IceCap
Asset Management Ltd.

Local heritage,
Global experience.

Our view on global investment markets:

February 2016 – "Journey to the Center of the Earth"

Keith Dicker, CFA
Chief Investment Officer
keithdicker@IceCapAssetManagement.com
www.IceCapAssetManagement.com
Twitter: @IceCapGlobal

Running to safety

And just like that - the three explorers were in a tough spot. *Ascending* through the collapsed cave would most certainly trigger additional falling rocks, and if that didn't end their day, the bone rattling, teeth crackling electrical storm outside would.

The only way to avoid certain danger was to journey further down - to the center of the earth. Yes on its own, the center of the earth did look bad – how could it not, but compared to the alternative it had to be better.

And it was better, much better. Arriving at the center of the earth provided safety, comfort and relief.

This was the reward for avoiding the dangers above.

* * *

English mountaineer Joe Simpson, also found himself with a difficult decision. After summiting the unclimbed west face of the Siula Grande, the climber found himself trapped, hurt and alone in an unclimbable crevasse. Attempting to climb out of the crevasse was both physically impossible and a near certain cause of death.

To save himself, Joe did the unthinkable – he ventured further down into the crevasse towards the center of the earth. He too made the decision to avoid certain danger and it too paid off. Upon reaching the core, Joe found a way out to sunshine, warmth and friends.

This was his reward for avoiding the dangers above.

* * *

Today, our financial world is fraught with trouble. And if you step back just far enough, you'll see that just as explorers and adventures avoid certain trouble, so too will foreign capital.

And when foreign capital sees trouble everywhere, it too runs for safety towards the center of the earth - which to the chagrin of many, is the United States of America and the US Dollar.

Of course, there are many skeptics about the USA being the financial center of the earth. After all, the Americans also have their financial backs up against the wall.

However, what these skeptics are missing is the fact that the rest of the world is in worse shape, and the USD is the only market big enough on the entire planet to absorb these types of capital movements.

The Roller Coaster

Well, that escalated quickly.

Since our last IceCap Global Market Outlook, it seems like every market has boarded a hand basket on its way to that very hot and unpleasant place.

Another word for…

We've been told that no investment was safe:
- American stocks plummeted -14%
- Italian stocks crashed -22%
- Chinese stocks collapsed -28
- Canadian stocks plunged -13%
- High Yield bonds dumped -7%
- Emerging Market bonds stooped -5%
- Oil tumbled -37%

Tough numbers and tough synonyms indeed.

Yet, claiming no one escaped is not entirely true at all. In fact, many different parts of the market did escape the long, overdue correction.

The USD increased against virtually all currencies. Currencies from Canada, Australia, Mexico, Russia, and South Africa were especially hit hard.

Should investors from these countries be alarmed? Yes and no.

Yes, in that the sharp currency moves means these local economies are almost certainly headed for recession (if they are already not there).

No, in that investment portfolios could be protected by holding USD. If they held USD, then these local investors likely enjoyed positive returns - but only if they invested in US Dollars.

IceCap has written, spoken and tweeted (@IceCapGlobal) many times about the importance of getting the currency call correct AND positioning it properly in your portfolio.

Of course, it's funny how seemingly everyone in the investment business has perfect hindsight.

Over the last 2 years, IceCap has been on record with our very strong expectation for a surging US Dollar. We've said no currency will be safe, and that the best way to play this would be to hold your US Dollar exposure OUTSIDE of your stock holdings.

Our reason for this is that holding US stocks exposes you to two completely different market risks:

1) Currency risk
2) Stock Market risk

And based upon what has happened in the stock market over the last few months, the reason should be perfectly clear.

Yet, every time over the last two years when IceCap very clearly stated our expectation for the USD to rise, the reactions usually consisted of disbelief and denial.

Today however, investors and advisors everywhere are all too familiar with the strong USD story, with many claiming that they saw this coming, or that their client portfolios were well protected.

Not your fault

Yet, with year-end investment statements hitting kitchen tables many investors are feeling their jaws hitting the table.

It turns out, the stock market is a lousy place to hedge currencies.

If you've been hurt by the sharp market movements over the last few months, there's no need to fret – there will be plenty more opportunities to climb out of trouble, or towards safety.

And it all starts with finally recognising and admitting that yes, the financial, economic, political and social world is changing very quickly. Once you embrace this perspective, you'll at least have the opportunity to avoid the near-certain risk zones, and quite possibly finding safety at the center of the earth.

