

Etsior selects strategies and funds that can bring an edge in asset allocation and portfolio construction.

Etsior focuses on funds that:

- Have an original strategy or approach
- Bring a real diversification
- Offer a good performance coupled with an acceptable risk
- Emerge from a strong idea, a forceful manager's personality or both

Etsior connects Fund Managers (Single Hedge Funds, Funds of Funds managers, Private Equity as well as Long only Funds) with Institutional Investors.

Well introduced in the Geneva area, we are focused on an unparalleled level of service.

Through our website, Etsior offers an easy access to reliable, up to date and accurate information on the funds we introduce as well as on third party funds.

Our selection is always put in the macro-economical perspective to exploit the short to medium market trends.

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A few months ago, I was trying to explain one of my friends why the oil barrel dropped 25%, just after his mother had filled up her heating fuel tank. I had to explain passive investors had been buying, though there was no actual supply shortage and that they were now selling.

Today there are 2 contradictory views on the oil price evolution: the first one is betting on a 40\$, the other one on a 72\$/ barrel price. We are now hovering on a 55-60\$ price.

If we look at the fundamentals, we see an increasing world demand for energy originating essentially in developing countries. China alone expects an average consumption growth of at least 5% in the coming 5 years, while the projected global supply increase is capped at 1-2%.

The World Energy Outlook 2006 Reference Scenario states that *"non-OPEC conventional crude oil output will peak by the middle of the next decade"* and that *"growing oil exports from the Middle East will focus attention on the world's vulnerability to oil-supply disruptions, not least because the bulk of the additional exports will involve transport along maritime routes susceptible to piracy, terrorist attacks or accidents."*

The Outlook assesses that nuclear power could make a major contribution to reducing dependence on imported gas and curbing CO2 emissions in a cost-effective way.

On the other hand what do we see:

- A tremendous global push in the construction of nuclear plants: just look at the unexpected 2 nuclear plants China granted to Areva, after 4 have been ordered from Westinghouse by the end of 2006.
- Heavy investments in bio-fuel ventures. Though the balance sheet is not clear today (surge in food prices, modest yield), outputs will dramatically improve in the next years
- Tremendous efforts in saving energy through home insulation, energy self sufficient buildings, better engines, energy saving electrical devices
- Alternative energies as wind and solar power

Shorter term, there is no shortage of energy as long as no major geopolitical event breaks out. Higher cost of storage may widen the spread between cash and forward contracts and may prompt passive investors to retreat, but the minimum price to cover the exploration costs of the majors lies between 45 and 55\$.

In conclusion:

- I do not believe in a barrel price going down to \$40, \$35 or even \$30
- I expect the barrel price to hold in a \$50-\$60 range, *unless we have a major geopolitical issue*
- I trust the human genius, so new energy saving solutions and new energies will develop
- I do believe nuclear power is a must which implies spending billions as well as a possible shortage of uranium

KUNG HEI FAT CHOY! (Happy Chinese New Year!)

We care for you.