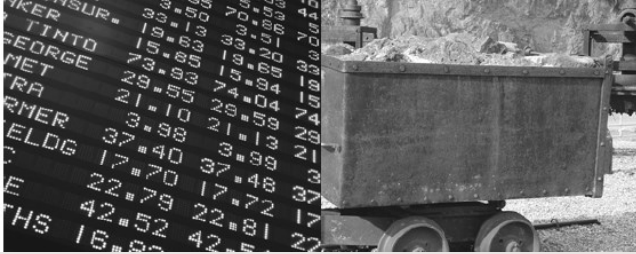


## Junior Gold Miners – The Time is Now



«The great secret of success in life is  
for a man to be ready when the opportunity arises.»  
*Benjamin Disraeli, British Prime Minister 1874-1880*

### Market Overview

The underperformance of gold and silver mining equity in relation to metal prices since 2007 is substantial and has increased over the last months. The equity / gold ratio has never, over the past 30 years, been so low. Valuations of the junior gold and silver mines in regards to their resources and future production are – based on current precious metals prices – on a historical low level.

### Economic and Financial Fundamentals

Gold has always been a measure of value and an instrument for the preservation of value. In recognition of this, for many years paper money was tied to a fixed gold standard, because this secured a real and stable value to paper money. As time has shown, during periods, such as these, of sustained monetary expansion, paper money tends to lose its purchasing power, and accordingly the role of money as a measure of value, as a medium of exchange and particularly as a store of value diminishes.

### Higher Gold Price

We expect higher gold and silver prices going forward. The reasoning behind rising prices is summarized as follows:

- ✓ Flight to safety by individual investors due to excessive printing of paper money
- ✓ Global imbalances: US and European debt burden and huge US trade deficit
- ✓ Global foreign currency reserves are “excessive” – gold reserves low:
  - as a consequence central banks have become net buyers of gold
- ✓ Mine supply is flat and cannot satisfy increasing demand
- ✓ Investment demand and jewellery demand are growing strongly, especially in India and China

