

# 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: BUY, HOLD OR SELL? Up-date N° 25 / March 23, 2011

Gold/Ounces in US\$					
Buy Date	Amount	Buy Price	Total (USD)	Price Today	Value Today
November 7, 2002	100/oz.	318.90	100/oz.		
<b>Total</b>	<b>100/oz.</b>	<b>318.90</b>	<b>100/oz.</b>	<b>1435.00</b>	<b>143'500.00</b>
<b>Profit</b>					<b>111'610.00</b>
<b>Profit (in %)</b>					<b>350.00%</b>
<b>OUR LONG-TERM RECOMMENDATION</b>				<b>BUY</b>	
<b>OUR SHORT-TERM RECOMMENDATION</b>				<b>BUY</b>	

1980 to 2011: From bear to bull



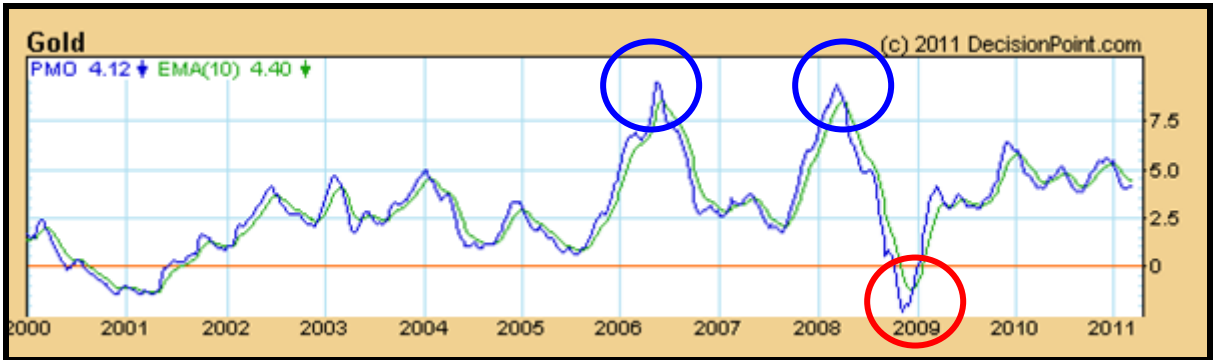
In 1980, the price of one ounce of GOLD reached \$ 850. Today, the purchasing power of the US dollar is substantially less than in 1980. The price of one ounce of gold would have to rise to \$ 2,300 to reflect the value of the US dollar thirty years ago.

The long-term picture

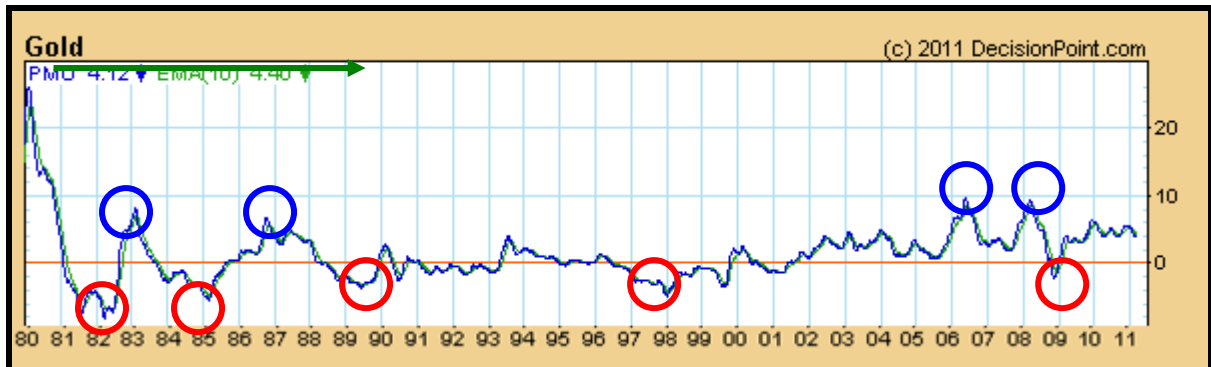
TARGET: \$ 1,750



The bull market of the gold price started towards the beginning of 2002. On the way from \$ 252.20 to the recent high of \$ 1435 (an increase of 470%), several significant corrections took place, the most severe one in 2008 when the gold price sank by 29% only to jump 102% to a new all-time high. The bull market is not over! Furthermore, we only reckon with a modest corrections within the up-trend as we cannot yet make out any overbought market condition.

