KMI Exclusive Newsletter

6th February 2012

Dear Clients and Investors

January has gone already, so our first newsletter in 2012 contains the following;

Who would you say was the most indebted nation in the World?

In a world where we now talk of debts rather than assets when considering a Nation States' well being, in this issue we list the Top 20 worse off; just see who comes in at No 2 and No 20!! And an amazing 15 countries are within the EEC!

We look at a top performing fund.

We attach our current list of corporate bonds.

An economic review attached from JP Morgan.

The new Boss of the ECB (European Central Bank).

The Curzon - Traded Options Fund Characteristics

The Traded Options Fund aims to achieve capital growth by writing options. The principal strategy employed is a "short strangle" which:

- Is created by the Trader selling an out-of-the-money Call Option and selling an out-of-the-money Put Option with the same expiry date.
- Provides the Trader with an initial option premium, which will be the profit if the underlying asset price remains within the two option strike prices.

Both Options (Put and Call) are sold to enhance returns and reduce risk. A limited number of Options are traded based on the UK FTSE 100 Index, FTSE 100 equities, gold, crude oil (WTI) and the USD/EUR currencies. Risk is actively managed whereby the option strike prices and expiries are adjusted to compensate for any moves in the underlying asset prices. The minimum investment is £10,000. Performance and prospectus details on request.

The New Boss of the ECB (European Central Bank)

Mario Draghi, the European Central Bank's new president appears to have worked wonders in promising unlimited funding to Europe's stricken banks. He has very likely saved the Continent from the Lehman's moment for which it was undoubtedly heading. Both Spain and Italy have also found it easier to fund themselves in financial markets and spreads have narrowed. Banks have been encouraged to borrow cheaply from the ECB to buy higher-yielding government bonds – the "Sarkozy carry trade" – which in turn has allowed countries to finance themselves less expensively.

By the time this month's auction is over, the ECB will have doled out nearly one and a half trillion Euros of "free" money to help keep the banking system alive, with much more to come over the months ahead.

Nobody is under any illusions. These actions have not succeeded in vanquishing the crisis. Underlying structural issues remain unresolved and it is most unlikely that the starvation diet, to which much of the Eurozone periphery has been condemned, will result in robust recovery. But Mr Draghi has at least prevented the patient from dying on the slab. Three cheers for that!

The World's Worst Indebted Nations

1. Ireland - 1,382%
External debt (as % of GDP): 1,382% Gross external debt: $2.38 trillion
2010 GDP (est): $172.3 billion External debt per capita: $566,756

2. United Kingdom - 413.3%
External debt (as % of GDP): 413.3% Gross external debt: $8.981 trillion
2010 GDP (est): $2.173 trillion External debt per capita: $146,953

3. Switzerland* - 401.9%
External debt (as % of GDP): 401.9% Gross external debt: $1.304 trillion
2010 GDP (est): $324.5 billion External debt per capita: $171,528

4. Netherlands - 376.3%
External debt (as % of GDP): 376.3% Gross external debt: $2.55 trillion
2010 GDP (est): $676.9 billion External debt per capita: $152,380

5. Belgium - 335.9%
External debt (as % of GDP): 335.9% Gross external debt: $1.324 trillion
2010 GDP (est): $394.3 billion External debt per capita: $127,197

6. Denmark - 310.4%
External debt (as % of GDP): 310.4% Gross external debt: $626.1 billion
2010 GDP (est): $201.7 billion External debt per capita: $113,826

7. Sweden - 282.2%
External debt (as % of GDP): 282.2% Gross external debt: $1.001 trillion
2010 GDP (est): $354.7 billion External debt per capita: $110,479

8. Finland - 271.5%
External debt (as % of GDP): 271.5% Gross external debt: $505.06 billion
2010 GDP (est): $186 billion External debt per capita: $96,197

9. Austria - 261.1%
External debt (as % of GDP): 261.1% Gross external debt: $867.14 billion
2010 GDP (est): $332 billion External debt per capita: $105,616

10. Norway* - 251%
External debt (as % of GDP): 251% Gross external debt: $640.7 billion
2010 GDP (est): $255.3 billion External debt per capita: $137,476

11. Hong Kong* - 250.4%
External debt (as % of GDP): 250.4% Gross external debt: $815.65 billion
2010 GDP (est): $325.8 billion External debt per capita: $115,612

12. France - 250%
External debt (as % of GDP): 250% Gross external debt: $5.37 trillion
2010 GDP (est): $2.15 trillion External debt per capita: $83,781

13. Portugal - 223.6%
External debt (as % of GDP): 223.6% Gross external debt: $552.23 billion
2010 GDP (est): $247 billion External debt per capita: $51,572

14. Germany - 185.1%
External debt (as % of GDP): 185.1% Gross external debt: $5.44 trillion
2010 GDP (est): $2.94 trillion External debt per capita: $51,572

15. Greece - 182.2%
External debt (as % of GDP): 182.2% Gross external debt: $579.7 billion
2010 GDP (est): $318.1 billion External debt per capita: $53,984

16. Spain - 179.4%
External debt (as % of GDP): 179.4% Gross external debt: $2.46 trillion
2010 GDP (est): $1.37 trillion External debt per capita: $60,614

17. Italy - 146.6%
External debt (as % of GDP): 146.6% Gross external debt: $2.602 trillion
2010 GDP (est): $1.77 trillion External debt per capita: $44,760

18. Australia* - 138.9%
External debt (as % of GDP): 138.9% Gross external debt: $1.23 trillion
2010 GDP (est): $882.4 billion External debt per capita: $57,641

19. Hungary - 120.1%
External debt (as % of GDP): 120.1% Gross external debt: $225.24 billion
2009 GDP (est): $187.6 billion External debt per capita: $22,739

20. United States* - 101.1%
External debt (as % of GDP): 101.1% Gross external debt: $14.825 trillion
2009 GDP (est): $14.66 trillion External debt per capita: $48,258

- *Not a member of the EEC.

May we wish all our clients an enjoyable winter period. If skiing, use head gear; we may need all our brain power with asset choice this coming year.

Happy investing

Lee R.J. Green *Cert.PFS*

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