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- 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.

Michel Benveniste



ETSior Sarl
112, route de Florissant
1206 Geneva (Switzerland)
Tel. +41(0)79 792 3667
mbe@etsior.com
www.etsior.com

Etsior Monthly Opinion

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After having heard very alarming reports concerning the US economy, oil prices, stock markets etc..., let's take a moment to think it about.

Let's start with the housing market in the US, the subprime mortgage awful stories and the consequences on all the credit industry.

In February, all of a sudden, people realised some US consumers had been borrowing in a speculative way and that it could not last forever. People were borrowing against their houses, and then waited for the next raise, borrowing again and spending the money. Banks were very friendly in lending money, even to people who did not have a good credit rating, as long as their collateral was judged sufficient.

When this bubble started to burst, *people, as always, overdid it*: the market would collapse, all subprime borrowers in *all* industries would be affected, all asset based lending businesses would be hurt.

They were forgetting a few things: the US housing market is very regional. Ask your friends in New York about the decreasing home prices... There are some markets like Florida where the speculation ran like hell; these did feel the correction. Then why for example confounding subprime mortgage backed lending with subprime auto loan? Amounts involved are not the same: ten to fifteen thousand dollars for auto loans, 3 to 4 years duration with a 70% loan to value against several hundred, 90 to 100% loan to value, 30 years for mortgage lending. All borrowers are not subprime, nor residential. Now smart people have gently exited from this market and have a lot of cash available.

Take interest rates: consequence of the housing markets, the US economy was to enter into a recession. It appears the problems encountered in the housing markets are not that serious vis-à-vis the whole economy. Easter sales were excellent; the Fed confirmed it had no real plan to lower interest rates. It may rise them instead, as inflation is getting of greater concern.

Take the Asian bourses: after some profit taking in February, we are hitting new records as they reflect or anticipate the growth of their economies. Cash available is so high that it was difficult to imagine the correction would last for long. This is the same with European and US equities, as world economy forecasts are not bad at all.

Withdrawal from the housing market means more cash available and more money going to the stock exchanges.

Take the dollar: of course there is defiance against the dollar. But how can you imagine China can let the dollar go, when a great part of its economy is based on exports to the dollar zone?

All this was expressed in my previous letters.

I have an interrogation: gold. Everybody is very bullish on gold, and that makes me doubt. But I am confident on other metals: copper, uranium and a few others, directly dependent on the growth of the economy.

I have a doubt on the long term sustainability of ethanol, as it depends on subsidies and requires a lot of the agricultural resources.

I am only afraid of a geopolitical turmoil with Iran, but I do not believe it will take place in the next months or so: internal political fights in this country and the containment from the international community should prevent it. I may be wrong, and this could indeed challenge this analysis.

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