Bullish or Bearish?

We find it interesting how people view markets. For starters, most people are inherently bullish, or optimistic.

After all, positive thinking is inspirational. It's contagious. It's enriching. It's fun!

On the other hand, negative thinking can only drag you in one direction - down. We're told to shed negative thinkers out of our lives. Negative thinking is wrong, it brings everyone down.

On many levels, this makes sense – except in financial markets.

Unfortunately, our investment world isn't always fun. Yes, sometimes our world is a drag and recognising when this is happening, is the key to investment management.

To demonstrate the truth behind this fact just recognise that if you lose 50% of your investment, you need to make 100% to get back to where you started. Obviously, avoiding these sharp downturns is desired by every investor.

Of course, this inherent bullishness is really not your fault. After all, the single biggest and best bull market of all time started in 1982 and dazzled everyone until the year 2000.

And with the stock market zooming +1099% higher during these golden years, one cannot really be faulted for believing that stocks always shoot to the moon – the trick is to simply hold tight, never sell, and most important of all, ALWAYS remain positive.

This positive or bullish thinking also dominated the bond market. Just as the stock market was soaring higher, so too was the bond market scoring a +592% return during the same time.

This settled it – positive and bullish thinking was a pretty awesome way to make money.

Or was it?

Interestingly, if we were all born 20 years earlier and told people to be

Blame it on the rain

bullish and optimistic about the stock market, you would have received a whack in the head.

The justification for being whacked of course, was due to the stock market returning just +33% in total over a 16 year period from 1966 to 1982. That's an average annualised return of just +1.7%. And when you consider the market had dips of -26%, -36%, -45% and -27% it becomes rather obvious why few dared to be positive, optimistic or bullish about the stock market. It wasn't fun at all.

This brings us to 2016.

We would argue that anyone who has lost money in the stock market should squarely place the blame on the 80s and 90s. After all, this was the period that set either your market expectations, or the expectations of your mutual fund sales person.

Clearly, all markets (stocks, bonds, currencies, commodities, real estate and others) move in cycles. Some cycles are quite short and easy to see, enjoy or avoid.

Others are rather long, difficult to ascertain and benefiting from seeing the cycle usually goes completely against today's instant gratification-demanding society.

As you'll agree, being objective and impartial towards all markets not only makes intuitive sense – but it has also been proven over time. The trick is having the determination to see beyond what you've always been led to believe.

However, from a business perspective, it's actually pretty hard for the average investor to avoid this subjective thinking.

Most investors today have their wealth in a mutual fund of some sort. These mutual funds have a very specific mandate meaning it will never deviate from what is was created to do.

The bond fund was built to invest in bonds, and bonds only. The stock fund was built to invest in stocks only. Same for real estate funds, and commodity funds. Caveat Emptor.

Each of these funds have an individual or team that decides what to buy and sell, and the fund charges a fee for doing all of this very difficult work.

Naturally, the more money people invest in these funds – the higher the fees charged and the higher the bonuses paid to the people running the fund.

Now consider the answer you receive whenever you ask these managers the question of whether you should sell out of the fund.

Yes, the answer is always the same.

At the market high in March 2000, stock mutual fund managers all answered – stay invested. And then at the eventual 2002 low, they

Stay

all answered – stay invested. The same answers were also at the market highs in 2007 and the lows of 2009. Accordingly, there's never, ever a reason to sell stocks.

The same is true for bond funds – apparently there's never a good time to sell a bond fund either. The bond fund manager will always have very special reasons for staying in the fund.

Yet in 2014, IceCap counted ZERO reasons why we would want to be invested in a High Yield Bond Fund. Yet, every High Yield Bond mutual fund manager listed countless reasons why you should not sell and stay invested in their fund.

And, if you ask around there's never a good time to sell an Energy fund, a preferred share fund or a stock dividend fund. The answer is always the same – stay calm, stay invested, stay positive and most important of all, stay BULLISH.

Granted, there certainly are times when you should stay invested, but those times were long ago, they are history and they have nothing to do with today's investment landscape. Investors certainly shouldn't live in the past, nor should they steer their wealth using a rear-view mirror.

Understanding why you are encouraged to stay bullish and stay invested is likely one of the best pearls of wisdom you can cherish.

Which brings us to a question we often face – is IceCap BULLISH or BEARISH? To which we always respond – on which market?

