INVESTMENT FOR WEALTH

General report

Comments for August 2014

Slow, low-volume, summer markets were a constant for all asset classes. Existing trends meandered on. Europe appeared to be gliding further towards deflation and a lack of growth. The US at last has confirmed better growth and the dollar has finally gained some traction. Our three funds have progressed in this environment. September and October risk to see a lot more volatility.

The panic reaction by the ECB on 4 September and the surprisingly weak jobs report from the US on 5 September have already stressed the market at the start of September. Gold still has not regained sufficient speculative attraction from the West and physical demand from the East is not yet strong enough to put prices higher. The possibility of a rapid rising US dollar and the idea that we live in a new normal lala land where equities backed by ZIRP policies from central bankers are the only game in town, keeps the gold price in a tight range. Will the dollar now fly higher and higher? Will Draghi's efforts help overcome Europe's weakness? What about Euro bank AQR tests impact. Will the US grow above 3% and see the start of cost push inflation becoming a market force? Will geopolitics stay a sideway market action or will the market reappraise them? Answers to these questions will be needed in order to change this gold market from a corrective to a full bullish market. We are not yet there and the risk to see gold correct towards $1080 and even $950 can definitely not be excluded in an ultimate attack on the hard-die gold bugs and to clear all the weak hands before gold rallies for years towards $3500 and higher. If this downside move has to come, we see it exhaust by the first trimester of 2015. Before that gold still has a chance to move to the upper band of its actual range if there is a correction in the equity markets in September-October.

We have defined 2014 as a transition year for the gold market and so far it has been doing just that. The only difference to our original scenario is that the final bottom in bullion could be delayed towards March 2015. The horrible winter in the US which saw the GDP put firmly in the negative was the principle culprit responsible for this delay. It has also delayed the rise of the dollar, the first US rate hikes and the cost push inflation we are expecting. We still believe that precious mines will not make new lows even if bullion does.

Performances and trading

iW Alternativ SIF – Low Risk

The fund has increased by 1,7% in August, NAV 10.002,08 EUR.

iW Alternativ SIF – Commodities

The fund has increased by 3,9% in August, NAV 464,00 EUR.

iW Alternativ SIF – Real Value Growth

The fund has increased by 2,8% in August, NAV 74,92 EUR (I), NAV 73,43 EUR (P)

Best regards,
The fund manager