

# INVESTMENT FOR WEALTH

## General report

### « Les rendez-vous d'octobre »

When we exposed our vision for this year, we gave rendezvous for some things to happen ultimately around the beginning of October. We included in these the recognition by mainstream of QE failing in Europe and Japan and consequently a first burst of the public debt bubble. We also spoke about a reinforced dollar surge and euro dollar parity before year end. We saw the yen above the 125 mark versus the dollar as a trigger for assessing the impotence of the Japanese Central bank to bring Japan to a new virtuous economic growth path. We saw a growing problem for most of the emerging markets with the exception of Chindia. We also said that at some level for the euro, a further rising dollar would no longer harm the gold price in dollars.

Things are going smoothly in the expected direction. The euro already flirts with 1.08 and the yen surpassed the 122 level. Brutal shocks in Brazil and Turkey illustrate the growing financial instability of the Emerging world. Grexit still has to come and the start of the euro QE has brought all public debt yields in Eurozone (except for Greece) down to still more bubblish levels. At this tempo bunds will be negative on a 10y horizon within the coming months, rates for Spain and Italy will go under the 1%, Ireland one of the famous PIIGS has already done the trick. The Bund-US Treasury spread is at 1.9%, something not seen in decades. We still think that a Grexit will have a triggering effect to make the public debt market fall this year. The market is in our view wrong in thinking that a definitive and miraculous non-contamination between rising Greek yields and other Eurozone PIIGS yields has been reached, thanks to Draghi's QE. We continue to believe that systemic shocks in confidence and liquidity in euro debt markets will erupt this year like a volcanic eruption.

We based our assessment for the rising dollar no longer impacting the gold price on two reasons. First was a timeline for the Love Trade; end September we foresee a strong rising demand from Chindia.

*The next chart shows the strong Asian gold buying seasonality in the last decades. This force should overpower the dollar impact on gold for that period.*



The second reason was based on the euro dollar exchange rate. We said that until the eurUSD reached towards +/-1.08 any rise of the dollar risked to force gold lower (until October). We simply took the fair euro dollar rate from Pictet and other big institutions like UBS and Credit Suisse at face value. They put this value around 1.20-1.18. So any overshoot above 10% would indicate heavy risks of market dislocations.

Once it would go beyond 1.08 systemic stress would grow beyond the emerging world and the Eurozone would become destabilized as well. Pictet reworked its fair value assumption and put it now around 1.14. This could mean that before October gold could still be forced down by the dollar until +/- EURUSD 1.01-1.02 is reached. Fear trade will start at some level and that level will in our opinion be reached in coming months.

So stay tuned, October is approaching rapidly. Happy times for alternative investing are coming.

## Performances and trading

### iW Alternative SIF – Low Risk

The fund has increased by 0,7% in February, NAV 10.282,21 EUR.

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## **iW Alternative SIF – Commodities & Gold Equities**

The fund has decreased by 3,3% in February, NAV 369,83 EUR.

## **iW Alternative SIF – Real Value Growth Fund**

The fund has decreased by 0,8% in February, NAV 70,38 EUR (I), NAV 68,77 EUR (P)

## **iW Alternative SIF – Apis Lucrosa**

The fund is estimated\* to have increased by 4,2% in February, NAV 1231,90 EUR (I), NAV 1147,50 EUR (P)

*\* The official NAVs for Apis Lucrosa are only available after the 22<sup>nd</sup> of each month so the figures given are based on our best estimates and could differ from the actual official NAVs.*



Best regards,  
For iW Alternative General Partner,  
The fund manager

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LOW RISK - BLOOMBERG TICKER - IWLWRPE:LX - LU0762435906

REAL VALUE GROWTH FUND P - BLOOMBERG TICKER - IWRVGPE:LX - LU0762436110 REAL VALUE GROWTH FUND I - BLOOMBERG TICKER - IWRVGIE:LX - LU0762436037

APIS LUCROSA P - BLOOMBERG TICKER - IWALPEU:LX - LU1071456054 APIS LUCROSA I - BLOOMBERG TICKER - IWALIEU:LX - LU107145389