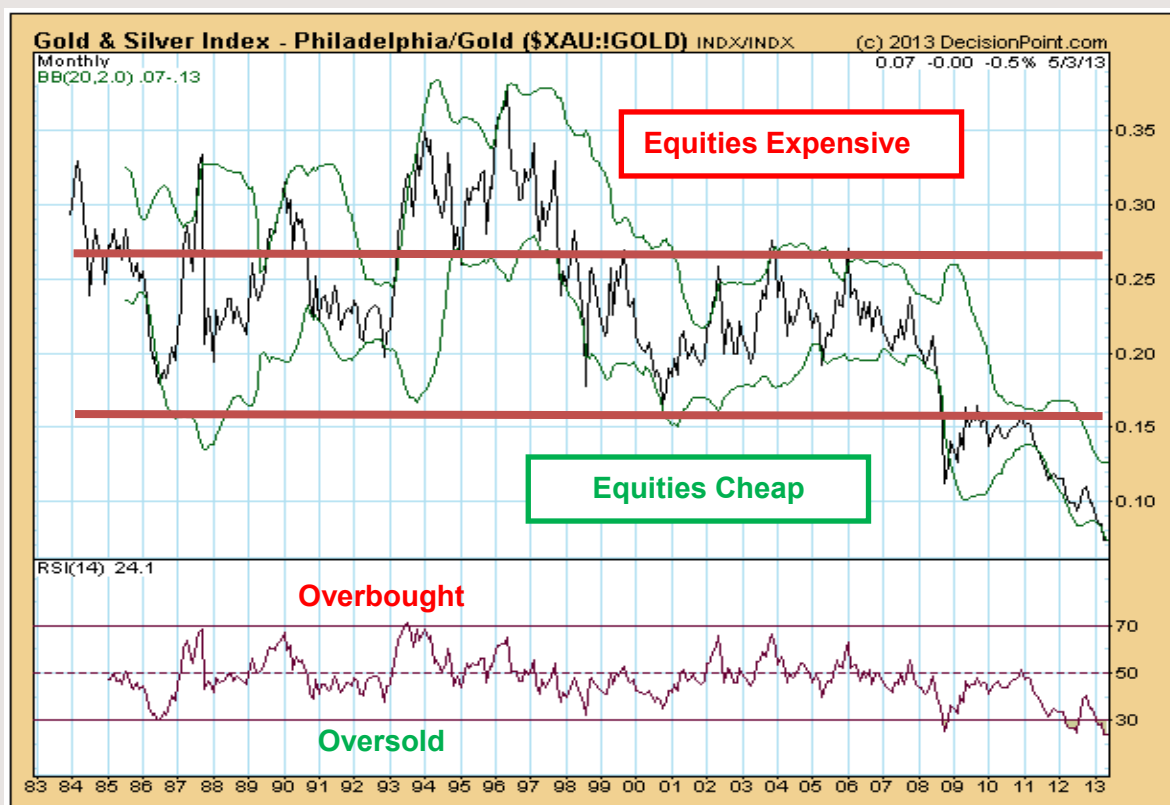
## Higher Gold Mining Equity Prices

The mining stocks benefit twice from rising gold and silver prices. On the one hand the valuation of their resources increases and on the other hand the amount of future cash-flows increases, thus leading to a higher valuation of the company. As production costs usually do not expand as rapidly as the price of gold, margins on produced gold and silver ounces increase.

On a long-term historic view, the shares of gold miners usually outperform the price of bullion.

## Current Valuation of Gold Mining Equities offer substantial Upside

The chart below show just how much gold miners are currently undervalued in regards to the gold price. The equity/gold ratio calculated below (The Philadelphia Gold & Silver Mine Index divided by the Gold Spot price) shows that the equities have never in the last thirty years traded at such low levels.



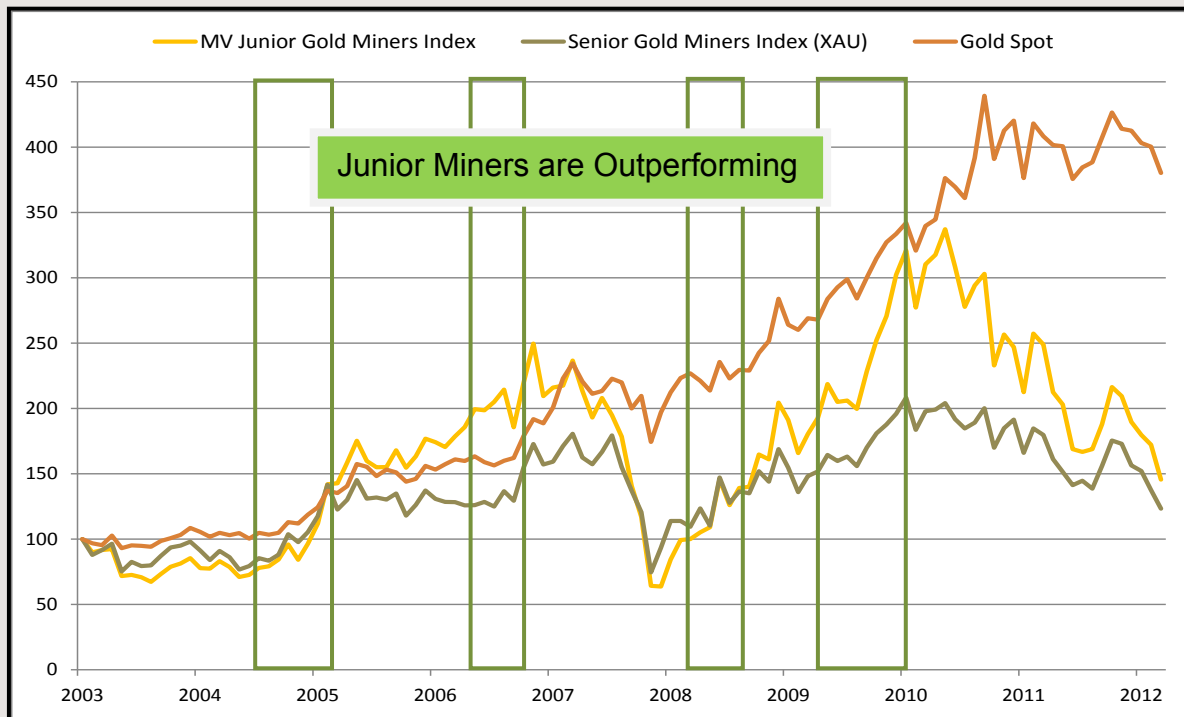
(Both the Bollinger Bands and the RSI show oversold levels never seen before!)

## Junior Miners offer larger Potential

The gold mining sector is divided into the Senior (large cap) producers and the Junior (small cap) companies. The Junior Miners are the emerging producers, whose growth potential is substantially higher than those from the Seniors. It is from the Juniors (including the Explorers), where the future gold and silver production is coming from.

Normally Junior Gold Miners have a higher leverage (or beta) to the gold price than the Senior Gold Miners.

