

FE Trustnet News and Research

## Silver tipped to massively outperform gold



By [Alex Paget](#) 14 Nov 2012

**Technical and cyclical analysis suggests the price of silver could rise by 400 per cent within three years.**

Silver is about to enter a sustained, multi-year bull run that will see it massively outperform gold, according to [Ian Williams](#), manager of the £12.2m [WAY Charteris Gold Portfolio](#).

Williams says the re-election of US president Barack Obama makes it more likely that the Federal Reserve's huge stimulus measures will continue, driving the price of precious metals higher.

Although most of the manager's portfolio is invested in gold miners, he has some exposure to silver and believes this precious metal will do much better in the coming years.

"Silver is about to enter a sustained bull market that will take the price from the current level of \$32 an ounce to \$165 an ounce and we expect this price to be hit at the end of October 2015," he said.

According to *FE Analytics*, the S&P GSCI Silver Spot index has outperformed the equivalent gold index in recent years. Over a decade it has returned 609.64 per cent while the S&P GSCI Gold Spot has returned 439.41 per cent.

### Performance of indices over 10-ysrs



13/11/2002 - 13/11/2012 Data from FE 2012

Source: [FE Analytics](#)

Williams expects this outperformance to continue.

"We have long been more bullish on silver than on gold and have said since 2003 that silver will likely reach its inflation-adjusted high of \$150/oz in the coming years."

"This forecast is based entirely using technical and cyclical analysis and is in keeping with the mathematical form displayed so far in the bull run that has taken silver from \$8/oz in 2008 to its current price of \$32 an ounce – having hit \$50 an ounce in 2011."

However, the manager says that investors should look to hold a diversified portfolio of both gold- and silver-related assets.

"Strong demand for precious metals will remain as long as we have QE, which do well with each round of money-printing. QE is bound to lead to inflation at some point and at that time, real assets will do best," he added.

"Investing in a fund that holds a range of precious metals gives you positive diversification and less reliance on just gold."

"We have also long suggested that owning both gold and silver was sensible from a diversification point of view. Gold is more of a safe haven asset and currency in general and is more of a hedge against macroeconomic and monetary risk."

"Silver is similar, while more volatile, but continues to have the potential for far higher returns," he added.

Williams has headed up WAY Charteris Gold Portfolio since its launch in 2010. Data from *FE Analytics* shows that over this time, it has lost 3.88 per cent.

It has no specific benchmark; however it has beaten the MSCI AC World Metals and Mining index over this period.

### Performance of fund since launch vs index



Source: [FE Analytics](#)

During his career in fund management, Williams has tended to underperform his peers.

Over a five-year period, the manager has returned 35.41 per cent while his peer group composite has returned 44.37 per cent. He also manages [City Financial Strategic Gilt](#) and [Elite Charteris Premium Income](#).