We live, work, breathe and invest in a multi-dimensional world. It's beyond us how anyone can quickly claim to be BULLISH or BEARISH.

If you are BULLISH on one market, by default you are BEARISH on another. And since, every market is connected you are either explicitly or implicitly BULLISH or BEARISH on all other markets.

So for the record:

- IceCap is BULLISH on the USD and BEARISH on other currencies.
- IceCap is BULLISH on stocks and BEARISH on bonds
- IceCap is BULLISH on non-bank stocks, & BEARISH on bank stocks
- IceCap is BULLISH on deflation and BEARISH on inflation in USD
- IceCap is BULLISH on inflation and BEARISH on deflation in non-USD
- IceCap is BULLISH on short-term interest rates and BEARISH on long-term interest rates

As you can see, labelling IceCap or any manager as BULLISH or BEARISH, certainly requires clarification.

As well, these views and perspectives are long-term, which means the interim will see plenty of tactical changes. A manager may be BULLISH on the stock market in the long run, yet the manager should very well remain open to seeing downside risk during the short-term.

The over-riding point is that, an investment manager should have no incentive to remain invested in any market all the time. Of course, it

Conceptually appealing

also means the investment manager should have no incentive to never invest in any market.

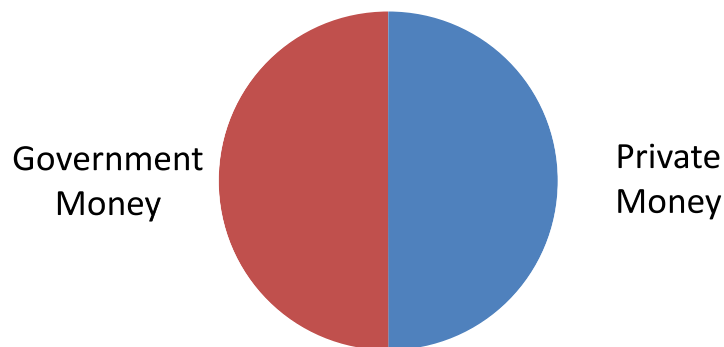
Investment managers should be agnostic towards all markets. Otherwise, why are you even paying them a fee to manage your wealth?

Journey to the Center of the Earth

To many, the investment industry is a pretty confusing place. It tells you managing money is complicated, it's sophisticated and it's way too difficult to explain to the masses.

We disagree.

There's really two very simple concepts to understand:



Concept #1: All the money in the world is really divided into two pots, one is government controlled money, and the other is money owned by everyone else (private sector).

Government money is sticky – it never leaves where it is sitting. It may move around on the fringes, but by large it stays where it is until it is spent (and it is ALWAYS spent).

Private sector money behaves differently. It is not sticky. During normal times, private capital will swish around the globe seeking to maximise its return at the lowest risk possible.