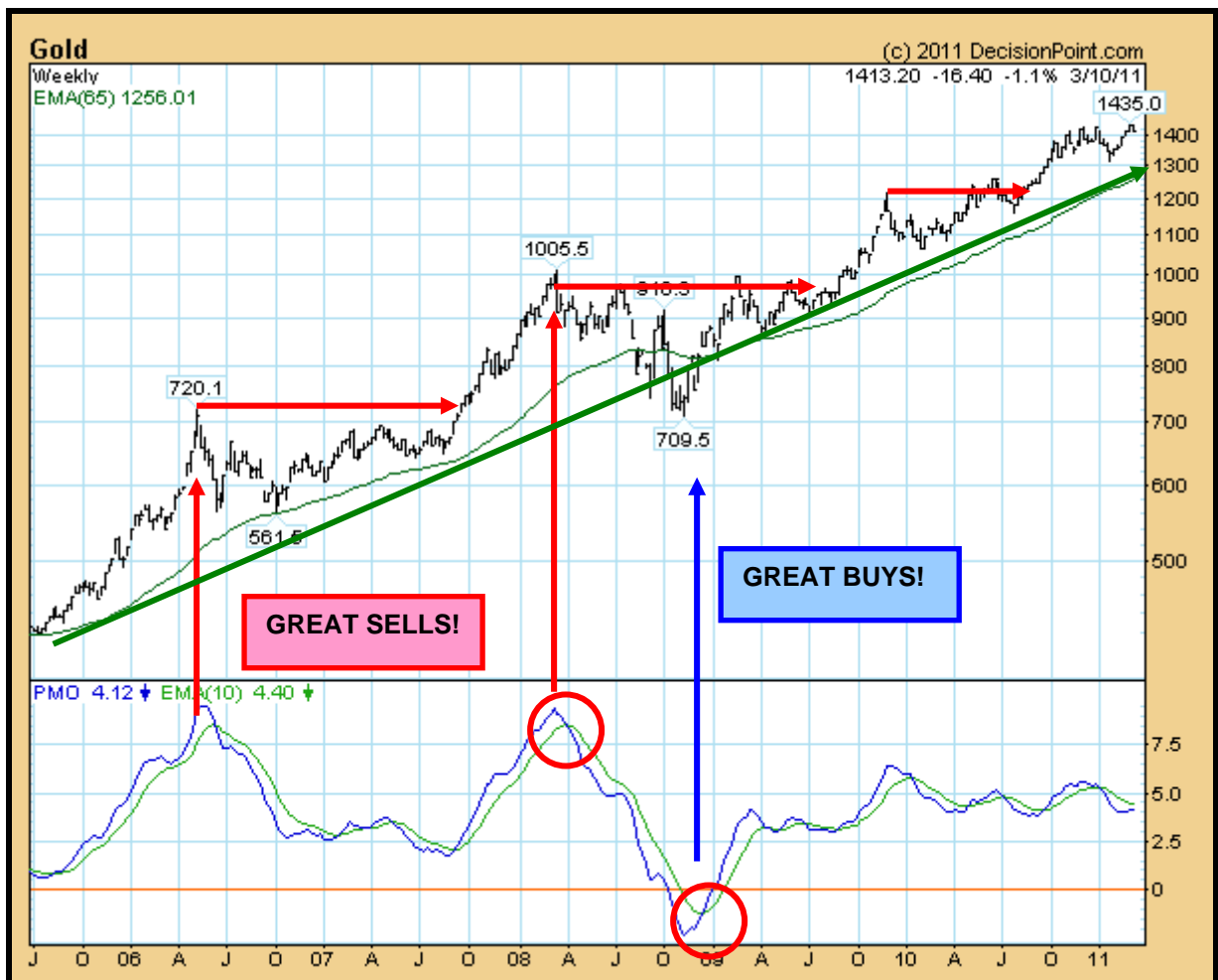


Extremes never last but no extreme is an absolute extreme and there is no guarantee that the extremes of 2006 and 2008 will actually be repeated. To demonstrate our point, we need to go back to 1980 when the indicator shown below went far above present levels.



