

# P. ZIHLMANN INVESTMENT • MANAGEMENT AG

Your independent **Swiss** asset manager

[THE TIMELESS PRECIOUS METAL FUND](#)

[THE TIMELESS ENERGY FUND](#)

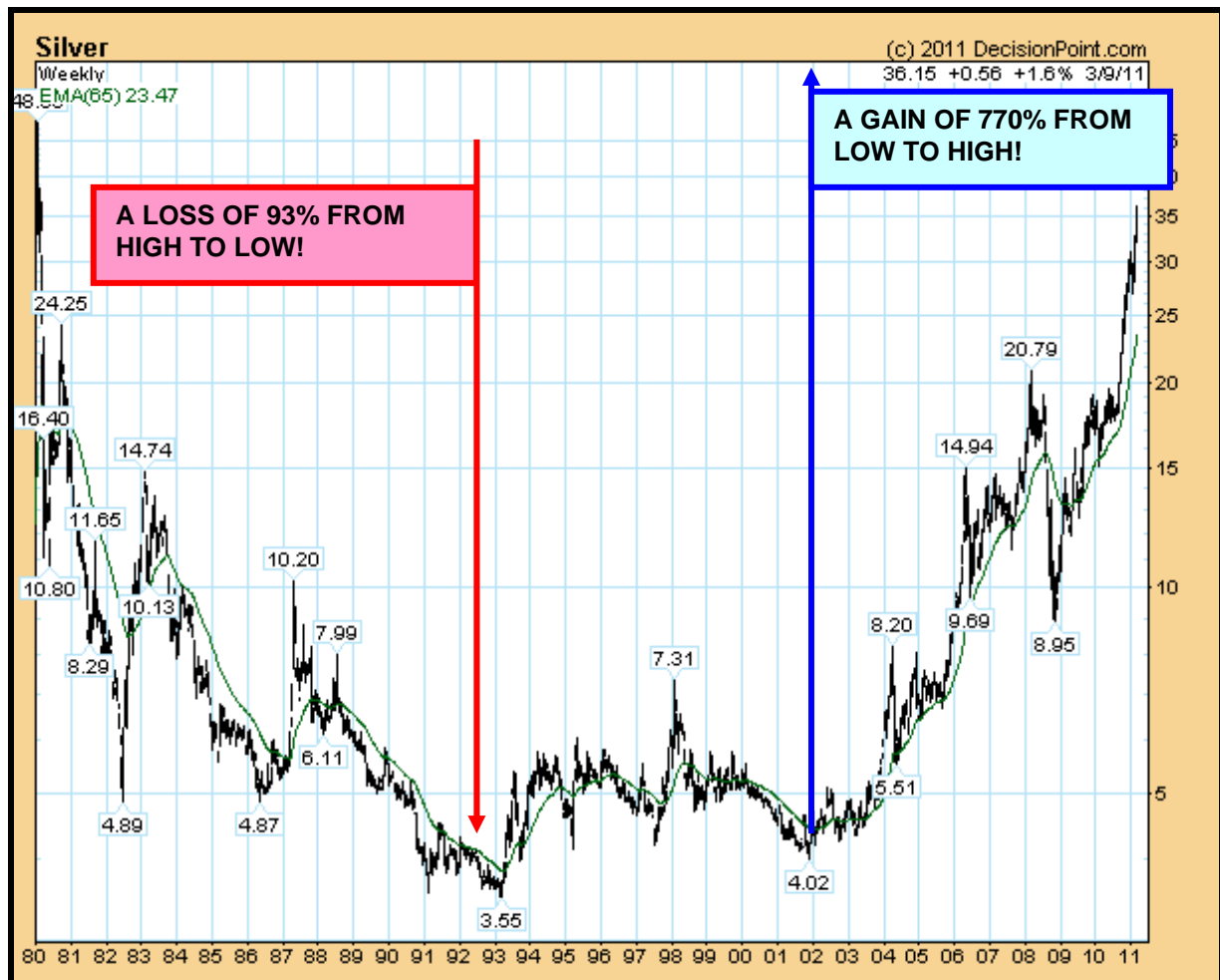
[THE SIERRA MADRE GOLD AND SILVER VENTURE CAPITAL FUND](#)

## SILVER: BUY, HOLD OR SELL? UP-DATE N° 20 / March 16, 2011

[Silverinstitute](#)