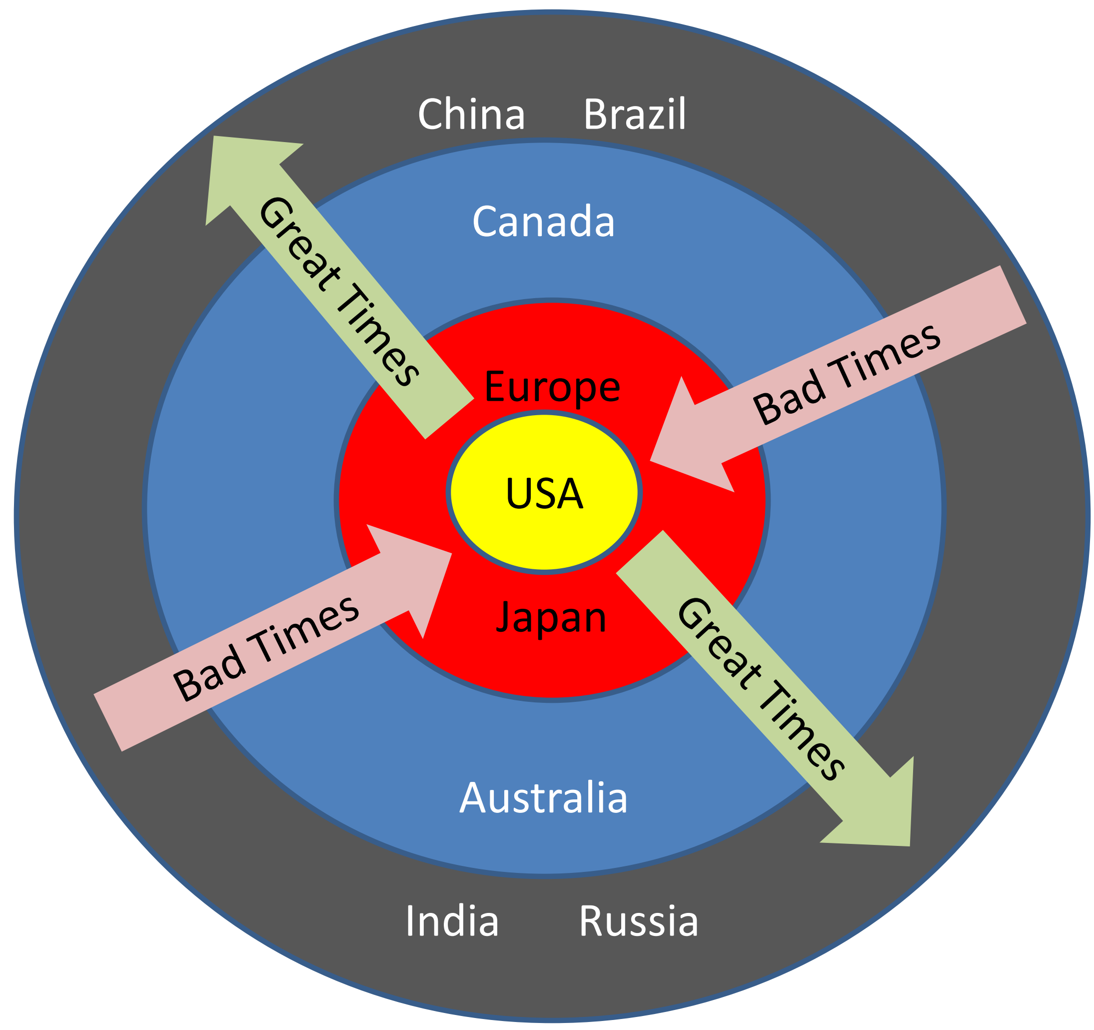
BUT, during unusual times private sector money flees from trouble. It will run from trouble faster than George Costanza escaping a house on fire.

Whereas government money rarely behaves in a rational state, private sector money will always be rational. It will avoid losses because as we all know a 50% loss in anything, requires a 100% loss to get back to where you started.

Which brings us to the Journey to the Center of the Earth and **Concept #2**.

Chart 1 (next page), shows *how* Private Capital moves. First, note that the USA and the US Dollar is (currently) the core or center of the financial world. It is the biggest stock and bond market, and the only currency in the world that can get you out of trouble in any dark alley anywhere in the world.

Chart 1: Concept #2



Source: IceCap Asset Management Limited, R. Canning

It's not on TV

Next, see the markets and countries as you move outward from the center. Europe/UK and Japan are next in the global pecking order. Followed next by Canada and Australia.

These markets are all developed world countries and in the financial world, they are considered to be stronger than the developing world.

Of course, the developing world includes China, India, Brazil and Russia. Then onward again you have Frontier markets which is basically everyone else.

During great times, Private Capital leaves the USA and seeks great returns. It journey's first through Europe and Japan, then it runs through Australia and Canada, until ultimately resting (for a while) in the developing and frontier markets.

During bad times, Private Capital does the opposite – it returns to the center for safety.

It's all very simple. You just have to open your eyes, ignore all of the noise and see it happen.

There's just one problem - since the investment industry is perpetually BULLISH, the ability or opportunity to see Private Capital flowing away from the periphery and back towards the core doesn't happen for most investors.

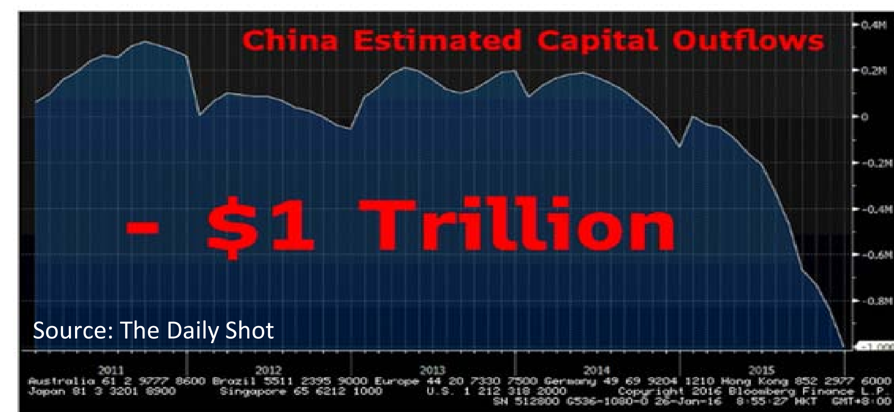
Of course, the change in direction of capital flow isn't announced. It isn't showing on the TV or on the line.

