

P. ZIHLMANN INVESTMENT • MANAGEMENT AG

Your independent **Swiss** asset manager

THE TIMELESS PRECIOUS METAL FUND

THE TIMELESS ENERGY FUND

THE SIERRA MADRE GOLD & SILVER VENTURE CAPITAL FUND

GOLD BUGS INDEX (HUI): BUY, HOLD OR SELL? Up-date N° 15 / January 16, 2013

<u>Amex Gold Bugs Index (HUI)</u>					
<u>Buy Date</u>	<u>Amount</u>	<u>Buy Price</u>	<u>Total (USD)</u>	<u>Price Today</u>	<u>Value Today</u>
March 12, 2003	1	125.54	1		
Total	1	125.54	1	433.05	433.05
Profit					307.51
Profit (in %)					225%
OUR LONG-TERM RECOMMENDATION				STRONG BUY	
OUR SHORT-TERM RECOMMENDATION				STRONG BUY	

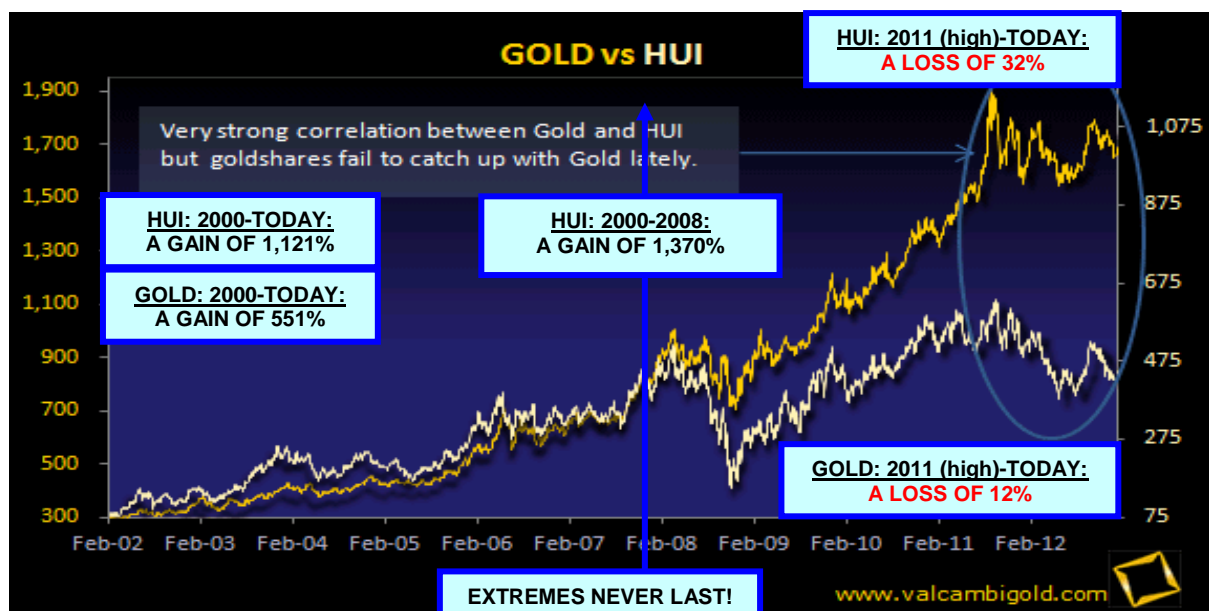
NYSE Arca Gold BUGS Index

The NYSE Arca Gold BUGS (Basket of Unhedged Gold Stocks) Index (HUI) is a modified equal dollar weighted index of companies involved in gold mining.

The HUI Index was designed to provide significant exposure to near term movements in gold prices by including companies that do not hedge their gold production beyond 1.5 years.

The HUI Index was developed with a base value of 200.00 as of March 15, 1996. Adjustments are made quarterly after the close of trading on the third Friday of March, June, September & December so that each component stock represents its assigned weight in the index.

The underperformance of gold shares in relation to gold since the beginning of 2008



The charts of the price of gold and the HUI-Index reveal astonishing facts:

1. From the low in 2001 until the start of the financial crisis in 2008, gold shares increased twice as fast as the price of gold.
2. The financial crises produced a flight to safety which caused gold shares to fall dramatically while the price of gold stood its ground fairly well.
3. From the low of 2008 until 2011, when gold reached an all-time high of 1898 points, gold shares staged a significant comeback, even though they did not manage to catch up with the gold price.
4. Since the all-time high in the gold price, it has corrected 12% while gold shares again have corrected more heavily, showing a loss of 32%.

