

Gold is gold – but equities represent a different jockey

INTEREST SHOULD SPIKE AS FUND ENTERS THE RETAIL ENVIRONMENT

ASSET MANAGEMENT

By SEAN KELLEHER Special to Gulf News

Dubai "Not for widows and orphans" says Eric Meyer, promoter of the DSAM Kauthar Gold Fund. Yet with a return of 25.93 per cent per annum for its three-year existence (and, teasing us further: +11 per cent for the one-month year-to-date) there will certainly be professional investors as well as trustees for those widows and orphans keen to investigate the reliability of a 25 per cent per annum average.

significant contribution stems from bringing his Sharia Team building experience from Shariah Capital, together with his fund manager connections in the USA, into a merger with the Dubai Multi Commodities Centre (DMCC). The outcome is a successful start for the JV known as Dubai Shariah Asset Management.

Absolute return fund

Why should investors be interested? Four themes help establish the story: Firstly, it's an approved Sharia compliant fund. One in which the scholars have been able to overcome the Sharia tests to approve an equity based long/short selling modus operandi.

KEY FEATURES

DSAM KAUTHAR GOLD FUND

- Asset manager: Dubai Shariah Asset Manager (DSAM)
Portfolio manager: John Hathaway
Domicility: Cayman Islands
Inception: started 1/1/2009
Performance: 25.93 per cent to 31/12/2011
Year-to-date: 11.1 per cent January 2012
Highest monthly return: 25.2 per cent
Maximum drawdown: minus 17.41 per cent
Longest losing streak: Two months
Standard deviation: (rolling 12 months: 22.59 per cent)
Management fee: 1.75 per cent per annum
Minimum investment: \$5,000 (Dh18,300)
ISIN Code: KYG284781088

ing: "Over the last eight months [from mid January] there has been a divergence with gold rising 11.3 per cent and gold stocks declining 18.3 per cent, since the bear market low of 1999 the XAU has underperformed the metal by 3331 per cent or 13 per cent per year."

At some point, the Meyer/Hathaway axis believes, the metal and the equity index needs "to kiss" which, assuming gold maintains its "safe haven" or "alternative to currency" status, then the opportunity is more towards the equity than the metal. Currently.

But, even without the timing, equities have an edge over the metal because the metal price is only driven by supply and demand. The equity opportunity includes both income (dividends) and capital growth as well as takeover potential.

GDXJ and XAU Gold indices as well as gold bullion. So gold bullion is not; a bias to gold mining shares it is.

The third feature, given the above, is the need for what Meyer calls his "best captain". This takes the form of John Hathaway, an Investment Committee member, General Partner and Director from Tocqueville Asset Management where he also

manages their gold fund. Google experts will notice a 40-year track record in the industry and the feeling that, when it comes to gold shares, this guy is "no slouch".

The professional investor always needs more. For more Meyer talks about the current timing difference between the gold price and gold shares. Meyer stresses the difference between the bullion and the share, add-

ing: "Over the last eight months [from mid January] there has been a divergence with gold rising 11.3 per cent and gold stocks declining 18.3 per cent, since the bear market low of 1999 the XAU has underperformed the metal by 3331 per cent or 13 per cent per year."

But, even without the timing, equities have an edge over the metal because the metal price is only driven by supply and demand. The equity opportunity includes both income (dividends) and capital growth as well as takeover potential.

Yes, gold is gold, but equities represent a different jockey with a different strategy on top of the same horse. Diversification.

The writer is Chairman of Mondial Financial Partners.

Canada dollar stumbles in biggest weekly fall this year

Worries over Greek debt deal knock it below parity with US currency

VIEWPOINT NEWS NOT ANTICIPATED

Canada's currency has largely traded in line with the euro for much of the year, rising above the one-to-one level with the US dollar. But the increased uncertainty over Greece had investors selling riskier currencies and buying the US dollar on Friday.

"The news isn't coming out as expected, so rather than risk some catastrophic news, take some profit on positions," said Michael O'Neill, vice-president of foreign exchange trading at RJOFX Canada.

It was the currency's lowest close this month the biggest weekly drop since December 12-16.

At one point on Friday, the currency was down nearly a cent at C\$1.0040, before rebounding slightly after a report showed Canada's monthly trade surplus rose to a three-year high of C\$2.7 billion in December. But it was not enough for analysts to alter their view that Canada's economy is slowing, based on recent soft jobs, housing and manufacturing data.

Cutting back

"It's really tough to see where the growth drivers are," said Reitzes. "Households are essentially tapped out, governments are cutting back, business investment is largely all imported and housing is flattening out, so what you have left is net exports."

On Thursday, optimism over a Greek debt deal and strong US jobless numbers led investors to turn their backs on the safe-haven appeal of bonds, pushing some yields to year-to-date highs. The ten-year yield touched a 2012 peak of 2.135 and the 30-year yield reached a high of 2.708 per cent.

