Sachs	GS	+10.76%	+88.22%	\$ 163.30
Microsoft	MSFT	-1.05%	+23.21%	\$ 23.52
Amgen	AMGN	+17.70%	+4.46%	\$ 62.31
Taiwan Semicon.	TSM	+11.82%	+39.60%	\$10.47
Nvidia	NVDA	+14.53%	+45.77%	\$ 12.93
BNP Paribas	BNP.PA	+10.59%	+50.00%	€ 51.15
Crédit Agricole	ACA.PA	+11.58%	+16.51%	€ 10.02

Walnut Finance \$100,000 Portfolio

Company	Symbol	Shares	Bought	Last	Value	P/L
AIG	AIG	574	\$ 34.80	\$ 13.14	\$ 7,542.36	(\$ 12,432.84)
Arcelor Mittal	MT	679	\$ 29.43	\$36.04	\$ 24,471.16	\$ 4,488.19
Bank of America	BAC	1,395	\$ 14.33	\$ 14.79	\$20,632.05	\$ 641.70
Nvidia	NVDA	2,254	\$ 8.87	\$ 12.93	\$ 29,144.22	\$ 9,151.24
Powerwave Tech.	PWAV	43,478	\$ 0.46	\$ 1.26	\$ 54,782.28	\$34,782.40
Cash + Net Dividends Earned					\$271.03	
Portfolio Net Value as of July 31, 2009					\$ 136,843.10	\$ 36,843.10

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

With a net profit of \$ 36,843.10, Walnut Finance model US portfolio is up +73.69% (annualized). In July AIG suffered a 10 for 1

reverse split and lost -28.00%. Otherwise, the rest of the holdings moved in mine with the market. No transaction in July.