

## ***WARRANTS ATTENTION:***

***Points of Recognition (Dow Jones & Shanghai Composite):***

***The Relentless Bull (Gold):***

***The Overdue Bull (Yen)***



**January 24, 2008**

**As a result of global market activity, the February report comes early this month. Due to that same market activity, an interim report will likely come out sooner rather than later.**

### **"THE OPPORTUNITY"**

**To revisit the December and January reports (pages 1 – 9 and pages 1 – 5, respectively), the multi-year Japan versus China and Japan versus US out-performance warrants have increased 200% - 300%, depending on the preferred variables. Intrinsically, these investments contain long/short aspects and are globally strategic as well, for asset (re-)allocation purposes, leveraged profit potential notwithstanding.**

**A key portion pertaining to the warrants is reprinted immediately below. Precisely due to the fact that even Japan has gotten bombed, I have highlighted certain lines in red, so please take note.**

**From the January report:**

**“The key to profiting from a major international out-performance play stems from knowing:**

- What region will be strong**
- What offers the best value within that region, relative to the volatility of that index, which in turn determines the long-term premiums that one must pay for that index**
- That engineering which further maximizes leverage AND diminishes risk**

**“Taken together, these three points spell enormous risk-adjusted long-term profit potential.**

**“The last bullet point reflects why little opportunity has been lost, for now, in acquiring what I have engineered, with regard to the special opportunity that the December 2, 2007 report discussed.**

**“For now, it simply seems as if everything is continuing according to the same inter and intra-market relationships. To the trained eye, however, this is not the case. The first quarter will bear this out, as indices start off in new and different inter and intra-market trends (note the Dow and gold today). To truly benefit from that, again, I have structured that which **insulates against this recent kind of forecasted turbulence, but the greater feat will have been to profit mightily by way of this same structuring/strategy. For now, as things get going, its first benefit will have been the insulation against pain. Soon it will have been a matter of extreme profit leverage, even as others suffer sorely. And, with that,....”****

**Engineering, therefore and within the context of the above, refers not only to which indices are selected, but to the ratios in which they are combined. In any event, I have wildly under-estimated profit potential.**

**I estimated 500% - 1500% potential over the first 2 years, but given that recent action has already taken us so close to initial objectives lower-end projections with what are mere blips on the charts, I recall my experiences with the Nikkei put warrants all the way down in 1990, from 39,280 to 19,781.**

**There were multiple trading opportunities and the game of geometry was on. Personally engineering product puts one in the position of master over one’s fate, given supportive markets. And the latter is now a very clear story, for those for whom it was not before.**

The warrants indeed are serving an efficient major global strategic asset (re-)allocation purpose, but also as major leverage story, with such incredible risk aversion.

**A key hint within what I have been writing is that one of the two aspects of the warrants is being bought for almost nothing or actually nothing, as the case may be (there are long AND short sides). This, I have been writing, is what caused so much leverage. Yes, 200% - 300%, and we've just started.**

The timing of the trades plays a key role in running up the gains, even if trading partial positions. For every aspect of the expertise there is a honourable price. For profit, intelligence ranks higher than ego. There will be no further coverage of the warrants. But a final comment:

**Bear in mind, gains have been with everything falling...including Japan! Wait till they diverge.**

**Sid Klein**