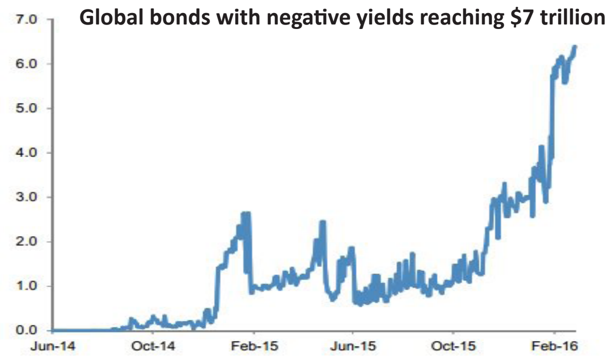
Commentary for February 2016

Markets in the sign of Uncertainty

Uncertainty is spreading its wings over all the segments of the financial markets.

Uncertainty about monetary policies. Is there a positive outcome from zero rates and QE? Can Japan and the EU do more QE? Can they go more NIRP, can the US install NIRP if US growth flounders? Can deficit spending help to achieve more sustainable growth or will debt charges come to haunt those who travel such pad?



Why has productivity growth been so small in the last decade?

Has the commodity sector begin to bounce for real? Or are we in front of some spectacular short squeeze in distorted markets and are the lows still not in?

Is the deflation fear justified or is wage pushed inflation at the doorstep?

Is the current rally in gold foretelling coming currency debacles or is it just a noisy blip that will lead to new lows?

Has the dollar topped out or is this just a retracement before relaunching against emerging currencies and against the euro and the yen?

Why has the yen become a safe haven in risk-off periods? How does it rhyme with 250% public debt to GDP for Japan? Is it just because the Japanese are record holders for savings and has this been reinforced with Kuroda's NIRP?

Is the middle east powder keg ready to explode, helped by religion hatred between Sunni and Shiites and 'daesh crusades'?

Are the tensions between world powers, who are wrestling with economic problems and social misery, leading to new wars?

Will currency devaluations lead to new trade wars and tariff barriers?

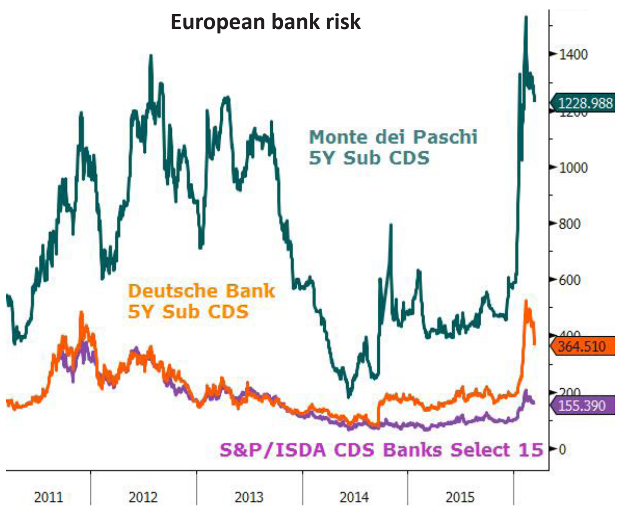
Will there ever come an end to the hunt for taxes by governments incapable of addressing ever growing debt ratios? How long will the 'common' people accept that this deprivation is done to help them, to combat climate change, to combat terrorism and criminality? Will the suggested outlawing of cash start with the retirement of the 500 euro bill? When will it be the one step to far?

How can we seriously imagine better growth if the financing of the low-productive (or unproductive) public sector continues to compete more and more for funding to the detriment of the available pool of finances to the private sector?

What will happen to market depth and the real economy with regulators, always fighting the last war and already killing economic growth by installing new rules?

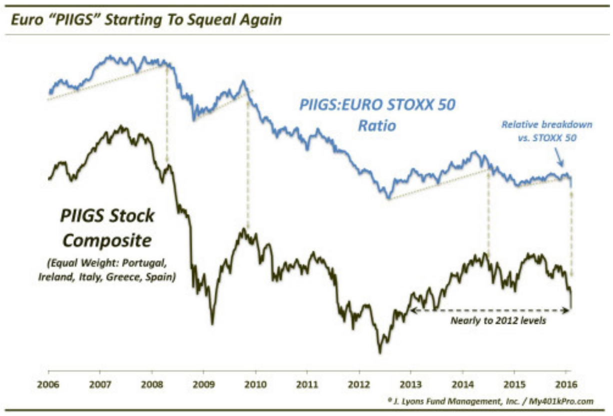
How will the uncertainty about future social transfers, especially about the promised pensions, impact consumer behavior in the coming years?

