

INVESTMENT FOR WEALTH

General report

Comments for Augustus 2015

This time the financial crisis will hit for years to come. Central bankers are losing control and credibility on a worldwide scale.

Denial and postponing are no longer possible.

Our vision on the financial crisis as a thing of the future, a process culminating from 2016 onwards, until a reset is done somewhere before 2020 has won a lot of credibility in the past month.

Quantitative easing and ZIRP are now openly debated as being more of a problem

a hindrance, rather than being the solution for the worldwide lack of real economic growth. This change in mood is even evident nowadays among the central bankers' inner circle. Just as an example. *Stephen D. Williamson - Vice President - St. Louis Fed published a white paper in August : "No evidence QE boosted the economy : "There is no work, to my knowledge, that establishes a link from QE to the ultimate goals of the Fed— inflation and real economic activity. Indeed, casual evidence suggests that QE has been ineffective in increasing inflation".*

Panic hit equity markets

as a small adjustment in the value of the yuan caused a wakeup call among investors. Gone in the blink of an eye are the days of complacency and abundant confidence in the Fed-put. Gone are the days of limitless leverage based on carry trades in zircurrencies stretching from the euro to the yen. Gone are the days that corporates and governments in Emerging countries can suck up billions and billions of US dollar loans at ridiculous interest rates.

The 'full-moneyness' of elevated stock prices evaporated as equity markets fell between 10% and 40% in one month, from China, Japan to Russia, from Germany and the US, from Turkey to Brazil.

The 'full-moneyness' of a lot of currencies was put in doubt. Think Turkish lira, Brazilian real and Russian rouble. (-30% to -40% against the US\$ in less than a year) But also the Indonesian rupiah, Malaysian ringgit,

Peruvian Sol and Columbian peso fell rapidly. And the list goes on and on : the South African rand, etc.

The newly printed wealth based on oceans of central bank liquidity just found no bid in the market once the sellers mood gained the market. Something we have been claiming for years of QE, namely that central bankers can print money in quantity but not in quality, is now becoming evident for a lot of investors.

We also told you at nauseam that amid a global taxation witch hunt (FATCA, cashless society, etc) any ZIRP induced piling up of debt, bearing a diminishing marginal productivity, only postponed and aggravated the worldwide economic crisis.

We saw an initial deflation at least in the developed world as becoming inevitable.

We went a step further claiming that only a rate hike can have a chance to start the needed reflation of the Western world. If not depression and default, war and revolution is to be expected.

We also claimed that gold would only restart its bull market once the confidence in public debt, i.e. once investors would no longer flee to public debt in risk off phases.

In the mean time we claimed that gold would resist deflation better than other commodities on a relative basis.

Recent market events have confirmed the validity of our predictions.

Outlook: Government Bonds Crisis

We now see a perfect alignment in markets to see the first crack in the safe haven attraction of public debt in the Euro zone occurring in the coming weeks. The first crack in public debt already happened at the outer-core : the emerging markets. Now it will gain the inner-core of the Western world : first Europe and in a pure contagion style it will rapidly also infect Japan.

Raising Government debt and higher taxation are slowly killing the hope of economic revival. The China mini-devaluation causes fear of deflation. As the world is now short of some 9 trillion US dollar

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denominated debt (consequence of unconventional ZIRP-policies from Western central bankers) a further rising dollar will exacerbate that fear. So market pundits cry wolf and ask the Fed not to move rates in September. The IMF states the same.

We, we say the only hope to prevent the Western world to fall from a cliff is to start raising rates. They should do it in September but will they? Any delay will only add up to a more instable future.

Outlook: Equity markets

We still maintain that you should stay open to a last blow off top in US equities in 2016 - begin 2017. Only during 2016 and against a strongly raising dollar we may see the 'full-moneyness' of treasuries flawed and only from that moment on will treasuries also start to become a risk asset. If this vision is correct the current market correction will not yet be a real crash. End of October the on-going correction should stop. The Dow bottom target is +/- 13900 after that we see a possible rush to 30.000.

Outlook: Gold (in US\$) market

Gold can still touch just under a \$1000 per ounce in the coming months. But we count on the Fed to start the reflation with a first rate hike any moment now. The effect on the gold market is expected to be certain and positive with a one to two month delay.

In communicating the monthly buying of gold by the PBOC, China seems to already have started their part to reflate the world.

From January to February we expect gold to start a relentless rise towards \$5000.

Precious mining equity will front run the move of gold with some weeks ahead. Happy times for our investors are coming. We see an explosion in future mining earnings. Price earnings will also rise from their ridiculous current levels. The rising dollar will boost the return from a euro perspective even more. ... but we aren't there just yet.

Conclusions

If 2015 was the year of the Rendez-vous d'octobre' (the end the perception of public

debt as a safe haven) on a macro basis march 2016 is our date for the gold bull to run.

Performances and trading

iW Alternative SIF – Low Risk

The fund has decreased by 2,37% in Augustus, NAV 9.139,29 EUR.

iW Alternative SIF – Commodities & Gold Equities

The fund has increased by 1,22% in Augustus, NAV 260,61 EUR.

iW Alternative SIF – Real Value Growth Fund

The fund has decreased by 2,08% in Augustus, NAV 55,62 EUR (I), NAV 54,22 EUR (P)

iW Alternative SIF – Apis Lucrosa

The fund is estimated* to have decreased by 4,15% in Augustus, NAV 1113,95 EUR (I), NAV 1091,83 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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COMMODITIES & GOLD EQUITIES - BLOOMBERG TICKER - IWCOMPE:LX - LU0762436201

LOW RISK - BLOOMBERG TICKER - IWLWRPE:LX - LU0762435906

REAL VALUE GROWTH FUND P - BLOOMBERG TICKER - IWRVGPE:LX - LU0762436110 REAL VALUE GROWTH FUND I - BLOOMBERG TICKER - IWRVGIE:LX - LU0762436037

APIS LUCROSA P - BLOOMBERG TICKER - IWALPEU:LX - LU1071456054 APIS LUCROSA I - BLOOMBERG TICKER - IWALIEU:LX - LU107145389