It is important to note that we have NO extreme at present. 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 gold 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." However, as the circles show in above chart, selling and then buying when prices crossed the Moving Average, would have been a valid strategy.

**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 favours an investment in gold rather than silver.

**Should you own gold rather than gold shares?**

Gold and gold shares do not always move in a parallel fashion. At times, gold is leading, at times the gold shares. From 2000 to 2006, the Gold&Silver Index ratio fell by 40%, telling us that gold and silver shares outperformed the price of gold.

In 2006, the trend started to reverse as the ratio continued to increase and reached a lever of 5 points or 33% higher than in 2006. The crisis of 2008 hit gold and silver shares hard as the index spiked to 11 points. Gold and silver shares were sold across the board as investors were forced to sell to create liquidity. This extreme, created by panic selling, created a once in a life time buying opportunity. Few however were able to benefit from this situation as the worst fears dictated investors' behaviour.

The ratio has since fallen back to 6.6 points but is still roughly 25% higher than the long-term average.

Gold shares should continue to fare better than the price of gold.



## Conclusion

Gold should perform better than silver over the coming months but gold shares should outperform the price of gold!

Peter Zihlmann



[www.pzim.ch](http://www.pzim.ch)  
[www.timeless-funds.com](http://www.timeless-funds.com)  
[invest@pzim.ch](mailto:invest@pzim.ch)

phone +41 44 268 51 10  
mobile +41 79 379 51 57

## 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.

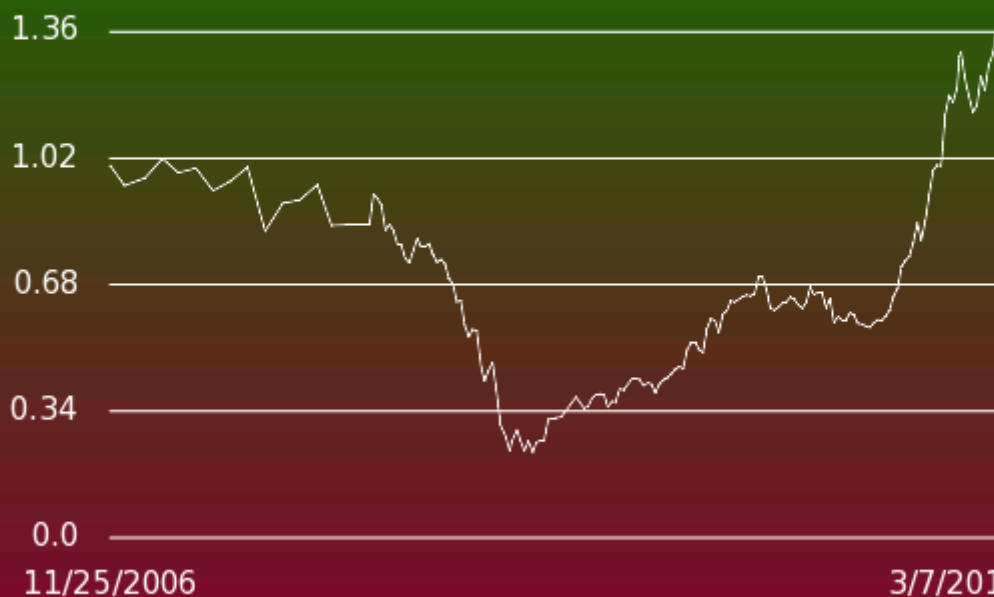
On the other side, there is also a bigger risk when an investment should not perform as expected.