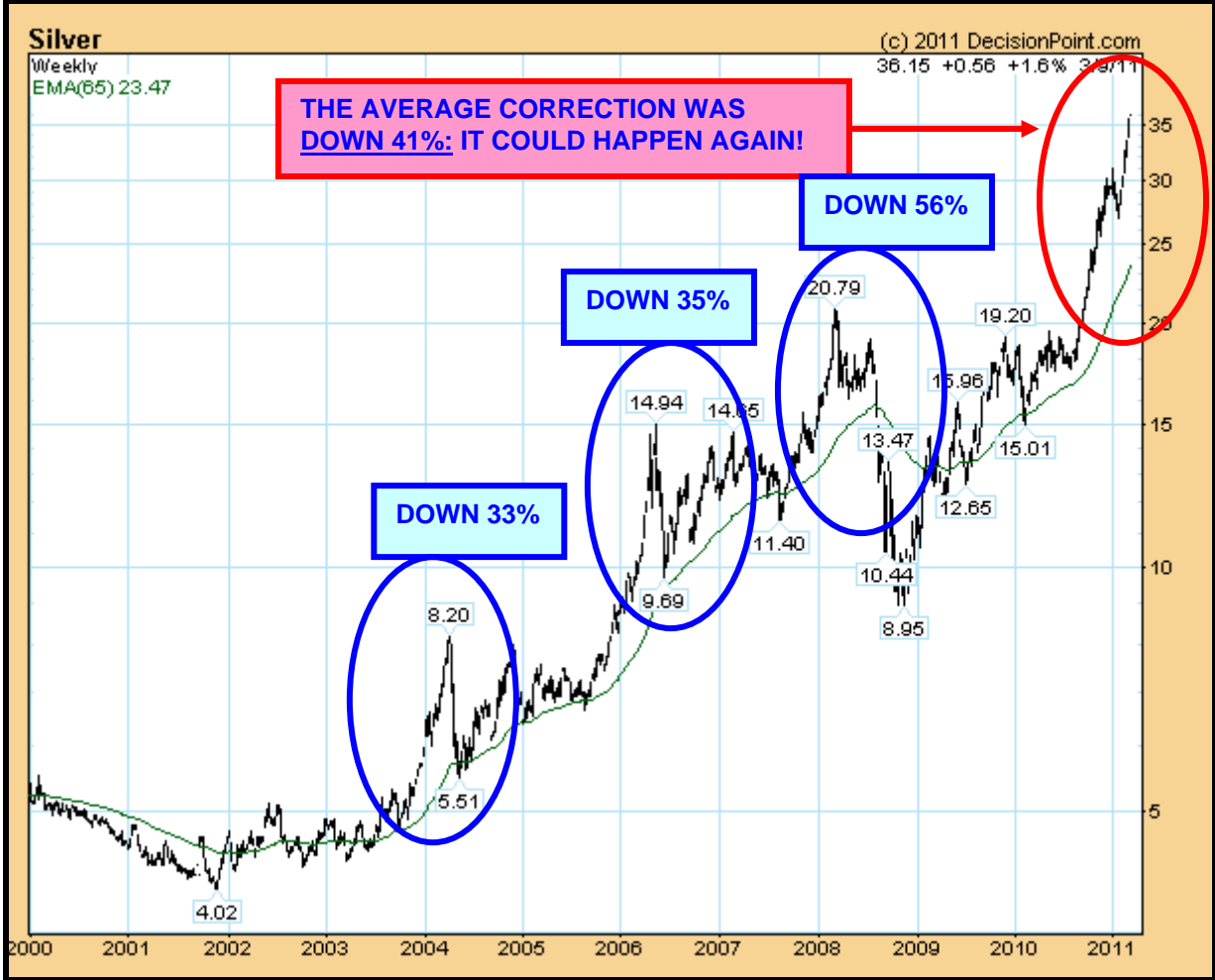
Silver/Ounces in US\$					
Buy Date	Amount/oz.	Buy Price	Total (USD)	Price Today	Value Today
November 15, 2002	10'000.00	4.54	45'400.00		
<b>Total</b>	<b>10'000.00</b>	<b>4.54</b>	<b>45'400.00</b>	<b>34.9</b>	<b>349'000.00</b>
<b>Profit</b>					<b>303'600.00</b>
<b>Profit (in %)</b>					<b>675%</b>
<b>OUR LONG-TERM RECOMMENDATION</b>				<b>HOLD</b>	
<b>OUR SHORT-TERM RECOMMENDATION</b>				<b>SELL</b>	

1980 to 2011: From bear to bull



In 1980, the price of one ounce of silver reached \$ 50. Today, the purchasing power of the US dollar is substantially less than in 1980. The price of one ounce of silver would have to rise to \$ 135 to reflect the value of the US dollar thirty years ago.

