

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 BUGS INDEX (HUI): BUY, HOLD OR SELL? Up-date N° 13 / October 26, 2011

<u>Amex Gold Bugs Index (HUI)</u>					
Buy Date	Amount	Buy Price	Total (USD)	Price Today	Value Today
March 12, 2003	1	125.54	1		
Total	1	125.54	1	517.66	517.66
Profit					392.12
Profit (in %)					312%
OUR LONG-TERM RECOMMENDATION				STRONG BUY	
OUR SHORT-TERM RECOMMENDATION				STRONG BUY	

NYSE Arca Gold BUGS Index

The NYSE Arca Gold BUGS (Basket of Unhedged Gold Stocks) Index (HUI) is a modified equal dollar weighted index of companies involved in gold mining.

The HUI Index was designed to provide significant exposure to near term movements in gold prices by including companies that do not hedge their gold production beyond 1.5 years.

The HUI Index was developed with a base value of 200.00 as of March 15, 1996. Adjustments are made quarterly after the close of trading on the third Friday of March, June, September & December so that each component stock represents its assigned weight in the index.



The underperformance of gold shares in relation to gold since the beginning of 2008

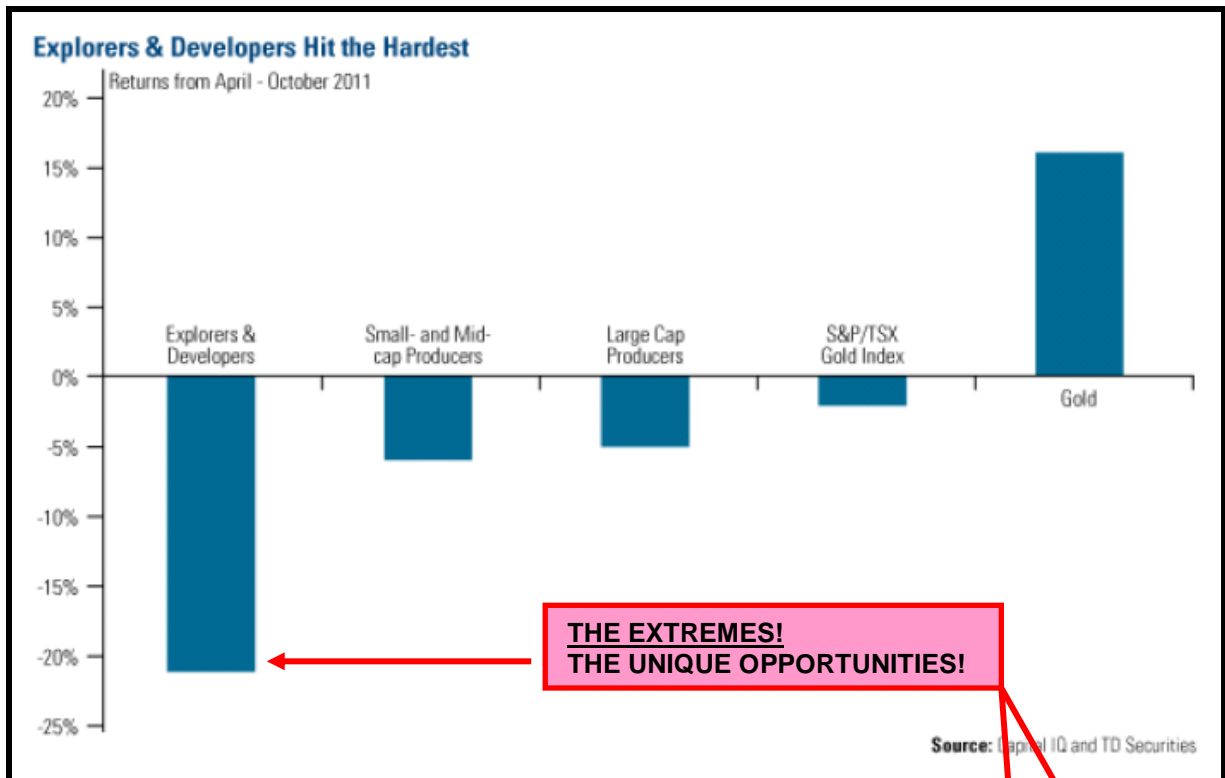


The two charts, showing the gold price and the HUI Index, illustrate many aspects of market behavior that an investor needs to know, most importantly:

in the long-term, gold shares tend to go up three times as fast as the gold price but