The beginning shift is usually moving at a glacial pace. In fact, you wouldn't notice it if you were looking for it. But once it starts to move, it gains momentum. And the momentum is reflected across all financial markets.

Initially, when it is moving across all financial markets – it still isn't detected by the masses. Instead, you hear thoughtless reasons to explain away suddenly, rapid and unexplainable whipsaws.

Some of the worst include blaming China, the Federal Reserve or the wealthy. In reality however, it's the movement of Private Capital away from the periphery back towards the center.

With China in the news, here's a perfect illustration of Private Capital fleeing trouble.



Play Jeopardy

It's very clear to us that Private Capital in China is leaving. And, it is leaving for one reason and one reason only – to avoid losses.

Naturally, when $1 trillion leaves a pegged currency, the currency peg HAS to adjust. It's just plain mathematics. There's nothing sinister happening. China isn't trying to pull the wool over anyone's eyes.

Many have said that IceCap has been ahead of the curve. Modestly speaking, yes – our global macro calls on interest rates, currencies and the global economy have been fairly accurate.

Our view has been based upon two facts:

1) IceCap is agnostic towards all financial markets. In other words, we have zero incentive to consistently prefer stocks over bonds over commodities or anything else. This isn't necessarily an advantage, rather it simply unshackles us from being tied down to any one market.
2) IceCap tries to see through all of the noise to really focus on the big picture. **Chart 2** (next page) shows this picture.

What a beautiful chart. It's so simple, yet it answers the most complicated question in the investment world.

Question: Why is the world in an economic funk?

Answer: Private Capital is running away from trouble.

Chart 2 shows two variables. The BLUE line shows the amount of quantitative easing or money printing in the USA. Up until September 2008, the amount of money made available to the economy increased in a gradual manner. Thereafter it became a gong show.

The RED line shows the Velocity of Money. Velocity of money is just another way to measure how well the economy is doing. And, while they are loathe to admit it, it is one of THE most important data points monitored by central banks every minute of the day.

Velocity of money measures how fast money swishes around an economy. The faster it swishes around, the faster the economy is growing. Naturally, the opposite is also true and this is what is happening today.

"Why is the world in an economic funk?" is the wrong question. Instead, the correct question to ask is "why is the velocity of money declining?"

And more importantly, "Why, despite the printing of trillions of Dollars, Yen, Sterling and Euros, is the Velocity of Money declining?"

The answer of course is quite simple: Private Capital does not like the actions by central banks and governments, and is therefore withdrawing their money from the global economy. And it is heading towards the center of the earth.

Yes, it really is as simple as that. Yet, the irony is that our central banks and governments have no clue as to the risks they have created

Chart 2: the big picture

Source: ST Louis Federal Reserve Board FRED Data

Watch out – it's coming

They honestly believe their efforts to stimulate the economy is groovy. But since their stimulus isn't working – the answer is to do more of the same.

Maybe we should make them all memorize Einstein's quote "Insanity: doing the same thing over and over again and expecting different results."

Yes, the insanity continues. And judging by recent actions, it will continue for a while longer, until that is, the bond market makes them stop.

Fortunately, we are getting closer to a resolution. And when (not if) it happens, it will be spectacular.

The question of course is "will you see it coming"?

How much further?

The stock market gets all of the attention. Movies and books always do well – in many ways, the stock market is a boon to everyone.

But not the bond market. Despite being over two times larger, the bond market receives very little love. Even Hollywood dislikes the bond market. The only movie about bonds was a major flop with major losses for the studio and producers (sorry Bonfire of the Vanities).

Yet, if you want to understand what is happening and why Private Capital is retreating back to the center of the earth, simply follow the bond market.

First, know that because the world's economy is slowing very rapidly, central banks have cut interest rates to ZERO% in many countries. The hope (there's that word again) is that these rock bottom interest rates will encourage people and companies to borrow and spend.

Clearly, this isn't happening.

