

Superfund Group landing on the Italian market

Baha, CEO and founder of the Austrian company, reveals his plans and bets: "Gold is going to USD 2,000 per ounce in three years"

by **Valentina Zodda**

With an experience of more than ten years, Superfund Group has chosen to enter the Italian market with Superfund SGR. The new structure of the Group, that managed USD 1.6 billion, will be founded in 2008 and already plans to launch a fund of hedge funds medium volatility. MondoHedge met **Christian Baha**, Chief executive officer and founder of the Austrian company to speak about what happened last year and what we should expect for the rest of 2008. And he gives us a strong bet: gold could reach USD 2,000 per ounce within the next three years, boosted by dollar's weakness.

What do you think of the recent market turmoil and the extremely high volatility?

The subprime crisis was not a surprise, it was only a question of time until the bubble bursts.

The recent global stock market volatility was just the beginning and has to be seen as an alarm signal: the crisis will continue.

The market turmoil has been triggered by a wave of mortgage defaults in the US. What was a housing market problem has turned into a credit problem, which has turned into a liquidity problem, which has turned into an equity problem.

Many shares have bombed and many stock markets have been experiencing the worst run in years. Société Generale has not only to deal with a trading scandal, EUR 2.6 billion of their losses are write downs from US subprime mortgage investments. The real disaster is still to come.

Inflation and the continuously weak USD will be the next problems. Today

the EUR is worth around USD 1.45, but I expect a 1:2 ratio EUR to USD within a reasonable time. However, I see a huge potential in CHF and CAD. The CAD strengthened against all major currencies.

How was your 2007? And the outlook for 2008?

Last year was excellent, especially for our Superfund A & B Gold SICAV funds which are public products in various countries since the fourth quarter. This investment form that we created is really unique.

Our investors will be exposed both to the price movements of gold and our underlying strategy. All investments will be hedged to the gold price as if they had been converted into ounces of gold at the moment of the investment. The return of the Superfund Gold depends on our performance and the gold price movement.

We have back tested the Gold SICAV with the performance of our Q-AG fund since its inception in 1996: the A Gold SICAV would have made 24,7% p.a. net of fees up to now. That is great, and the outlook for 2008 is even better.

Systematic strategies are based on technical analysis, which ideally assumes that the price moves upon every piece of information presented of the market.

In your opinion, where are the commodities going now, and what are the drivers of that?

Since 2003 commodities are generally in an uptrend which is expected to continue over the course of the next 10 to 15 years. Commodities in general are a great asset class which is cur-

rently enjoying a bull market.

The markets generally have cycles of 20 years in which either stock markets are bullish and commodity markets suffer or vice versa.

During 1980 and the beginning of the new millennium commodity markets had a 20 year downward trend. Now this trend has been reversed. The Superfund system can achieve profits during any market situation, even in bear markets. Investors in managed futures products are seeking less risk than any others who are invested in stocks and bonds, because managed futures funds are simply more diversified than stocks long only.

One year ago you said the price of gold was going to reach USD 1,000. Are you still bullish on the price of gold?

Yes, I am. I expect a continual increase of the gold price up to USD 2,000 per ounce within the next three years, caused not only by increased concerns over supply cuts, especially from South Africa, but also a weakening USD. Especially in India and China with their booming economies the people prefer to invest their money in gold instead of other investment options or paper currency.

Even in inflationary situations, during wars or conflicts gold has proven to be a solid and reliable medium of exchange. Additionally, palladium will be bullish next time. That is my personal investment tip.

Palladium was trading up at USD 440, it jumped to its highest level in six years, but the all time high was at USD 1,000. So there is still a huge potential. Platinum, silver and gold already hit a series of record highs. ■