1. Gold shares are more volatile than the price of gold.
2. Gold shares generally outperform gold - but not always - at times the situation is reversed as since 2008.
3. Gold shares do not move in a parallel fashion, depending whether the companies are already producing, are near-term producers or explorers and developers.

During the recent general down-turn of stock markets, which also affected gold and silver shares, explorers and developers were hardest hit. They offer now a unique recovery potential.



The long-term picture of the gold price



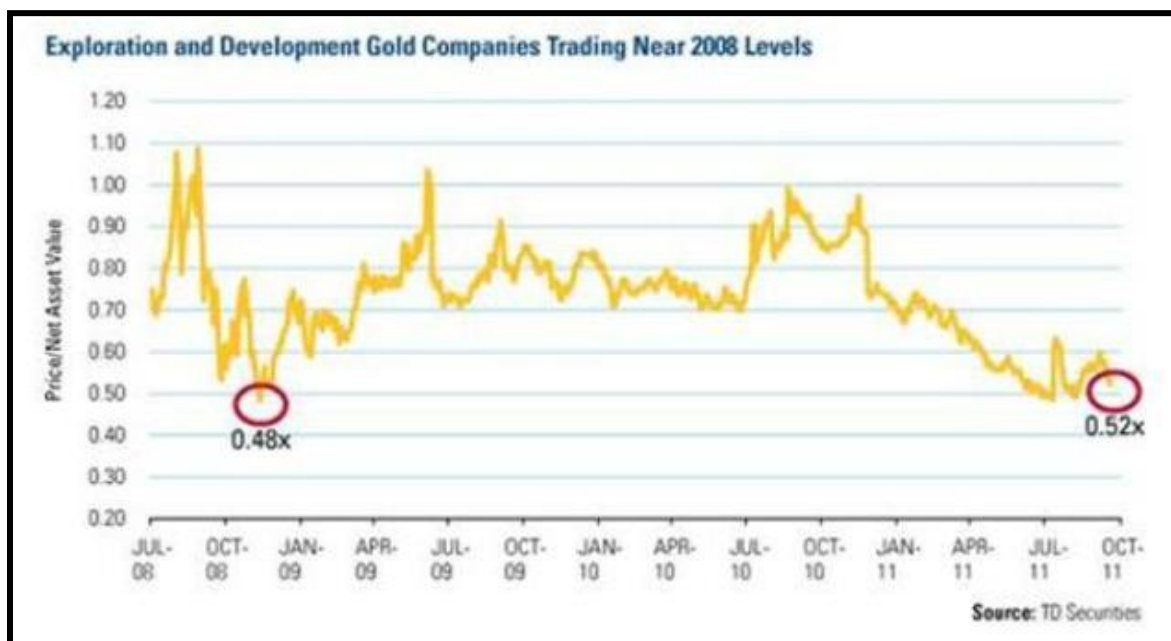
Should you own gold rather than gold shares?

The extreme of 2008, created by panic selling as a result of the financial crisis, produced a once-in-a-lifetime buying opportunity. However, few were able to benefit from the situation as fears for the worst dictated investors' behavior.

The ratio Price/Net Asset Value has now fallen again to the level of 2008.

Because of this dramatic price decline in these stocks, investors have the opportunity to purchase explorers & developers (E&D), often referred to as juniors, at about half of the company's net asset value (NAV).

The chart shows that the current price-to-NAV level for E&D equities is close to record low levels ... levels not seen since the financial crisis of 2008.



