



15 July 2019

Re: Today's News from Pennington's Analysts - - Wall Street Says "**Sell Now**"

Dear Client,

Summary :

Our analysts predict near-term moderate to deep market corrections, which will hurt stocks, but will boost commodities, especially in the Energy and Precious Metals sectors. Real Estate Funds (REITs and REIFs) are also good long-term holds based on future valuation versus near-term costs. Recommendations: Sell Stocks, and build a balanced portfolio of Cash and Commodities.

Introduction :

January, 2017 offered a good opportunity to confirm the obvious - The world markets were happy with President Trump's pro-business approach, and almost every investment expert correctly predicted high growth in 2018 for all investment classes. However, every bubble must burst, and all signs point towards market corrections in 2019-2020.

America's Dow-Jones and the UK's FTSE 100 - Predictor of Stocks :

On 25-January-2017, the American Dow-Jones average topped 20,000 for the first time ever, with all markets reigniting, riding the Trump pro-business wave to profits.

The average of the major international indices ended on a high note in 2018, but where will the index end in 2019? According to Pennington's independent asset advisors, the consensus view - held by two-thirds of those asked - is that all markets will err towards moderate (or even deep) corrections by the end of 2019.

The causes are complex, but all major market forces point in the same direction:

Equities: Correction inevitable because of excess profit-taking and speculation.

Currencies: China is openly manipulating the Yuan, which will drag markets down.

Turmoil: Another Middle East wars looms large (Iran).

Politics: Given that 2020 is an election year, almost anything can happen.



Gold Prices :

The price of gold has risen from \$1,095-USD at the start of 2016 to \$1,500-USD at the time of this writing. Gold has benefited from heightened levels of uncertainty surrounding events such as the UK's "BREXIT", now led by Boris Johnson, and the attendant decline in the GBP. This has led to outstanding gains for funds focused on precious metals, including Pennington's Commodities Fund.

Gold will be seen as both a safe haven and an investment opportunity in 2019-2020, with a high probability of a return to its all-time high of \$1,920 per ounce or even higher by year's end.

Oil Prices :

Iran is the gift which keeps on giving. The surplus is gone, supplies are tightening, and Iran threatens to turn the Strait of Hormuz into an oil tanker graveyard. Consequently, investors are scrambling to buy oil, which further drives up prices. We expect to see oil prices climb from the current Brent Crude index of \$63 to reach \$75 or higher per barrel by the end of 2019.

Pennington's 2019-2020 Funds Strategies :

Growth Fund: Pennington will shift from Blue Chips to energy stocks, mining, defense, health care, and tech stocks.

REIF: Pennington will continually decrease holdings of REITs in Hong Kong and South Korea, and increase positions in REITs in Singapore, Malaysia, Taiwan, and Thailand.

Commodities Fund: Pennington has already shifted from a relatively balanced portfolio to place more emphasis on Energy and Precious Metals.

Bond Fund : Pennington will continue to invest in Singapore and Malaysia government bonds.

Islamic Fund : No significant changes.

Distressed Assets Fund : Event-driven, and we expect more opportunities in the UK mortgage sector.

Strategic Consequences: We expect that all of our funds will have acceptable returns, but we predict that our Commodities Fund will outpace our other funds in 2019-2020.



The “Rule-of-Thirds” :

Pennington recommends that risk-averse investors should follow a “rule-of-thirds” for conservative investing in these troubled economic times:

(a.) We recommend that every investor should keep one-third of his portfolio as liquid savings (T-Notes, etc.) in reputable institutions.

(b.) We recommend that every investor should have one-third of his portfolio in well-managed investment funds that have proven records of high-growth and continuous profits. The best choices for 2019-2020 are Commodities Funds, and REIFs.

(c.) Don't ignore physical Real Estate, if you have a good property manager available, and if you can hold your properties for at least 5-years before taking profits.

In summary, every investor should take advantage of near-term profits in oil and gold, and then diversify and reinvest those profits in medium to long-term investment fund holdings by 2021-2022, for the purpose of building and maintaining a strong portfolio.

The 2019-2020 period of "market corrections" offers unique opportunities, and as always, Pennington's analysts have placed our funds ahead of the curve.

Sincerely,

A handwritten signature in black ink that reads "Charles Pennington".

Charles Pennington
Chairman and CEO, Pennington Fund