



COMMENTARY FOR DECEMBER 2015

TINA AND YELLEN UNDER SIEGE LIKE GERMAN
GRETEL ON NEW YEAR'S EVE IN COLOGNE



WILL 2016 BE THE YEAR THEY SLAUGHTER THE SHEEP?

During 2015 you had to be invested in risk-on assets: high yield and equities. Not because of booming economies and profit growth on the corporate level, no... you had to because of TINA (There is no alternative) and ... Yellen, Draghi and co.

TINA because ZIRP forced the sheep flocking towards risk taking to arrive at greener pastures i.e. a viable return.

Yellen, Draghi and co because they, the central bankers would never harm the market. Even during a hiking cycle with full employment would the Fed stay forever accommodative. While Draghi would remain ready for whatever the market needs. In China, the PBOC held so many reserves, they could overcome every economic malaise.

Hence the sheep, the overconfident investors, didn't need any hedging against central bank policy failure. To the contrary, gold was to be sold and even shorted in such environment. Only stupid 'gold bugs' and retarded 'Austrian' schooled economists were left defending the cause for precious metals.

The sheep laughed, even ridiculed gold investors, saying: see even wars in Ukraine or the Middle East can't push gold up. Gold is no longer a fear driven asset. Gold is no longer and never will be a safe haven asset again.

But TINA caught a cold in August 2015. A yuan mini-devaluation shocked the market. Emerging market currencies began to

flounder from the Russian ruble to the Turkish lira. Even advanced economies fell in trouble. The Loonie and the Aussie also fell heavily.

High yield fell and continued to fall towards year end. Commodities never seemed to get a reprieve and especially the energy prices went through the mangle with ferocity.

Even the star markets, the Dow Jones and the NASDAQ, lost some of their TINA attractiveness.

The first Fed hike on 15-16 December, the absence of new Abe Shinzo actions and the lack of 'sufficient' action from Draghi in December did of course not help.

US equities ended with small losses in 2015, abstraction made of dividends.

High yield stayed in liquidation mood.

Emerging currencies flirted with new lows against the dollar.

Still gold stayed depressed even under the face of these risks.

We warned you not get confused. Gold was not ended as a safe haven. It was just that, too much complacency in central bank powers, still in this risk-off phase, had the upper hand.

The risk-off was still seen as temporary and as the mainstream thinking was still: "if things become more serious the Fed will stop hiking and even install QE4, Draghi and Japan will do more, and the PBOC still has rate cuts and ample reserves at its disposal."

You still had to fall for TINA's fatal attraction. You still had to sell gold in any case.

ONE WEEK INTO 2016, TINA ALREADY DEFLOWERED AMID GROWING SCOLDING CENTRAL BANKERS

Regarding the first week of 2016 TINA seems to have lost her virginity:

EQUITIES

DAX -8.32%, Shanghai Composite -9.97%,
S&P 500 -5.96%, NASDAQ -7.26%

CURRENCIES

Aussie -4.06%, Mexican Peso -4.06%, ZAR -5.12%, Ruble -2.98%



COMMODITIES

WTI -10.48% to a new 12 year low, Copper down -5.29%

PRECIOUS METALS

And Gold? It just went up a bit: \$ +43, the HUI +6.62%

Crying for help, the sheep scolded the Fed. Titles like: Yellen's hike is the Fed's biggest policy mistake since decades, became rampant. Draghi was seen as an imposter who unsettled the market by stupidity for not doing 'whatever' the hedge funds needed. Abe was scolded for being asleep at the bank.

We stay nimble. This first up-reaction in gold on safe haven bids in four years is not Nirvana. It is just one first swallow announcing that the gold market is ready for a change in direction in the coming months.

We still see a bottom in gold, below \$1000, as possible between February and March 2016.

A yearend gold price around \$1200-1250 is our reasonable target. If it happens, mines should go higher in 2016.

If the market goes beyond, it will only mean that distress and distrust have already gone a lot further in 2016 than we think now. Remember we said central bankers are losing power but they still retain some, i.e. they are not swimming naked yet.