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Conclusion:

BUY GOLD AND SILVER SHARES NOW! FOCUS ON EXPLORERS AND DEVELOPERS!

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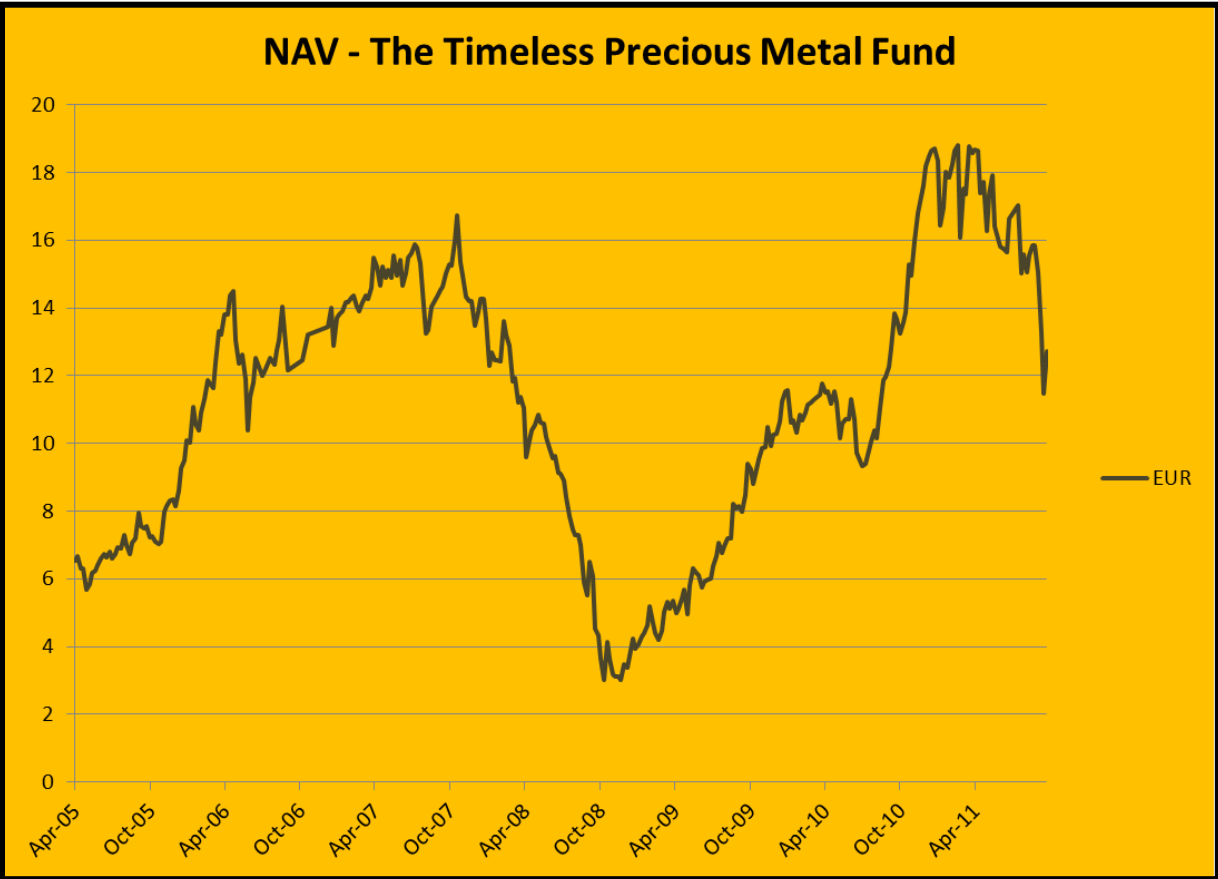
THE TIMELESS PRECIOUS METAL FUND

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.