The long-term picture of the silver price



The bull market of the silver price started towards the end of 2002. On the way from \$ 4.02 to the recent high of \$ 36.15 (an increase of 800%), several significant corrections took place, the most severe one in 2008 when the silver price sank by 56% only to jump 300% to a new high since the bull market started. The bull market is not over. However, at present, a correction seems to be overdue.



Extremes never last but no extreme is an absolute extreme and there is no guarantee that the extreme of 2006 will actually be repeated. To demonstrate our point, we need to go back to 1980 when the indicator shown below went far above present levels.



In the past, excluding 1980, it would have paid off to play the extremes, always assuming that one can buy back at the right moment which is far from easy. A long-term investor may feel better simply remaining invested as he believes that prices will eventually go much higher.

### The medium-term picture of the silver price

Critics of technical analysis include well known fundamental analysts. For example, Peter Lynch once commented, "Charts are great for predicting the past." Warren Buffett has said, "I realized technical analysis didn't work when I turned the charts upside down and didn't get a different answer" and "If past history was all there was to the game, the richest people would be librarians."



**Fundamental Considerations: THE RISING SILVER DEMAND**

Silver is unique. Its natural beauty is legendary. Its range of applications is exceptionally broad. As a precious metal, it has been a source of human adornment since the beginning of time. As a principal component of fine tableware, appropriately called silverware, it has served as an important utensil for fine dining for centuries. As a light-sensitive element, it has revolutionized preservation of memories in the form of photographic images. More recently, its unique properties comprising of anti-bacterial qualities, corrosion resistance, malleability, ductility, reflectivity and conductivity have opened new possibilities for a myriad of other industrial applications.

The demand that pushes the silver price higher

Demand										
Fabrication										
Industrial Applications	374.2	335.6	340.1	350.8	367.6	407.0	427.0	456.1	443.4	352.2
Photography	218.3	213.1	204.3	192.9	178.8	160.3	142.4	124.8	104.9	82.9
Jewelry	170.6	174.3	168.9	179.2	174.8	173.8	166.3	163.5	158.3	156.6
Silverware	96.4	106.1	83.5	83.9	67.2	67.5	61.0	58.4	56.9	59.5
Coins & Medals	32.1	30.5	31.6	35.7	42.4	40.0	39.8	39.7	65.2	78.7
<b>Total Fabrication</b>	<b>891.7</b>	<b>859.4</b>	<b>828.3</b>	<b>842.4</b>	<b>830.8</b>	<b>848.7</b>	<b>836.4</b>	<b>842.5</b>	<b>828.6</b>	<b>729.8</b>
Producer De-Hedging	27.4	--	24.8	20.9	--	--	6.8	24.2	11.6	22.3
Implied Net Investment	--	11.4	--	6.0	37.4	67.6	64.0	22.0	48.2	136.9
<b>Total Demand</b>	<b>919.1</b>	<b>870.9</b>	<b>853.1</b>	<b>869.3</b>	<b>868.2</b>	<b>916.3</b>	<b>907.2</b>	<b>888.7</b>	<b>888.3</b>	<b>889.0</b>

Implied Net Investment demand and demand for coins cause the silver price to increase. Without it, the silver price would never have performed as it did.

**The Gold / Silver-Ratio**



In times of economic slow-down, the gold/silver-ratio reverses dramatically as can be seen in 2008. As the next economic crises will hit again – sooner or later, the present level of the ratio does not favour an investment in silver. Remember: the easiest way to lose money is to buy something expensive in the hope it will become more expensive.

## We prefer gold at this moment!

Peter Zihlmann



[www.pzim.ch](http://www.pzim.ch)  
[invest@pzim.ch](mailto:invest@pzim.ch)  
+41 44 268 51 10  
+41 79 379 51 57  
SKYPE: peterzihlmann

### OUR PRECIOUS METAL FUNDS

WE OFFER THREE FUNDS WHICH ALL INVEST IN JUNIOR PRECIOUS METAL MINING COMPANIES. THEY OFFER HOWEVER DIFFERENT RISK PROFILES TO SUIT INDIVIDUAL APPETITES FOR CAPITAL GAINS:



#### THE SIERRA MADRE GOLD & SILVER VENTURE CAPITAL FUND

It is a Professional Investor Fund targeting experienced investors, licensed by the Malta Financial Service Authority.