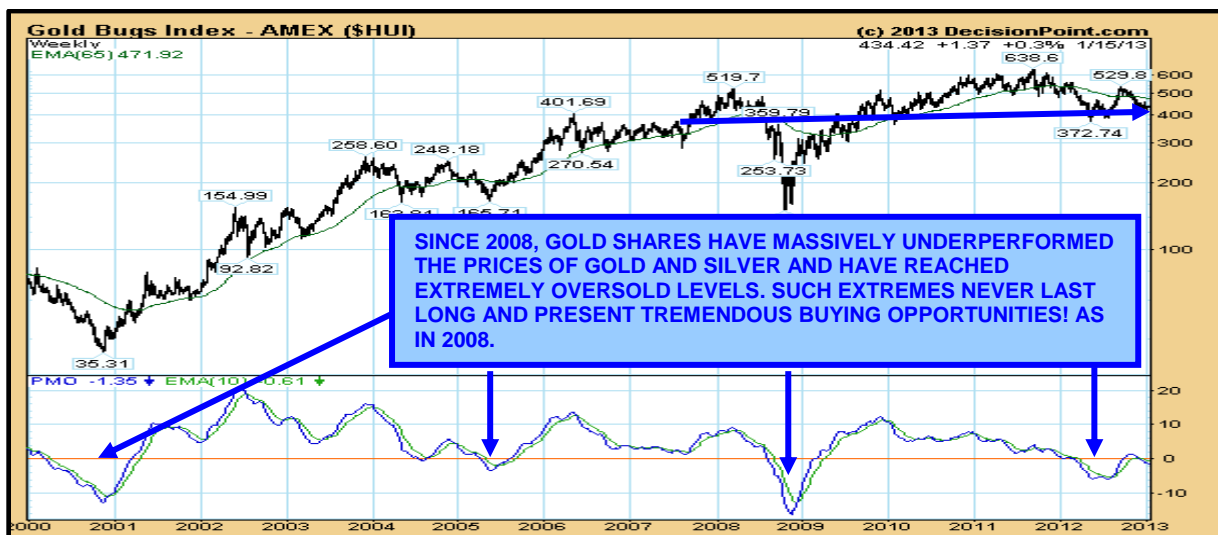
What is the future for gold?

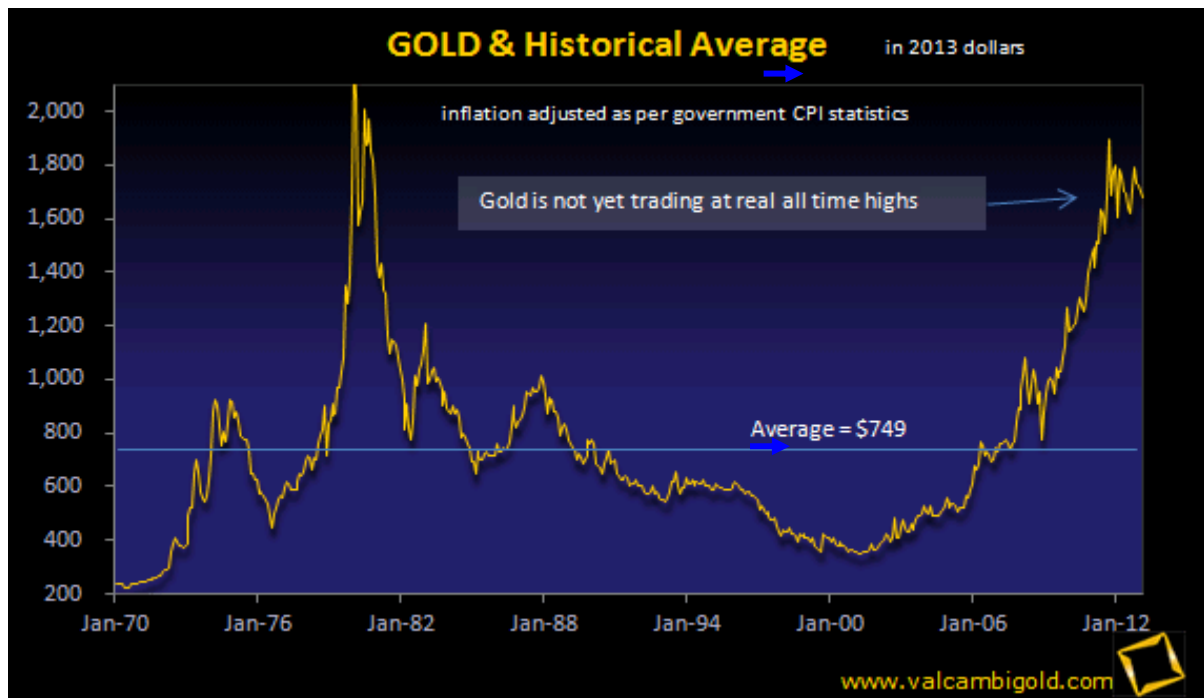


Gold remains in a solid up-trend. Within this up-trend, phases of euphoria are followed by periods of pessimism – a reflection of human behavior – based more on emotion than reason.