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:

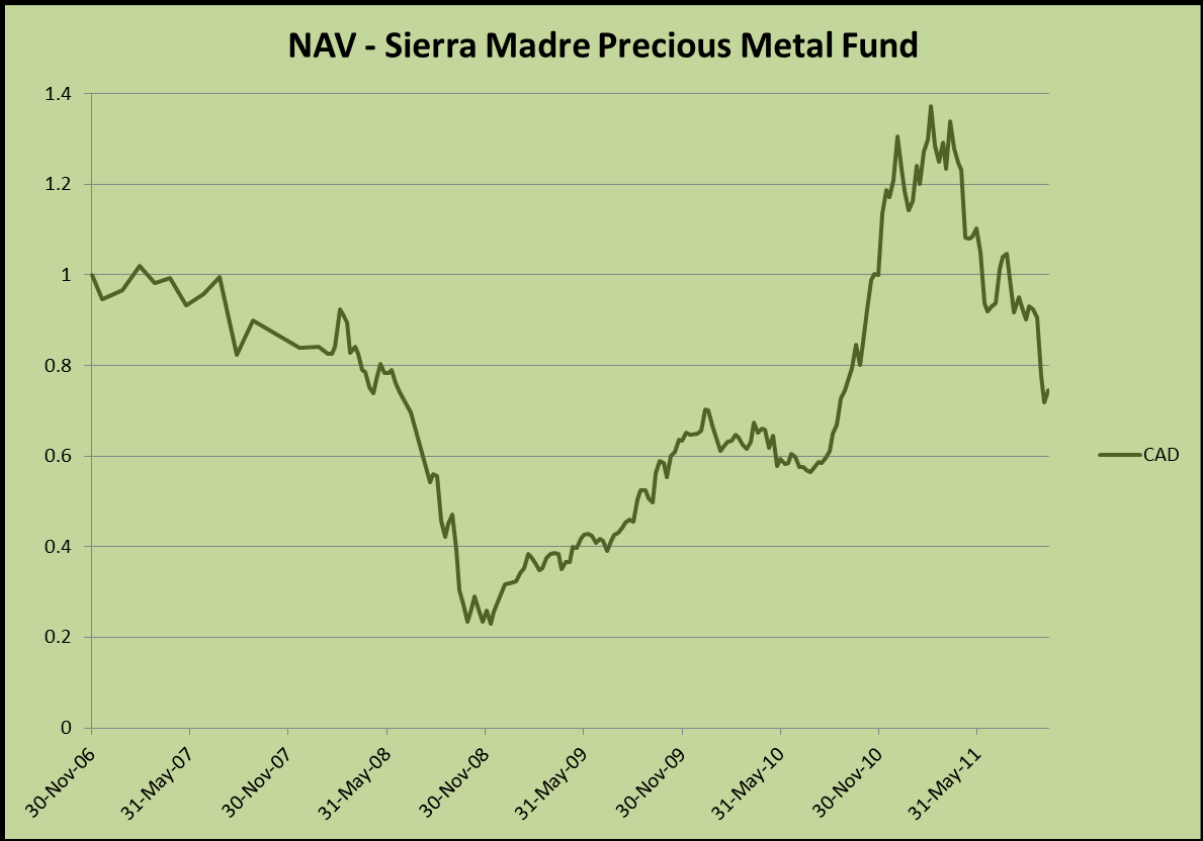


THE SIERRA MADRE GOLD & SILVER VENTURE CAPITAL FUND

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.





