INVESTMENT FOR WEALTH

General report

Comments for July 2015

What is new? Do we really have to wait for October for clarification on future market trends?

Our answer is yes, but we have detected some elements that are already tilting the coming events in a defined direction.

On Gold

We have the impression that the low is now more probable for February – beginning of March 2016. Recent technical moves seem to reject an October low.

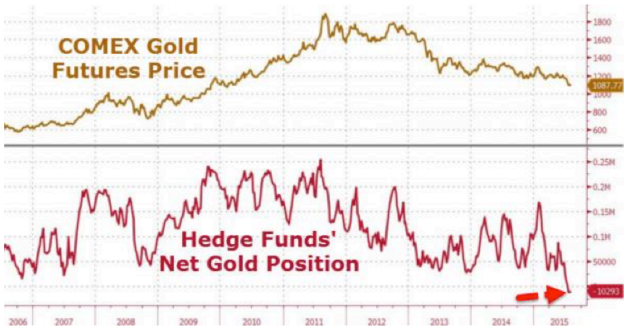
First, we see that the precious market lost energy in its long drawn descent. Silver did not go under its 2014 low as gold did in July 2015. The Commitments of Traders (COT) reports for the futures markets also indicate this loss of force for the downtrend while speculators are at a maximum short level since years and commercials are becoming more and more long. This makes a little rally plausible for August-September.

Secondly, miners have continued to fall, making a new low at 106 in the HUI. Historically mines do precede a turnaround in the gold price. The anticipation should be somewhere between 3 and 6 months. The recent new low in mines seems to imply that the mines can/should not make a new low after Nov-Dec 2015. Seasonally a brake below $1000 for gold in October seems to be unlikely as there should be sufficient physical demand to hold the level of $1030 during that period. As we see the equity markets correcting in the coming months, a big fall in gold in this timeline also becomes less probable.

A third conclusion we make is that the miners, after a multiple week long rebound, risk to fall again and that the HUI index should stabilize around 98 points even if gold makes a move under $1000 in February 2016.

On the Currency Front

The ongoing rout in emerging market currencies and commodity producers is still on. The euro is still expected to fall further, under parity



First the 'new Greek solution' will only be a temporary pause in euro weakness. We could still see a major Greek bank fail before the end of October 2015.

Secondly, the Fed advertises its intention to hike rates in 2015 louder and louder. They say it is data depended but as the figures are not that good (except maybe the jobless rate if you ignore the quality aspect) as the double seasonal adjusted GDP figures show and as inflation is still suppressed (by falling commodities and absent real wage growth). So why does the FED than keep repeating they will hike rates? The last Atlanta Fed publication foresaw a growth of GDP of only 1% for the third quarter of 2015! And remember the Atlanta Fed was spot on for the first and second quarter. We think it just means that the hike is not data dependent, except for a big black swan event. The Fed is succumbing to its critics as they gain more and more mainstream traction. Criticism like: rise now in order to rise less later; regain the interest rate weapon before the next recession; zero rates kill the pension funds; asset inflation becomes bubblish and there is zero trickle down in wages for the 90% of the people. And maybe the one argument that forces the Fed the most is the criticism that zero rates seem to impede also normalization of expected future inflation rates.

Therefore, the fact that the hike will not singularize a growing belief in a stronger US economy has lessened the upward pressure on the dollar vs. the euro for the moment. We still maintain our view that this force will become stronger again from October on, if not earlier.

On the Equity Front

We see worldwide concern about the risk of renewed deterioration in world growth. So an equity correction of 20% or more from the top before the end of October is almost baked in. A September non-data-driven hike would also help to make the case for a stronger risk off move.

However as the market will rapidly detect that the motives for the hike are not tied to the real economy, after the correction, we still see the big liquid US shares ready for a last blow off top around 30.000 for the Dow before the end of the first quarter of 2017 as probable. An equity run driven by fear! Thereafter, we see the crisis leading to the financial reset also touching the US - after having already caused bleeding in Europe, Japan and emerging countries before that date. We believe Chindian equities are the best long term play when the equity correction stops. After the reset, Asia will become the new center piece of the world economy and the financial markets.

On bonds

Will we see the end of the multi-decade long bull in private and public debt confirmed in the coming months? If so, this time the equity correction should no longer push investors reaching toward bonds as a safe haven. At least not in Europe or Japan. This is our scenario and also that of Martin Armstrong who years ago made the case for a first crack in Euro public bonds in October 2015 based on his cycle analysis... Interesting to see if effectively in the coming months the typical mixed portfolio stops to provide good diversification for the first time in more than 30 years. What if this time equities and bonds go lower simultaneously, for weeks? Will some managers be found swimming naked?

Of course we will adjust our asset management in order to profit from any vindication of our vision in the coming months.

We maintain that our Alternative investment strategy will begin to strongly perform/outperform ultimately from mars 2016 onwards for years to come.

As always in our business we can give no guaranties but our best assumptions.

Performances and trading

iW Alternative SIF – Low Risk

The fund has decreased by 6,4% in July, NAV 9.361,06 EUR.

iW Alternative SIF – Commodities & Gold Equities

The fund has decreased by 20,3% in July, NAV 257,48 EUR.

iW Alternative SIF – Real Value Growth Fund

The fund has decreased by 12,7% in July, NAV 56,78 EUR (I), NAV 55,37 EUR (P)

iW Alternative SIF – Apis Lucrosa

The fund is estimated* to have decreased by 4,8% in July, NAV 1166,41 EUR (I), NAV 1083,34 EUR (P)

** The official NAVs for Apis Lucrosa are only available after the 22nd of each month so the figures given are based on our best estimates and could differ from the actual official NAVs.*

Best regards,
For iW Alternative General Partner,
The fund manager

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