

INVESTMENT FOR WEALTH

General report

Comments for February 2014

So far so good

Indeed, February was again a positive month with nice returns for the iW Alternative funds. This shrill contrast with 2013 is indicating a market sea change. Some of the optimism in the equity markets seems less powerful to push the markets higher. Although we think that this hesitant phase can go on for somewhat longer, influenced by the Ukrainian crisis, we think that the reach for yield will still foster towards an equity market blow off top.

It is still not certain whether physical gold has bottomed. We maintain that the short covering rally has not yet evolved into a new bull run, so a retest of \$1180 is probably coming. Our target is a bottom around \$1080. For the mining sector the upcycle has in our opinion already started. The glass is half full and a multiple expansion leading to a revaluation of the sector has begun. Silver is still lagging and we expect this to continue until gold has bottomed.

Physical gold will first need to attract more demand from the love trade, especially from Chindia (China and India). The results of the Indian elections (expected in the first half of May) could again liberate the Indian demand into full force. The love trade will be influenced by the growth of the Chinese and Indian economies. The more these countries grow, the more the love trade for gold will develop. If the love trade were the only factor pushing gold higher, the move would be less volatile and more moderate.

The fear trade from the West (Japan included) could start at any moment with a renewed euro-crisis momentum, a failed Abenomics experiment and more fundamentally growing recognition of cost push inflation in the US with the fed perceived behind the yield curve (even after a complete termination of QE). War mongering and social unrest in the developing world could also add to the fear trade. Our appreciation of these phenomena will dictate our tactical allocation for the coming years. Once the love AND fear trade are perfectly aligned, we envision gold surpassing \$3500 per ounce, horizon 2016-2017.

Performances and trading

iW Alternativ SIF – Low Risk

The fund has increased by 6,5% in February, NAV 9445,31 EUR.

iW Alternativ SIF – Commodities

The fund has increased by 13,2% in February, NAV 412,28 EUR.

iW Alternativ SIF – Real Value Growth

The fund has increased by 7,9% in February, NAV 69,16 EUR (I), NAV 67,99 EUR (P)

Best regards,
The fund manager

Note : This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Additional information is available upon request.

The information, tools and material presented in this document are provided for information purposes only and are not to be used or considered as an offer or solicitation to buy, sell or subscribe any securities or other financial instruments. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, expressed or implied, is made by "iW" regarding future performance. Information found in this report has been prepared based on information provided by various financial sources. Information usually attributable to a unique specific source is quoted whenever such information is available. Otherwise, the information may have been gathered from public news dissemination services such as Bloomberg, Reuters or any other news services.

Information and opinions presented by "iW" have been obtained from sources believed to be reliable, and, although all reasonable care has been taken, "iW" is not able to make any representation as to its accuracy or completeness. Accordingly, "iW" accepts no liability for loss arising from the use of this document presented for information purposes only. "iW" has no obligation to update, modify or amend this report or otherwise notify a reader thereof in the event that any matter stated herein becomes inaccurate.