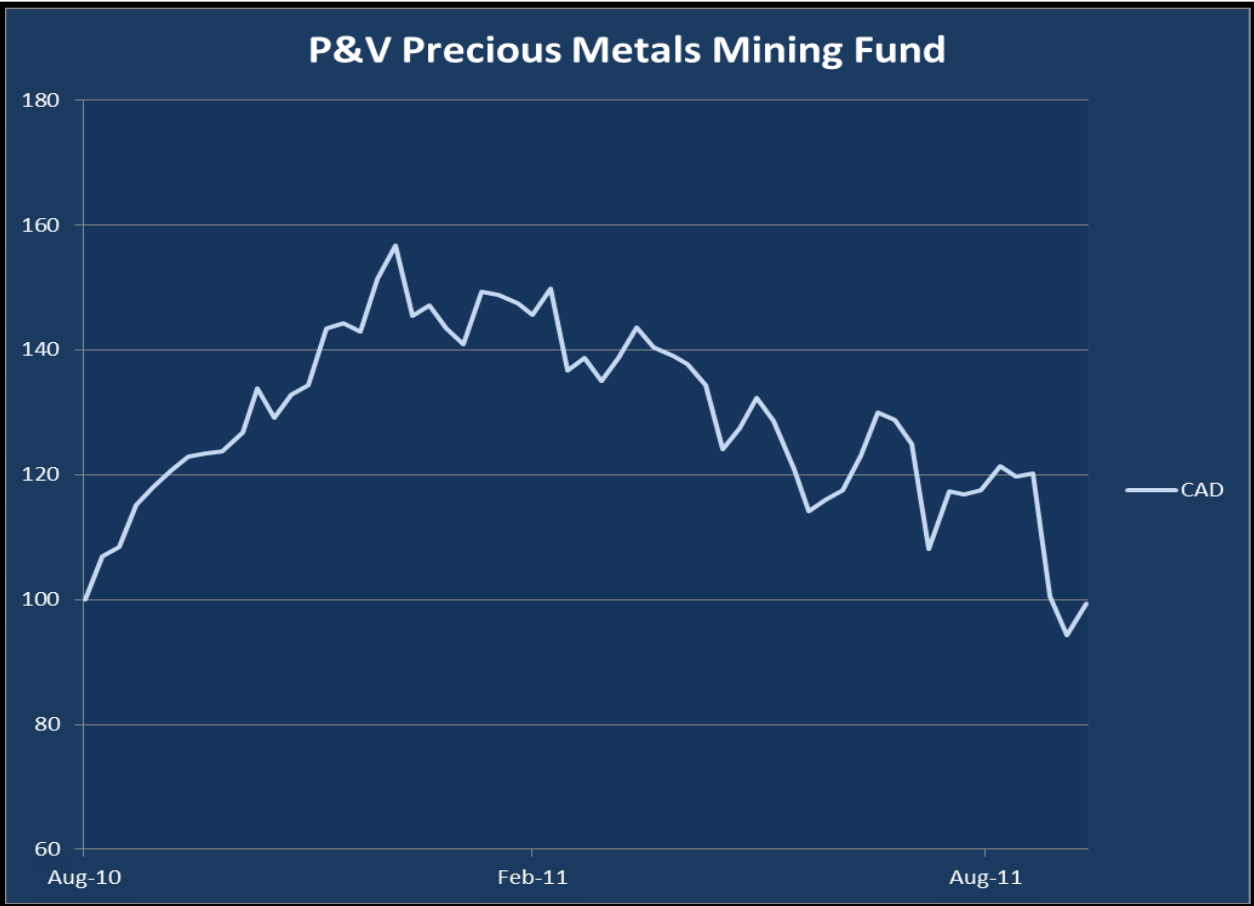
P&V PRECIOUS METAL MINING FUND

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.



Disclosure:

The author has not been paid to write this article, nor has he received any other inducement to do so.

Disclaimer:

The author’s objective in writing this article is to invoke an interest on the part of potential investors in this stock to the point where they are encouraged to conduct their own further diligent research. Neither the information nor the opinions expressed should be construed as a solicitation to buy or sell this stock.

Investors are recommended to obtain the advice of a qualified investment advisor before entering into any transactions in the stock - or to use their own brains.

In our opinion, the best approach is to buy a diversified portfolio of stocks as represented in THE TIMELESS PRECIOUS METAL FUND or THE SIERRA MADRE GOLD & SILVER VENTURE CAPITAL FUND instead of shares of only a small number of companies.