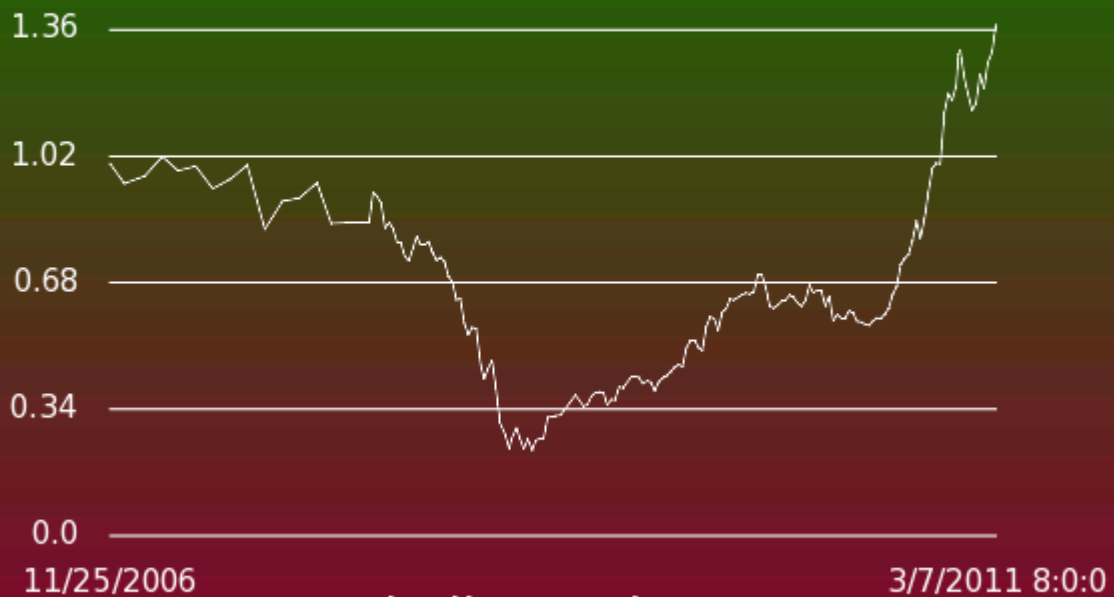
It is a venture capital fund, investing in Latin America. There are no limitations as to the amount that can be invested in one company, giving the investor the chance to benefit fully from the capital appreciation potential of a company.

On the other side, there is also a bigger risk when an investment should not perform as expected.

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

## NAV - Sierra Madre Precious Metal Fund

■ CAD



11/25/2006

3/7/2011 8:0:0

[www.bellygraph.com](http://www.bellygraph.com)