And worse still, ZERO% interest rates has created a rather nasty side effect. Let us explain.

Naturally, there are two sides to every coin. Yet few seem to talk about the other side of the interest rate coin. One side represents the cost of borrowing which is set by central banks and it is at all-time record lows.

The other side of the interest rate coin is the benefit of lending, or put another way – the interest you receive when you lend your money, place your money on deposit, or buy safe bonds.

When central banks reduced borrowing rates to ZERO%, they directly reduced lending rates, or the amount of interest received to near ZERO as well.

In effect, they threw millions of savers under the bus. Yes, the most conservative investors in the world have been royally screwed out of

And the winner is…

any chance to earn any interest on their hard earned savings. The irony of course is that these savers did nothing wrong, yet they are the ones who are paying for the investment travesties of everyone else.

To summarise, the WINNERS of 0% rates are the borrowers, and the LOSERS of 0% rates are savers.

Interest Rates	WINNERS	LOSERS
0%	Borrowers	Savers

Source: IceCap Asset Management Limited

But, the interest rate injustice doesn't end there.

On an even higher level of irony, another group is also sharing the same side of the interest rate coin and they too are beginning to suffer big time from these ZERO% interest rate policies.

Yes, we are talking about the **banks**.

Today, bankers rank quite low on everyone's "who do I like list." And justifiably so. Not only do they charge outrageous fees on lending and credit cards, but the hidden fees on foreign exchange have reached ridiculous levels. And then, there's the nickel and diming on transactions, and account balances. And let's not forget the 100 page risk disclaimer notices – apparently, if there's ever a problem with your accounts it isn't the banks' fault.

These annoyances are not new – everyone is aware of them. And we shouldn't be too hard on our banks, after all bankers are people too.

Recent developments within the banking and insurance sector have been missed by most. Yet, they are hugely important in understanding why financial markets are headed towards an interesting experience.

Banks completely rely upon interest rates to make a living. Yes, they make oodles of money from other sources, but bank lives and die by the interest rate sword.

The problem for all banks today – regardless of which country they are in, is the ZERO% interest rate policy set by central banks and the declining velocity of money.

ZERO% interest rates is ensuring banks earn nothing on their short-term investment portfolio.

The declining Velocity of Money means the global economy is slowing (and headed towards recession), which drives long-term interest rates lower.

Lower long-term interest rates means banks are earning next to nothing on their long-term investment portfolio.

Now it becomes very clear – interest earned on banks' investment portfolios is declining and as the global economy grinds lower, the amount of interest will decline even further.

Bankers are people too

The solution?

Banks will become ruthless in CUTTING COSTS everywhere.

Banks will become ruthless in RAISING FEES everywhere.

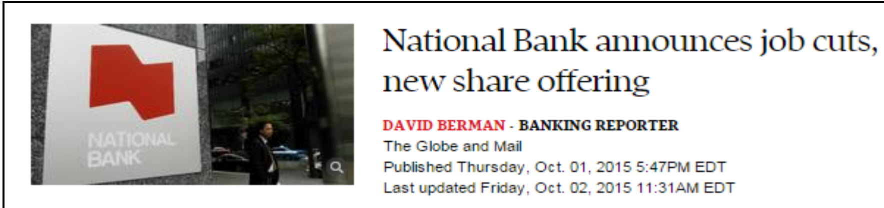
Consider the following fee rate increase from a Canadian bank:

Business Chequing Account with TD Every Day A Business Plan	Current	New
Monthly plan fee	$17	**$19**
Minimum monthly balance for monthly plan fee rebate*	$15,000	**$20,000**
Non-TD ATM • *Interac*® fee	$1.50	**$2**
Fee for holding a post-dated cheque to be deposited in-branch▲	$0	**$5**
Fee to cancel an *Interac* e-Transfer	$0	**$5**

All fees are increasing AND the minimum balance required to receive a break on the fees have increased as well.

Next up, understand that declining long-term interest rates signal that the economy is declining. A declining economy will hurt bank's loans which means losses as well as losses in their investment portfolios.

This combination will result in banks having to raise more equity and regulatory capital. Here's the recent event for a Canadian bank.