Each period of pessimism – as in 2001, 2006 and 2008 – was followed by remarkable upswings for an extended time frame.

in 2012, gold and gold shares went through another spell of pessimism. These never last. We are strongly recommending to buy gold and silver now, but particularly depressed gold and silver shares of solid companies with cash flow.





The long-term picture of silver



Should you own gold rather than gold shares?

The extreme of 2008, created by panic selling as a result of the financial crisis, produced an once-in-a-lifetime buying opportunity. However, few were able to benefit from the situation as fears for the worst dictated investors' behavior.

On fundamental values, gold and silver shares trade at historic low valuations as in 2008 when you were able to buy companies

- for less than the cash in the bank
- for less than \$ 10 per ounce in the ground
- for less than 1,000 times annual gold production
- for a dividend yield of 2.5% or more

Because of this dramatic price decline in these stocks, investors have the opportunity to purchase explorers, developers and producers, often referred to as juniors, at about half of the company's net asset value (NAV).

The TIMELESS PRECIOUS METAL FUND and The SIERRA MADRE GOLD & SILVER VENTURE CAPITAL FUND are ideal vehicles to benefit from the coming up-swing of the gold and silver shares in general, but specifically the undervalued junior sector.

Conclusion:

BUY GOLD AND SILVER SHARES NOW BEFORE IT IS TOO LATE!

Peter Zihlmann / Andrew Portmann

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How to invest:

<http://www.timeless-funds.com/en/timeless-precious-metal-how->

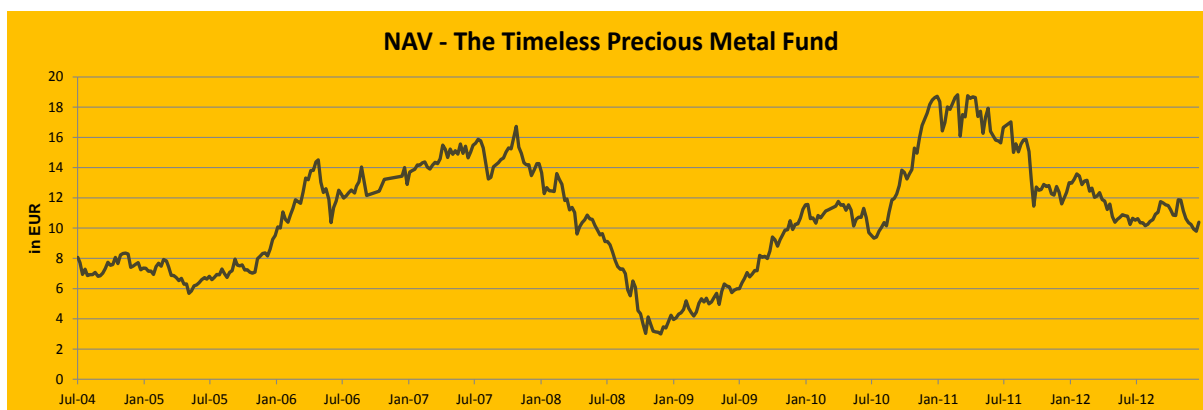
THE TIMELESS PRECIOUS METAL FUND

Is a Retail Collective Investment Scheme (SICAV), licensed by the Malta Financial Services Authority (MFSA).

THE TIMELESS PRECIOUS METAL FUND invests in listed mining companies of medium or small market capitalization, which have to fulfill the following criteria:

- Companies that are in production on the one hand, and have a high potential of adding new reserves and resources.
- Companies that are set to go into production and that have, at the same time, considerable exploration prospects.
- Companies that concentrate their exploration for precious metals in resource rich regions that have a positive track record.
- In addition we consider the experience and integrity of the mining company's management as another important investment criterion.
- Emphasis on operations in mining friendly countries and jurisdictions.

Shares of medium sized mining companies are more volatile than big cap mining stocks and are best suited for long-term investors. We also believe that mining companies are extremely undervalued at this time in relation to gold and silver and that, for this very reason, they offer an outstanding capital gain potential.



