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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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Etsior Monthly Opinion

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Stays in New York are always very interesting when you come from Europe. They bring a different lightning on geopolitical events as well on markets and society.

When I arrived in New York last week, Mr Sarkozy had just been elected President of **France** . All my American friends and relations were quite happy of this election, considering it as a turn in the Franco-American relationships. I have not met anybody arguing Mr. Chirac was wrong on his position on the war in Iraq. But the way he expressed it made the French look very unfriendly to Americans. Co-operation between the two countries can be excellent in Afghanistan, in Africa, or fighting terrorism, the French are (or were) not considered as dependable allies. The election of Mr Sarkozy may bring a new tone: without basically changing anything, it can make things easier between the two countries.

Interesting to point out: the concern of most of the people about the **markets** .

Main worry: the subprime mortgages and the risks of diffusion. A lot of people believe the markets are going to experience a severe draw back in the next months or so. They consider subprime borrowers won't be able to repay their mortgages as the real estate prices are going down. Consequently, construction will be put to a halt, a lot of people will lose their jobs and the economy will stall. People will sell stocks, interests rates will fall and a recession will start.

I do not agree with this analysis for the following reasons: *liquidity is abundant*; people are spending a lot of money, buying exclusive high priced products. When liquidity is abundant, chances the markets go down are limited. Inflation is probably higher as officially claimed. Residential is not all, as commercial real estate looks healthy. Not all borrowers are subprime and the smart ones have cashed out to go to the equity markets. Interestingly, a lot of people believe the mortgage subprime crisis will extend to all the subprime credit and that subprime borrowers should not be granted any credit. I do not believe it as the nature of the loans, the amounts at stake, the interest rates (fixed vs. adjustable) are very different from one sector to another. Consequently the same people believe the interest rates will move down. For the same reasons I reckon they will remain stable or will slightly raise.

Some consensus about **Japan** : people believe the yen is undervalued especially against the dollar and that properties in Japan have bottomed down. So playing Japanese real estate stocks may be an interesting move.

Finally I attended a **family office** conference. Some interesting points: families feel the need of communicating with their peers to access reliable information, transcend boundaries, and put their experience in common. A family alliance has been created to achieve it, in collaboration with the Wharton School. Families have conflicts and very often family members don't talk to each other. People have specialized in offering intermediation to help cope with conflicts ("Contain if necessary, resolve if possible, best of all prevent", William Ury, *The Third Side*). Other people have specialized in family governance to help preserve capital, but also to help assure the cohesion of the family and the education of younger generations according to the family's values. Managing the "Soft" issues seems to be a hot issue too, covering travel agency services, hiring and managing in-house employees, and planning medical care. *Beati pauperes spiritu...*

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