



**YieldSafe INVESTMENTS LLC**

## OUTLOOK

"Gold Rises to the Occasion"  
12/29/2008

In our Outlook on 10/20/08, we expected Gold to surpass \$800 by the end of the year. Gold not only surpassed \$800 within the given time frame but reached as high as \$892 on 12/29/08. Gold has been one of the few bright spots in the financial markets since the credit crunch has taken down almost all asset classes and spared very few. We attribute this to Gold's favorable supply/demand fundamentals, massive reflationary policies by world governments, and safe haven appeal.



So what do we do now? Invest more in Gold? At this point, we have taken profits on our long Gold positions. When we initiated our positions on 10/20/08, 0% of the stocks in the HUI Gold Index were trading above their 50 day moving average. As of 12/29/08, 100% of the stocks in the HUI Gold Index are trading above their 50 day moving average. From a sentiment standpoint, there is currently no shortage of Gold Bulls so the long Gold trade may be getting a bit crowded now.

In the short-term, we think Gold is a bit over-extended and vulnerable to a correction. In the long-term, we like Gold as an investment since the reflationary policies of the world's central banks will likely create massive inflation in the future. At this point, we will wait for some froth to dissipate in Gold before entering new long positions.

Mark Yuan, CFA

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