National Bank announces job cuts, new share offering

DAVID BERMAN - BANKING REPORTER
The Globe and Mail
Published Thursday, Oct. 01, 2015 5:47PM EDT
Last updated Friday, Oct. 02, 2015 11:31AM EDT

Here's the story in Italy:

Italian banks' bad loans continue to mount

Published: Jan 20, 2016 2:19 a.m. ET

12

By GIOVANNI LEGORANO

MILAN--The increased levels of bad loans confronting the Italian banking system is raising investors' concerns about the health of the sector, prompting another selloff in local banking stocks on Tuesday.

Here's the story in Portugal:

Portugal's Cabral Says Some Banks Might Need More Capital

And the story in Germany:

Deutsche Bank's record loss revives capital increase fears

Germany's biggest bank is expecting to post record €6.7bn net loss for 2015

At this point, we have to remind our readers that in our December 2014 IceCap Global Outlook, we warned everyone with a heartbeat that the worst investment idea in the industry was to buy European Banks. Yet that didn't stop many firms from launching European Bank

Shallow End vs Deep End

Funds and buying the stocks for client accounts. At the time, it was believed that European bank stocks were cheap, undervalued, and treasures that could be held until the end of time.

Well, here are we 15 months and -30% later, European bank stocks are not the treasure many thought and as Meatloaf said "now, we're praying for the end of time, to hurry up and arrive...."

For all of our non-European readers, we suggest you take note. All banks swim in the same interest rate pool. What is happening with European banks will wash ashore in Asia next, followed by America and Canada.

It will happen – be prepared.

The zero interest rate environment is not only wreaking havoc for banks, it's also affecting the world's reinsurance industry.

These companies make money two ways 1) the net difference between what they collect in insurance premiums and what they pay out as claims and 2) interest from their investment portfolios.

Because the rest of the investment world has been turned upside down, many new companies have flocked to the reinsurance industry to capitalise on a seemingly easy place to make money.

Naturally, more companies entering the game means there is more money chasing new business. And since there is only so much business to go around, most companies now have more than enough capital available. Contrary to what most people would think, excess capital actually isn't good – it acts as a drain on the company's return of investment.

Since these companies cannot write more business, they'll have to earn more interest on their investment portfolios.

But, since interest rates are ZERO% and not much higher for longer-term rates, reinsurance companies have to cut costs. It's the only variable left to increase profits.

And, since these companies are already very efficient, cutting costs can only be done one way – takeovers and acquisitions. In fact, over the last year alone, there have been in excess of 30 deals.

More blockbuster takeover deals lie ahead in the insurance and reinsurance market, AM Best predicts

Think about this for a minute. An industry that few people even know exists, has become the hottest place on the merger & acquisition planet.

And, it is all due to ZERO% interest rates.

More synonyms

To recap, we have:
1) Banks increasing fees everywhere
2) Banks scrambling to raise capital
3) Reinsurance companies scrambling to merge

All of this is due the scarcity of interest rates.

The reason we share this with you is because cracks in the global financial system ALWAYS appear in banks first.

And it is quite obvious to us that the cracks have started. By our estimate, today's market is equivalent to late 2006 or early 2007. We could be off by as many as 12-15 months, and until it happens most investors, advisors and managers will continue to sing along, whistling happy-go-lucky tunes.

We wish them luck.

Meanwhile, if you find it difficult understanding the banking and insurance industry don't feel bad, after all they do play by different accounting rules than every other company.

Instead, simply follow interest rates around the world. The closer long-term rates get to ZERO%, and the increase in government bonds trading at NEGATIVE interest rates, the closer we are experiencing a fairly big shift in financial markets.

To understand why we expect the bond bubble to end sooner versus later, grab a drink and stare at **Chart 3** on this page.

Chart 3: Value of government bonds with NEGATIVE interest rates

Currently, over $5.5 TRILLION of bonds pay investors a NEGATIVE INTEREST RATE. In other words, investors are PAYING governments for the privilege of lending them money.

If you don't understand interest rates, just accept that interest rates should always be a POSITIVE #. Otherwise, it just doesn't make sense, it's illogical. it's ridiculous. It's absurd. Yet, this is the journey created by our central banks and governments all in the name of making the world a better place.

Merry Christmas

From a different perspective – these negative interest rates should be viewed as your best financial gift ever.

Understanding why this is happening, tracking the absurdity behind it all and monitoring global interest rates will provide you the little nudge needed to know when the bubble will break. We're not there yet. But, we're getting a lot closer.

No market acts in isolation. Stocks, bonds, currencies, gold, Super Bowl tickets – they are all influenced by each other.