Offshore Funds – Benchmarks & Targets

Global Funds/Equity

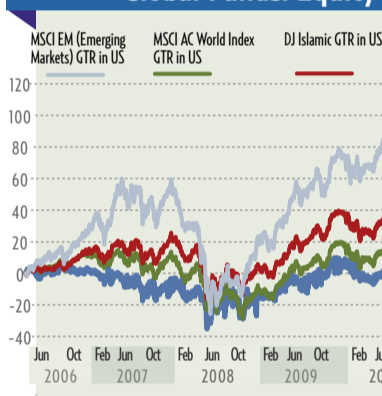


Table with 5 columns: Index Name, 52 weeks, Five Years. Includes DJ ISLAMIC GTR, MSCI AC WORLD INDEX, etc.

Table with 3 columns: Name, Geographical Area, Asset Class. Lists Global Markets Top 5 funds Equity - 5 year overall % cumulative PERF.

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US Markets 5 years

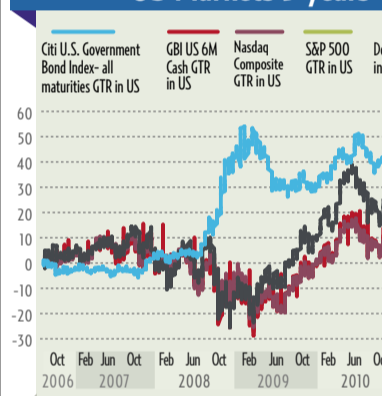


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UK Markets 5 years

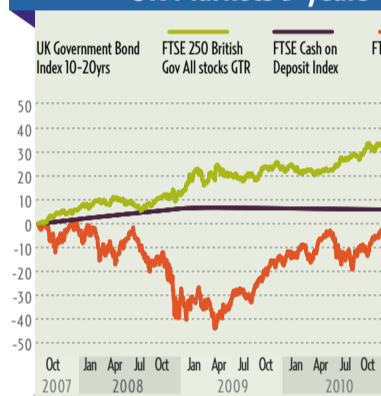


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European Markets 5 years

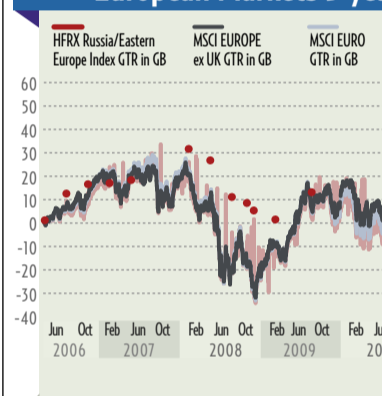


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Indian Markets 5 years

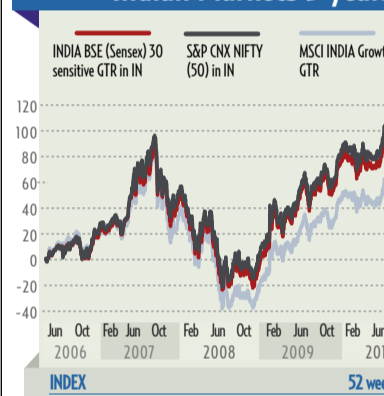


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Australia, Latin America & BRIC Markets

Australian Top 5 funds - 52 weeks overall % cumulative PERF

Table with 3 columns: Name, Geographical Area, Asset Class. Lists Macquarie Inflation Linked Bond, etc.

Table with 3 columns: Name, Geographical Area, Asset Class. Lists Australian Bottom 5 funds - 52 weeks overall % cumulative PERF.

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Hang Seng China 50 GTR in US

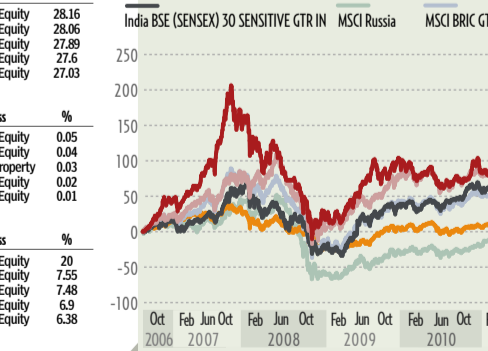


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Commodities

Commodities Top 5 funds - 5 year overall % cumulative PERF

Table with 3 columns: Name, Geographical Area, Asset Class. Lists DUBUS Spot Commodity Index, etc.

Table with 3 columns: Name, Geographical Area, Asset Class. Lists Commodities Bottom 5 funds - 5 year overall % cumulative PERF.

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Alternative Investment

Alternative Investment - Top 5 funds - 5 year overall % cumulative PERF

Table with 3 columns: Name, Geographical Area, Asset Class. Lists HFR Emerging Markets, etc.

Table with 3 columns: Name, Geographical Area, Asset Class. Lists Alternative Investment - Bottom 5 funds - 5 year overall % cumulative PERF.

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MENA Markets

MENA Markets Top 5 funds - 5 year overall % cumulative PERF

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