**How to invest:**

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

## NAV - Sierra Madre Precious Metal Fund

■ CAD



www.bellygraph.com



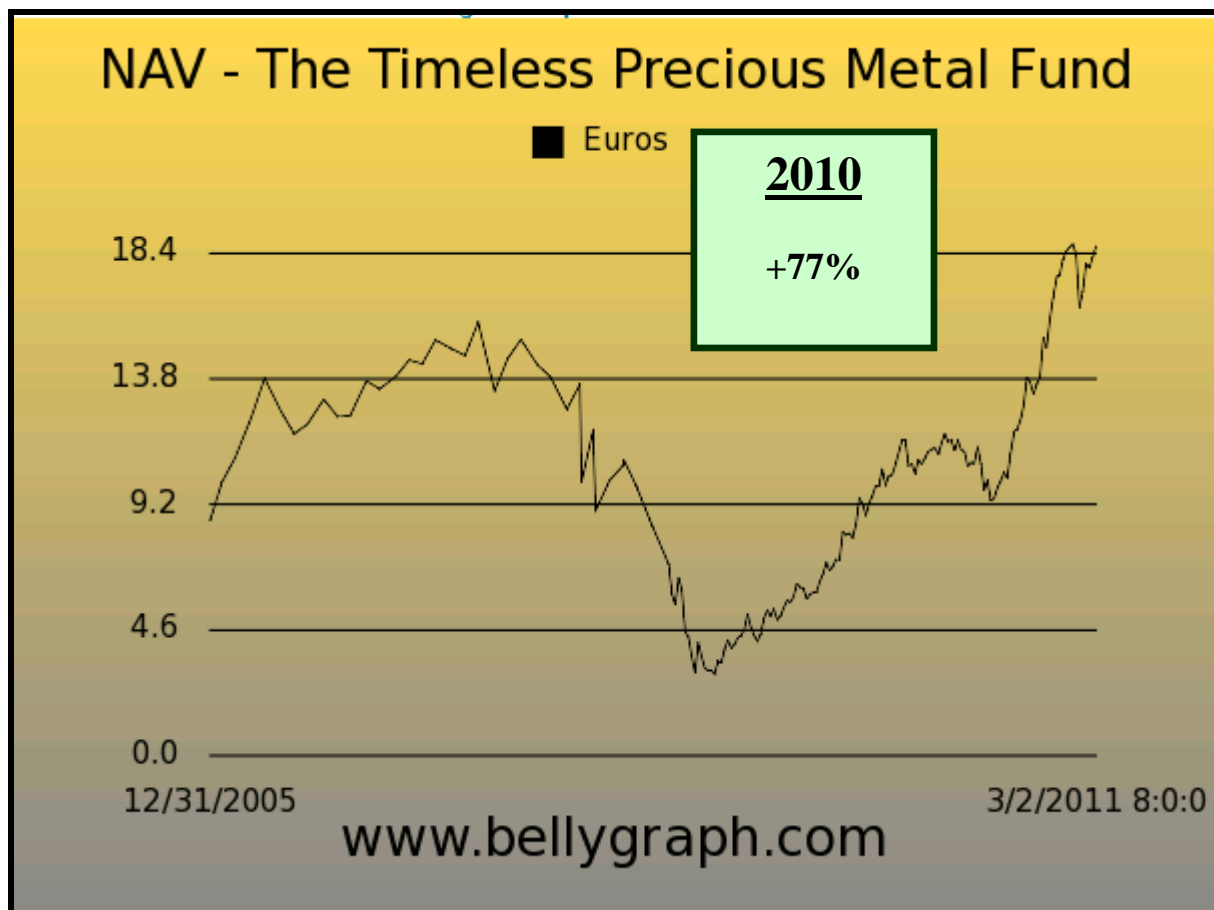
### THE TIMELESS PRECIOUS METAL FUND

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.