Financial repression by ZIRP and NIRP is already weighting on pension funds and bank revenues. Insurers and bankers are forced to take on more risk in an uncertain word. Is this the road to a real recovery?



Let's not waste our time answering these questions. Isn't just asking these questions in se answering them?

These uncertainties will take their toll. From the periphery to the core, confidence will be lost.



Financial markets will become violently instable. Productive capital, enterprises, will withhold on productive investments. Consumers will withhold and boost their savings in trying to become their own reserve bank.

Governments will continue taking on more debt and will be bursting out more taxes.

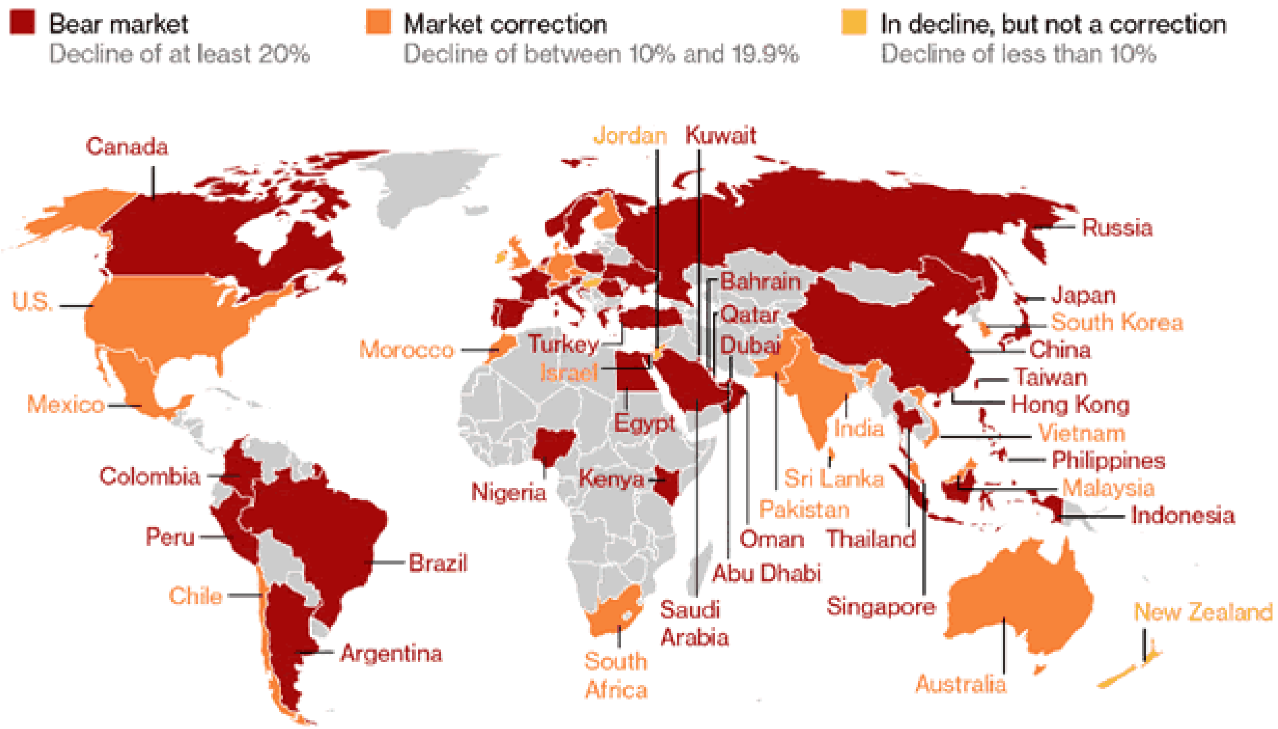
Central bankers will print in quantity but not in quality. Some central bankers will lose the battle to compensate for the loss of money velocity by relentless printing. Even helicopter money will in the end not alter the outcome. The worldwide money reset will happen…

But as always, a loss of confidence is not a moment in time, it is a long-drawn-out process. Some interactions by market participants, rulers and central planners can create brutal temporary counter waves.

To navigate the financial markets in such an environment successfully we have some advice.

