

INVESTMENT FOR WEALTH

General report

Comments for January 2015

Will a Grexit occur and lead to drama and or drachma ?

We think that this question will be the leading theme for the financial markets.

It brings in clear daylight the loss of power, i.e. credibility of central bankers, precisely what we predicted for 2015. In one month we have had more than 30 countries easing monetary conditions. This in order to stimulate growth and fight against deflation. Other countries were forced to hike rates in order to defend their local currencies from free fall, clear casualties from warmongering and civil unrest as well as war victims of the heating up of currency wars. The most spectacular cases were Switzerland that lost the euro-peg and Denmark that was forced to lower rates 4 times in three weeks. Both central banks put the deposit rate at -0.75%. If to you this isn't a sign of a beginning panic between central banks, nothing will do. A debut of Panic was also rampant for the Brazilian currency and its bond market, the Turkish lira and its debt market, the ruble and Russian bonds to name just a few.

More divergence in monetary policies will surely continue to cause even more panic during 2015. So every move by the Fed will cause ever more sparkles in financial markets.

It is in this context that we must look at the Greek dilemma. If we have to make a bet we think a Grexit will occur after seesawing months of negotiations where hope and pessimism for a rational solution for Greece will alternate. But in the end it is not important what Greece does at the end; stay with or leave the euro. If they leave, the markets will in response try to make a killing by forcing the other PIIGS also to leave and in the end even France will not stay. So the euro in chaos and as for euro public debt we will see the bond vigilantes overpower the ECB's QE. Rates on public debt would rise against a deflating growth perspective. Euro country after euro country would see its deficits rise. Investors would flee out of public debt towards private assets and non-euro linked currencies like the US dollar and gold. But how different would it be if Greece does obtains concessions to make it stay? If the whole theory of controlling state budgets and public debt goes overboard for Greece, then who will reign in Italy, France or Portugal? The euro would again

rapidly begin to lose credibility and after some months capital would also flee from euro (public) debt. It is this crack in the biggest monetary bubble (the public debt bubble) of all times - created by this not warranted perception that states don't default and have unlimited debt emission power even at zero or negative rates - that will start to unravel. Once public debt in euro begins to lose credit, Japan will follow rapidly.

Momentum in the dollar and the gold safe haven trade will lead to a full tsunami before October in our vision. A hike of more than 70 tons of bullion in the GLD in the last 30 days is a loud warning shot. Loud because it happened against a rising dollar and because in one month practically the entire 2014 outflow in GLD was reversed. A warning shot because we think that this trade is not yet stable, we have to see the negotiations around the Greece situation end and give the markets some months to react and interpret the consequences of the chosen solution. So don't be surprised to see some volatile price actions up and down in gold before October 2015. The window of time for gold to touch under a \$1000 is still open but time is running out.

So expect the blow up move in the Dow to 30,000 and more, to start ultimately end September and this time precious mines will accompany the rally for a spectacular move in 2016-2017. With gold up and the dollar up and precious mining rallying with other equities, your funds will start to produce the returns that help you transit the monetary reset we already spoke about without much harm.



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Performances and trading

iW Alternativ SIF – Low Risk

The fund has increased by 14,3% in January, NAV 10.210,65 EUR.

iW Alternativ SIF – Commodities

The fund has increased by 35% in January, NAV 382,53 EUR.

iW Alternativ SIF – Real Value Growth

The fund has increased by 23,4% in January, NAV 70,92 EUR (I), NAV 69,32 EUR (P)

iW Alternativ SIF – Apis Lucrosa

The fund is estimated* to have increased by 6,7% in January, NAV 1185 EUR (I), NAV 1104 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,
The fund manager

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