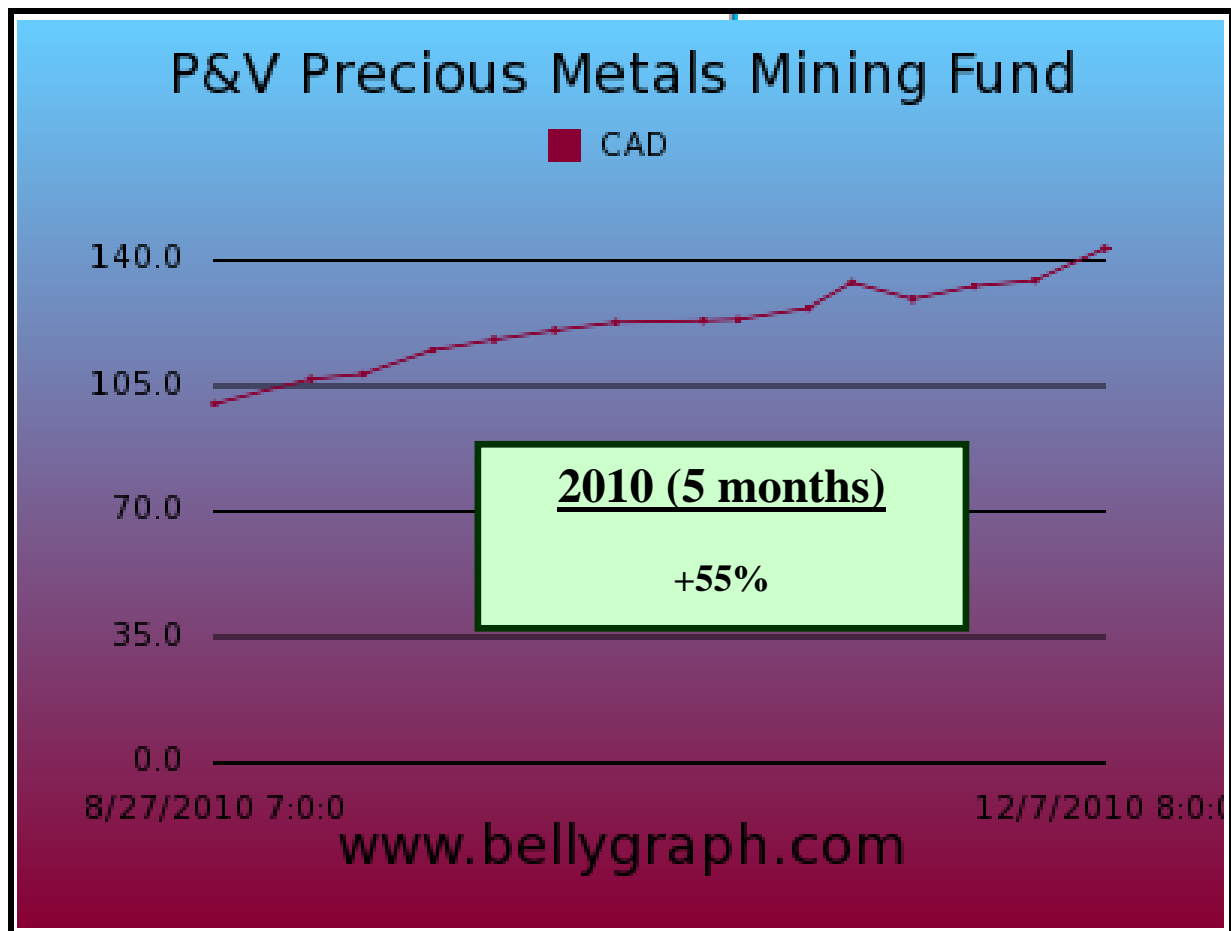
**P&V PRECIOUS METAL MINING FUND**

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.



\*\*\*\*\*

**Disclaimer: P. ZIHMANN INVESTMENT MANAGEMENT AG does not accept any liability for any loss or damage whatsoever, that may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in the trading recommendations or in any accompanying chart analyses, whether communicated by word, or message, typed or spoken by any of its employees.**

\*\*\*\*\*