



Below is the latest Market Comment from Ian Williams: (13/08/2020)

SILVER UP A LOT - GOLD UP A LITTLE

Over the last 20 trading days Silver has risen 40% from \$19 to \$26 whilst Gold has only risen 7%. At one stage Silver actually rose nearly 60% in 15 days going from \$19 to \$30 but this was obviously very overbought & the price now seems to have settled at around the \$26 level whilst the market decides on its next major move. However, as all the attention was drawn towards Gold rising above \$2,000 an ounce to an all time high (which I forecasted in my Daily Telegraph article dated July 2008) before pulling back to below \$2,000 the much bigger move in Silver did not get the attention it deserved. Although Gold reached an all time high Silver is only half its all time high of \$50 which it reached in 2011. What should get investors excited at this particular juncture is that we have yet to see much outperformance in Silver Mining companies relative to Gold Mining companies as they have both been tending to rise & fall together over the last couple of weeks. If Silver can hold on to these gains or as we suspect actually start to rise further, then the Silver Miners have some potentially quite drastic re-rating to do as all the analysts will have to start to dramatically revise up their earnings forecasts based on the new much higher price of the metal. The average Silver Miner has AISC (all in sustaining costs ie which includes Capex) of around \$13 an ounce (some are higher - some are lower) which means the average mine in this sector has seen its potential profit margin rise from \$6 an ounce to \$13 an ounce in 20 days to an operating margin of around 100% with the prospect of a further rise to come. The potential for further upward progress in the price of Silver are also underpinned by our long term cycle analysis of this metal which identifies an approximate 9.2 year cycle that bottomed at \$12 an ounce in March 2020. If this correct, we are in a multi year bull market in Silver which given its extreme volatility could take the price much higher over the next 2 or 3 years. Certainly a retest of the old 2011 high of \$50 an ounce should not present too much of an obstacle. If anyone wants to see a long term chart of Silver with this cycle overlay please get in contact. In the meantime our Charteris Gold & Precious Metals Fund has the highest weighting of Silver Miners relative to Gold Miners amongst its UK peer group and is ideally placed to benefit from the expected re-rating of the Silver Miners if & when it occurs.

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If you would like any more information on any of the newly launched or existing funds, please contact myself or the team.

Ian Williams, Charteris CEO and the team.

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