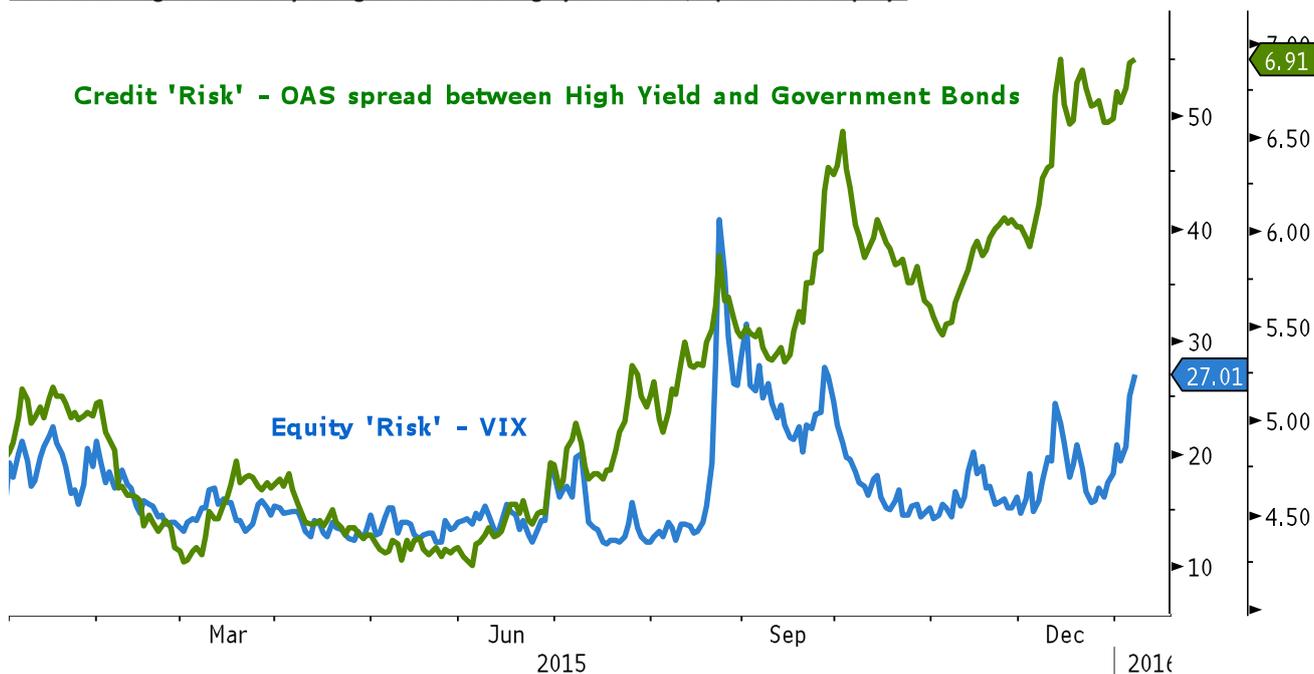
So let us continue to resist attacks by the sheep all through 2016. Our vindication with gold at \$3500-5000 is targeted for 2018-2020. 2017 is the year gold should attack its former high of \$1900.

Best regards,

for iW Alternative Alternative General Partner,

the fund manager

Yellen and Draghi are already losing control of the high yield market, a prelude for equity?





PERFORMANCES FOR DECEMBER 2015

	Class	ISIN	MTD	YTD	NAV
iW Alternative SIF – Low Risk	P	LU0762435906	-2.70%	+2.65%	€ 9,166.83
iW Alternative SIF – Commodities & Gold Equities	P	LU0762436201	-5.06%	-8.61%	€ 257.63
iW Alternative SIF – Real Value Growth Fund	I	LU0762436037	-4.27%	-4.49%	€ 54.88
	P	LU0762436110	-4.28%	-4.86%	€ 53.46
iW Alternative SIF – Apis Lucrosa	I	LU1071453895	-4.03%*	+1.33%*	€ 1125.28*
	P	LU1071456054	-4.03%*	+0.72%*	€ 1042.45*

* The official NAVs for Apis Lucrosa are only available on the 16th of each month so the figures given are based on our best estimates and could differ from the actual official NAVs

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