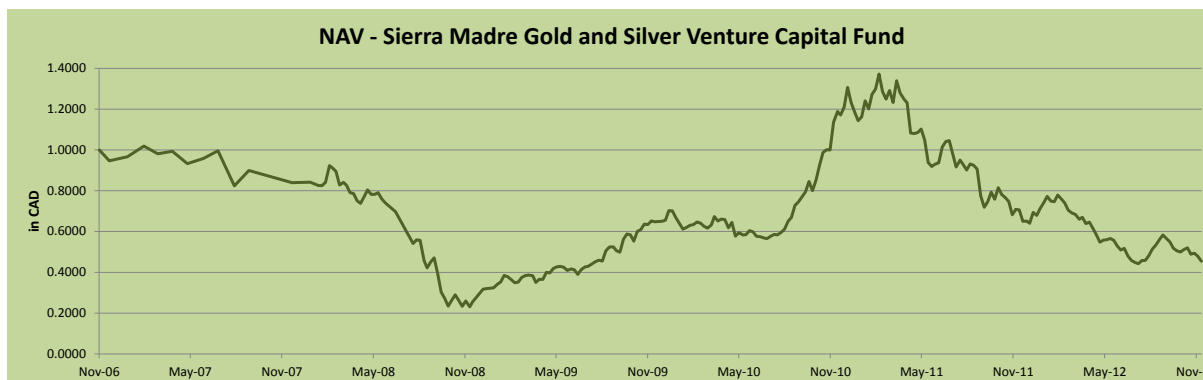
THE SIERRA MADRE GOLD & SILVER VENTURE CAPITAL FUND

Is a Professional Investor Fund targeting experienced investors and is licensed by the MFSA.

The SIERRA MADRE GOLD AND SILVER VENTURE CAPITAL FUND invests in listed precious metal venture capital mining companies with a focus on Mexico and other Latin American countries which have to fulfill the following criteria:

- Companies that are in production on the one hand, and have a high potential of substituting exhausted resource bases, and at the same time, of adding new reserves.
- Companies that concentrate on the exploration for precious metals in commodity rich regions that already have a substantial resource.
- In addition we consider the experience and integrity of the mining company's management as another important investment criterion.
- Geographic focus is on Mexico and other Latin America countries but 10% of assets may be invested in other countries.

The fund has no limitations as to the amount that can be invested in one company, giving the investor the chance to benefit fully from the capital appreciation potential of a company.



Our aim is to focus on a sustainable and constantly growing performance.

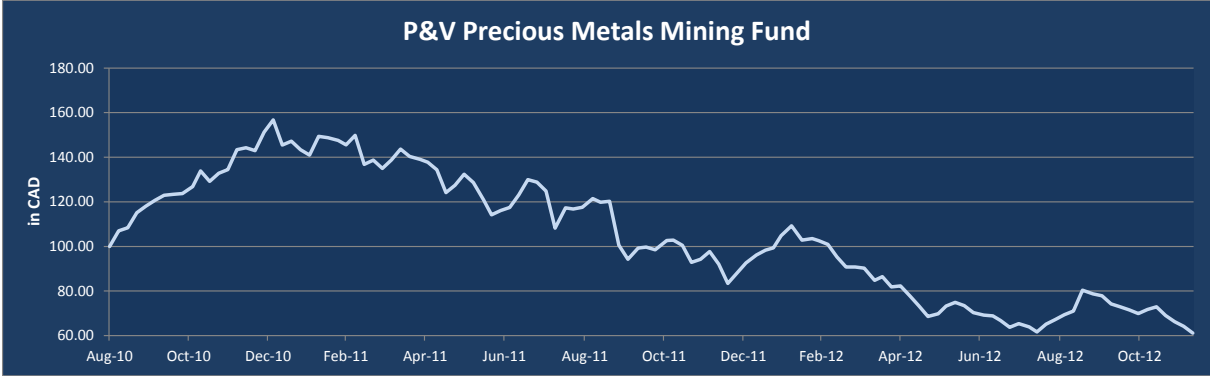
P&V PRECIOUS METAL MINING FUND

Is a UCITS III fund, conform to EU law.

This fund also invests in junior precious metal mining companies world-wide.

The fund is more restrictive than the two previous ones as investments which exceed 5% cannot be more than 40% of total assets. Not more than 10% can be invested in one single company.

The P&V PRECIOUS METAL MINING FUND offers less capital potential than the first two but it is also less exposed to risk.



Disclosure:

The author has not been paid to write this article, nor has he received any other inducement to do so.

Disclaimer:

The author’s objective in writing this article is to invoke an interest on the part of potential investors in this stock to the point where they are encouraged to conduct their own further diligent research. Neither the information nor the opinions expressed should be construed as a solicitation to buy or sell this stock.

Investors are recommended to obtain the advice of a qualified investment advisor before entering into any transactions in the stock - or to use their own brains.

In our opinion, the best approach is to buy a diversified portfolio of stocks as represented in THE TIMELESS PRECIOUS METAL FUND or THE SIERRA MADRE GOLD & SILVER VENTURE CAPITAL FUND instead of shares of only a small number of companies.