This can be seen on the chart below:



The green marked time-periods show where Junior Miners outperformed the Senior Miners. This usually occurs while the gold price is in a clear upward trend.

**We expect this outperformance of Junior Miners to repeat itself in the next up leg of the gold price.**

## Investment Opportunity

### Conclusion

The gold mining sector offers exceptionally high profit potential. Due to a historically unique low valuation the risks for lower equity prices are substantially lower than the potential profits.

Within the gold and silver mining sector the juniors offer by far the largest potential. These exploration and developing companies are located on an attractive appreciation curve. Senior mining companies are increasingly looking at takeovers at these bargain prices. **THE TIMELESS PRECIOUS METAL FUND** and the **SIERRA MADRE GOLD & SILVER VENTURE CAPITAL FUND** are invested in companies with promising projects in mining friendly countries, including some interesting merger candidates.

For investors seeking to participate in this highly attractive sector, **THE TIMELESS PRECIOUS METAL FUND** and the **SIERRA MADRE GOLD & SILVER VENTURE CAPITAL FUND** offer a diversified portfolio in Junior Gold and Silver Mining stocks.

## Why now?

On April 12, 2013 the price of gold fell dramatically. Over a three day period gold had lost almost \$200/oz. Physical gold demand in Asia reacted immediately and increased buying helped gold regain roughly \$100/oz. from there. The gold miners fared substantially worse: within four days following the crash of gold, their shares lost almost 20% and regained only a fraction of that since then.

The market for gold equities is massively oversold. Such "panic" prices always offer huge upside potential.

## The Timeless Precious Metal Fund Sierra Madre Gold & Silver Venture Capital Fund

THE TIMELESS PRECIOUS METAL FUND and the SIERRA MADRE GOLD & SILVER VENTURE CAPITAL FUND invest in equities of companies engaged in the exploration, mining and processing of precious metals. The funds' investments are concentrated in small and medium-sized companies. Both funds are managed by a team of portfolio managers and analysts who are recognized for their investment expertise in the Junior Gold and Silver Mining sector. Our team-based approach allows us to discover attractive investment opportunities for our fund investors. We carefully analyze possible investments. Our fundamental value approach means we are looking for the most attractive stocks in our investment universe. When an emerging investment opportunity is identified, we invest with conviction and a long-term time horizon.

The Timeless Precious Metal Fund is traded on a weekly basis and is calculated in Euros. The Sierra Madre Gold & Silver Venture Capital Fund is calculated and traded in Canadian Dollars, as well on a weekly basis. Both funds are listed on the Maltese Stock Exchange.

## Contact

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The Timeless Precious Metal  
FUND



Sierra Madre  
Gold & Silver Venture Capital  
FUND

## Fund Facts:

	<b>The Timeless Precious Metal Fund</b>	<b>Sierra Madre Gold &amp; Silver Venture Capital Fund</b>
ISIN Bloomberg Ticker	MT0000072612 TLPREME MV	MT0000073974 SMGSVCF MV
Swiss Security-N° / WKN	1921952 / A0B8N9	2795371
Reference Currency	EUR (Minimum investment EUR 5,000)	CAD (Minimum investment CAD 15,000)
Domicile	Malta (EU)	Malta (EU)
License since	16.07.2004	7.10.2006
Custodian Bank	Bank of Valletta, Malta	Bank of Valletta, Malta
Accounting & Administration	Valletta Fund Services, Malta	SGGG Fexserv Fund Services (Malta) Ltd; Malta
Auditors	PriceWaterhouseCoopers, Malta	PriceWaterhouseCoopers, Malta
Fees (p.a.)	Management: 2% / Performance: 18% (high-watermark)	Management: 2% / Performance: 18% (high-watermark)

## Disclaimer

The above Fund data is for information only. Any investments in The Timeless Precious Metal Fund or the Sierra Madre Gold & Silver Venture Capital Fund should be based on the full details provided in the prospectus of the fund available on the web site.

Investments in mining equities can be – at times - subject to extreme price volatility. Even if the asset manager is committed to taking appropriate steps to minimize such risks, this does not mean that losses through general investment activities will not occur. Accordingly, it is not possible to guarantee capital maintenance or capital gains. It is therefore advisable that only long-term investors capable of withstanding close to medium-term losses should invest in the funds. The past is not necessarily a guide to the future and the value of investments can go down as well as up.



«Monetary policy, free from the constraints of the gold standards,  
has allowed a persistent excess issue of money.»

*Alan Greenspan, Federal Reserve Chairman USA, 1987-2006*