Do not time and bet the farm on a specific market segment move in a fixed time lapse. Losing the farm on a wrong footed bet, even if in the end you were 100% vindicated by market outcomes, is suicidal. Remember Jesse Livermore and Isaac Newton's misfortune.

Keep a minimum level of insurance, i.e. exposure to precious



Source: *Bloomberg*

metals, during the whole process, even as counter rally fears or an irresistible desire to take profits conquer your senses.

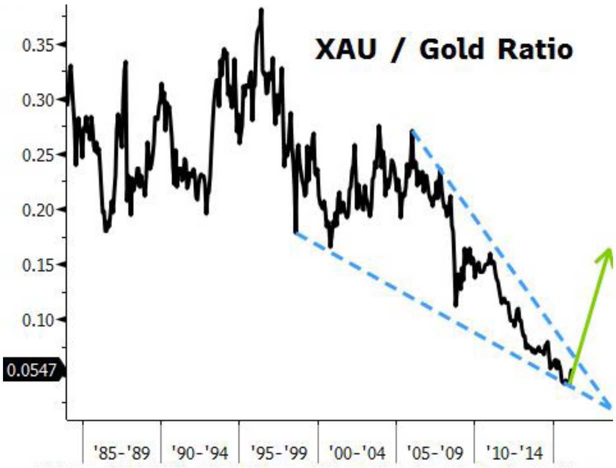
Stay away from public debt and low quality corporate bonds.

Stay open for a blow up top formation, driven by the fear of financial repression, in most international equity markets.

Stay open for a possible brutal second dollar up leg before the world's reserve currency loose it's 'singularity' allures. On this one Buffet will have it wrong, but only in due and uncertain timing.

Accept the nice run in gold equities since the start of the year with gratitude and stay nimble. Stay invested as nobody knows when this moves will pause or still even reverse and make a new low. Do not assume it is now impossible for gold to fall under a $1000. If such a fall happens do not panic but use it to augment your exposure. Fear nor greed should rule you.

In precious metal assets try to buy the dips that will come along.



Remember that last minute buyers after a big rally are always fresh food for the 'Banksters'. They know how to drive the sheep from greed to fear by creating unexpected market moves. If you were underinvested wait disciplined for a correction. If you take profits do not become arrogant by selling the whole position. Sometimes market rallies do not allow you to reenter for a frustrating long period.

Stay the course till the process of 'reset' is done. In the chaotic times to come never be without insurance.

For equity markets selling the rally's is our advice. You should have done some trimming of your exposure last summer. We still think it is too early to re-allocate. Let see what is the impact from the coming weeks central bankers' actions to calculate if a playable equity rally is on hand.

We said that Tina was assaulted on New Year's Eve. We said that the first cracks in central bankers, forcing market players to lever up on risk taking, have become evident worldwide. Greed driven equity buying is losing force due to the started loss in confidence.

We still think that there will be a future period in time where fear from an erroneous central bank policy fall-out and government induced financial repression, will make TINA i.e. investing in equities, a fatal attraction. The famous flight from public to private money will not be a sign of good times, but still Tina will do her last act.

In the end phase Tina will die after being gang-banged by brutal market forces like social despair, bond vigilantes, debt defaults, panics, rampant inflation (hyperinflation is the pennant of a complete loss of faith in a currency look at Venezuela now) etc. You know the list is endless.

We use the term fatal because fear driven bubbles tend to do more harm when they explode than bubbles caused by greed.

It is the hardship caused by this explosion that in the end will force the powers to be to accept finally their impotence and forces to install the worldwide financial reset.

Best regards,

for iW Alternative Alternative General Partner,

the fund manager

iW PARTNERS
ASSET MANAGEMENT - ASSET SERVICES - ASSET SOLUTIONS

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Performances for February 2016

	Class	ISIN	MTD	YTD	NAV
iW Alternative SIF – Low Risk	P	LU0762435906	+13.36%	+10.36%	€10,116.15
iW Alternative SIF – Commodities & Gold Equities	P	LU0762436201	+44.62%	+45.91%	€ 375.92
iW Alternative SIF – Real Value Growth Fund	I	LU0762436037	+26.06%	+23.94%	€ 68.02
	P	LU0762436110	+26.04%	+23.87%	€ 66.22
iW Alternative SIF – Apis Lucrosa	I	LU1071453895	+5.95%*	+2.94%*	€ 1159.16*
	P	LU1071456054	+5.91%*	+2.86%*	€ 1072.41*

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