### THE TIMELESS PRECIOUS METAL FUND

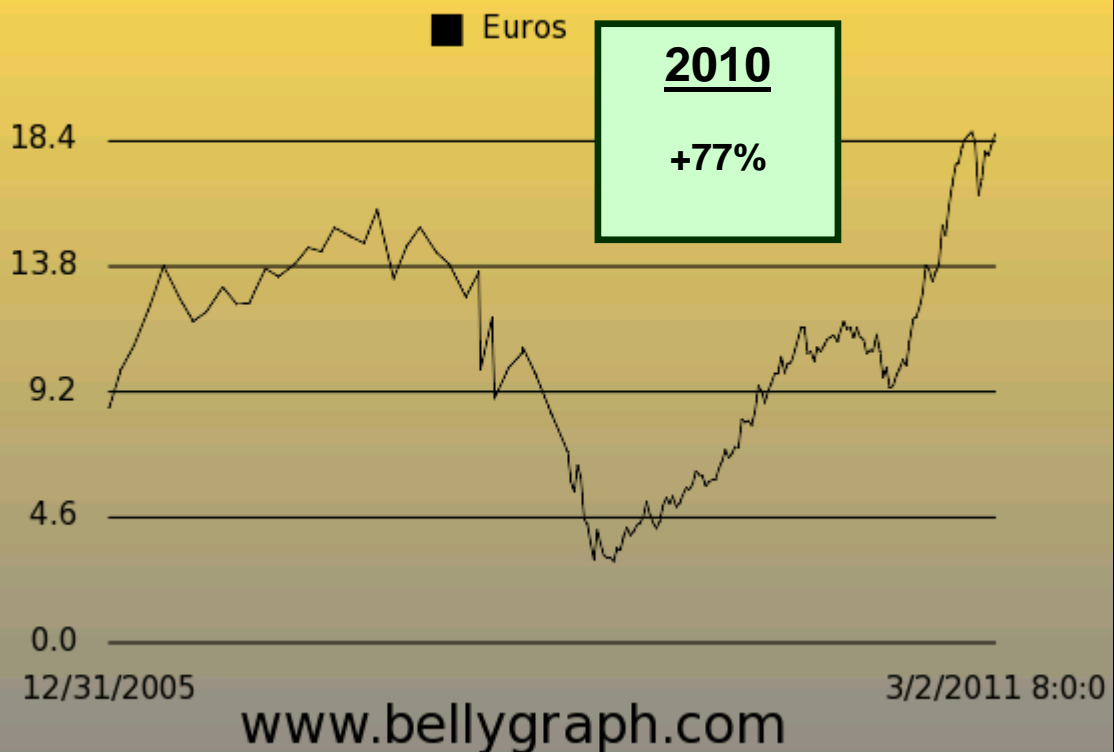
It is a Retail Collective Investment Scheme (SICAV), licensed by the Malta Financial Service Authority.

It invests in junior precious metal mining companies world-wide.

The fund cannot invest more than 10% in one company which limits the participation in the capital appreciation potential.

On the other side, there is less risk should an investment not perform as expected.

## NAV - The Timeless Precious Metal Fund



**P&V** PRECIOUS METAL  
& MINING FUND

### **P&V PRECIOUS METAL MINING FUND**

**It is a UCIT III fund conform with EU-law.**

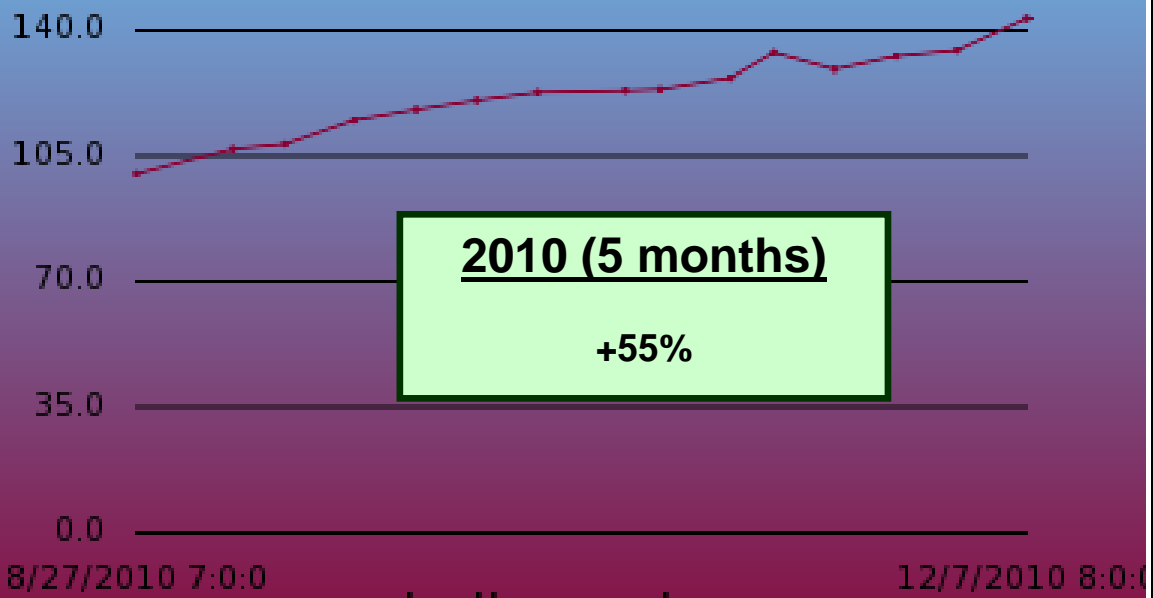
**It also invests in junior precious metal mining companies world-wide.**

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

**The fund offers less capital appreciation potential than the first two but is also exposed to less risk.**

# P&V Precious Metals Mining Fund

■ CAD



www.bellygraph.com