



CMEFS WEEKLY INVESTMENT NEWS

06 JUNE 2020

Hello and welcome to this week's edition of Investment News.

Before we go into this week's discussion, let's see how the CMEFS Flexible fund has done for the year thus far as compared to the All Share Index (ALSI)

Fund	Last week Thursday	This week Thursday
ALSI	-11.54%	-6.02%
CMEFS Flexible Fund	-1.00%	-0.56%

We are now well into doing our switch out of the Coronation Balanced Defensive Fund into either the Coronation Jibar+ Fund or where this is not available on the relevant platform then into a Money Market Fund.

Again, we really have no idea how this Covid-19 thing is going to play out in the end from an economic point of view, which accounts in large part for this switch away from any form of risk.

This being said, here are some interesting predictions about what lies ahead from Mark Yusko, a highly respected and listened to Hedge Fund Manager who owns and manages Morgan Creek Capital Management Hedge Fund.

- Interest rates continue to fall, go negative globally, and defy the "rates must rise" crowd.
- Killer Ds: Demographics, Debt, and Deflation. Think they have been vanquished? Not. Central bank debt creates the illusion of growth, not the real thing.
- Passive Investments Will Get Slaughtered. Stocks are 90% overvalued, which means they need a 50% decline. Multiple expansion was responsible for all of 2019 stock gains. We are still 18 months from the economic and market bottom.
- Make Volatility Great Again. 2019 was the longest-ever streak of low volatility. Stocks losses were outlawed. Buy the VIX (VXX) to protect yourself.

- Wars Have No Winners. In a race-to-the-bottom currency war, everyone loses. Gold is the world's best currency now. We are at war, so swap paper for gold. The US dollar will probably break down, as the Fed actively tries to weaken it.
- All's Shale That Ends Shale. The Saudis are trying to put US shale producers out of business. US oil production falls to around 9 million barrels per day.
- Abe-san needs a Bigger Pump. Japan is the best money printer in the world, yet it suffers deflation and not inflation. Japan economic indicators are falling. They must devalue the yen.
- Draghi Goes Out with a Bang. The ECB has tried everything and it hasn't worked so of course they will get even crazier.
- China Playing Go. China and emerging markets are where the growth is now. Invest in China as Asian consumers will become half of global consumption. China is integrating with the world, and it will win the trade war. In China you get twice the growth at half the price.
- Remember the Golden Rule (He who has the gold makes the rules). Real assets are better than paper assets over the long term. Every currency throughout history has gone to zero. Gold will continue to surge. Gold in Chinese Yuan may be the trade of the century. Gold and silver miners are super cheap—juniors even cheaper. The new "FANG" are all gold stocks.

And interesting point of view, but then again, when it comes to making predictions, the golden rule is to make them often and change them often.

I hope you enjoyed the read.

Until next time then, do take good care of yourselves.

Kind regards, Nine, Charles, and all at CMEFS.