



### OUTLOOK

"Buying Opportunity in Silver"  
8/28/2008

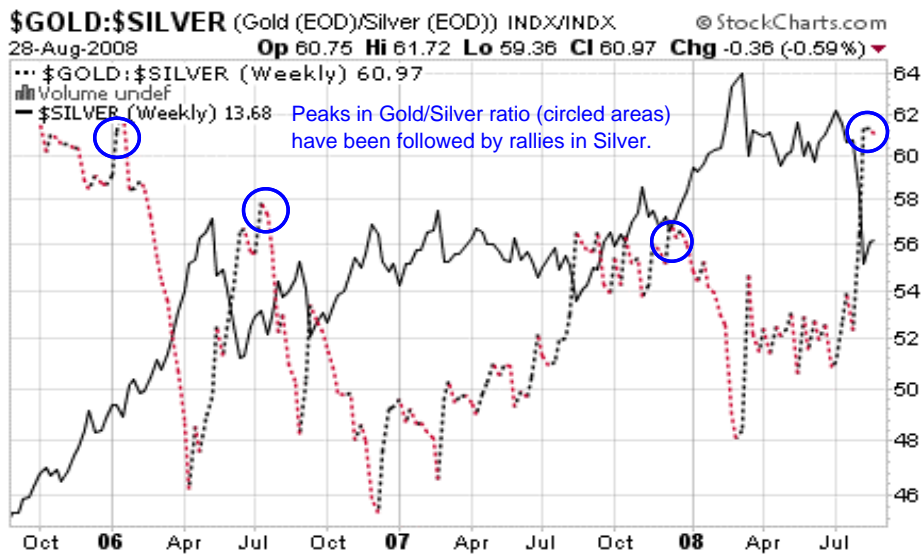
Silver is looking attractive as a buying opportunity after declining nearly 30% since mid-July. Precious metals as a group have declined since mid-July but the decline in Silver has been noticeably more steep than other precious metals such as Gold.

**Graph 1**



The steep sell-off in Silver relative to Gold has led to a dramatic spike in the Gold/Silver ratio as shown in Graph 2. The Gold/Silver ratio measures the value of Silver relative to Gold. An increasing ratio indicates that Silver is getting cheaper relative to Gold. Since the sell-off in mid-July, the Gold/Silver ratio has spiked from 50.58 on 7/14 to 60.97 on 8/28/08. As shown in Graph 2, Silver typically rallies after a spike in the Gold/Silver ratio so we believe this is a good entry point for building a long position in Silver.

Graph 2



Our positive stance on Silver also stems from our bullish outlook on Gold. Silver normally rides the coattails of Gold in both rallies and corrections. Since Silver is extremely undervalued relative to Gold based on the current Gold/Silver ratio, we think Silver will rally more than Gold in a rally and decline less than Gold in a decline. Thus, the risk/reward currently favors Silver over Gold. We expect to see Silver rally to \$14.25 or more within the next 2 months.

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