When the bond market reaches its zenith, it will likely be getting little fan fare – instead, other asset classes such as stocks and currencies will still be getting all of the attention (again - sorry Bonfire of the Vanities).

We anticipate significant capital running away from perceived dangers, and towards the bond market for safety.

And once this capital is resting comfortably, that dreaded "oops" feeling suddenly appears, making investors' faces turn white – the bond market was the biggest trouble after all.

Where Next?

2015 was definitely a year for currencies – you were either on the right side or bad side of the currency fence. While the strength of the USD has paused for a rest, don't be fooled into thinking the worst (or best) is over.

As 2016 progresses, we fully expect to awake some morning and see crazy movements for all currencies. It will make headlines everywhere and most certainly be the talk of the town.

Of course, when this happens bond and stock markets will be moving as well. We really are at the beginning of some incredible market movements.

To be informed, watch interest rates and how they are affecting banks – and then be prepared for a journey, a very special journey to the center of the earth.

Be patient

Our Strategy

Stocks

Our portfolios have been light in equities for a while now, and considering the market declines, this has added value for our clients.

We continue to believe it is naive to use valuation and other fundamental factors in gauging the health of current markets. Instead, markets are being pushed and pulled due to volatility in oil, currencies and interest rate policies.

Market risk remains skewed to the downside. While we are confident equities will benefit from a sharp decline in bond markets, we are still not quite there yet. Remain patient.

Currencies

US Dollar is the king, and will remain King for a while longer. The surge has paused for a while, but it is a mistake to believe USD strength is finished – the upcoming surge will surprise many.

Commodities

Oil will not return to >$45 anytime soon. It will settle between $20 to $40 and that's about it. But, the knockdown effect from lower oil prices has just skimmed the surface. Companies and select countries are in big trouble.

Gold is rallying, but it will come back down as USD surges. Be patient.

As always, we'd be pleased to speak with anyone about our investment views. We also encourage our readers to share our global market outlook with those who they think may find it of interest.

Keith Dicker, CFA founded IceCap Asset Management Limited in 2010 and is the President and Chief Investment Officer. He has over 20 years of investment experience, covering multi asset class strategies including equities, fixed income, commodities & currencies.

Keith earned the Chartered Financial Analyst (CFA) designation in 1998 and is a member of the Chartered Financial Analysts Institute. He has been recognized by the CFA Institute, Reuters, Bloomberg and the Globe & Mail for his views on global macro investment strategies. He is a frequent speaker on the challenges and opportunities facing investors today, and is available to present to groups of any size.

Our Team:

Keith Dicker: keithdicker@IceCapAssetManagement.com

John Corney: johncorney@IceCapAssetManagement.com

Ariz David: arizdavid@IceCapAssetManagement.com

Haakon Pedersen: haakonpedersen@IceCapAssetManagement.com

Andrew Feader: andrewfeader@IceCapAssetManagement.com

Announcements

IceCap opens Toronto office

IceCap Asset Management is growing and we'd like everyone to offer a very warm welcome to Haakon Pedersen and Andrew Feader.

Haakon Pedersen has a PhD in Engineering from the University of Cambridge and is writing his CFA Level III exam in June. Previously he advised banks & insurance companies on risks in their portfolios and businesses during the financial crises while working for Oliver Wyman Management Consulting in London, UK. Haakon joins us as a Global Strategist and is based in Toronto, Canada.

T: 1-647-230-8961
E: HaakonPedersen@IceCapAssetManagement.com

Andrew Feader is a CFP (Certified Financial Planner) and FMA (Financial Management Advisor). Andrew provides outstanding financial solutions to private investors, corporate executives, and many trust and estate structures. Andrew is in Toronto, as well as Halifax.

T: 1-416-799-1436
E: AndrewFeader@IceCapAssetManagement.com

We want Partners

Since 2010, IceCap Asset Management has consistently demonstrated a unique and correct understanding of the world's global macro environment.

Our ability to communicate this understanding in both our investment portfolios and through our highly successful **Global Market Outlook** is a feature we would love to leverage.

IceCap Asset Management is a growing firm, and we are completely open to discussing all opportunities, ideas and ventures with other firms, fiduciaries and individuals anywhere in the world.

Opportunities may include:

1. white labelling of funds
2. sub advisory of funds or managed platforms
3. speaking engagements for small or very large groups
4. joint ventures
5. other corporate opportunities

Contact Keith Dicker 1-902-492-84985 or
KeithDicker@IceCapAssetManagement.com