The 2018 Silver Report

Your Complete Guide to Investing in Silver

LEARCAPITAL
The Precious Metals Leader

SILVER:
The best-kept secret in investing

No precious metals portfolio is truly balanced without exposure to the benefits of silver. At Lear Capital, we refer to silver as the "best kept secret" in investing. Since 2000, silver has had over a 12% simple interest average annual rate of return. It's a solid long-term investment alternative.

Though its price saw modest gains in 2017, silver remains critically undervalued, and has been for some time. Based on a few key analytics, silver should really be priced well above $100 an ounce today. It's been poised for a massive upward price correction for 5-6 years, making it one of the best investment opportunities of a generation. If you have not already added silver to your portfolio, it's time to take a closer look, and get invested in this win-win precious metal. Will 2018 be the year that silver returns to its previous high?

It's All About Supply and Demand

The reality that many overlook is that for decades, silver had reserves from which to draw. Demand was quenched with excess inventory, driving the price down. However, the demand since 2000 has nearly exhausted the surplus that has been cushioning silver prices. More than 90% of silver ever mined is now gone and silver is in incredibly short supply. According to the 2017 World Silver Survey, new silver supply fell 147.5 million ounces for the previous year. As we quickly come to an end of the reserves, we face a devastating silver deficit that promises to escalate to crisis levels by the year 2020.

Meanwhile, the world continues to consume silver for both investment and manufacturing purposes. Because demand will continue to outstrip supply, pricing should move up in response to the shortage.

Will 2018 See the End of Silver Price Fixing?

So, silver is in demand but faces a supply shortage, and

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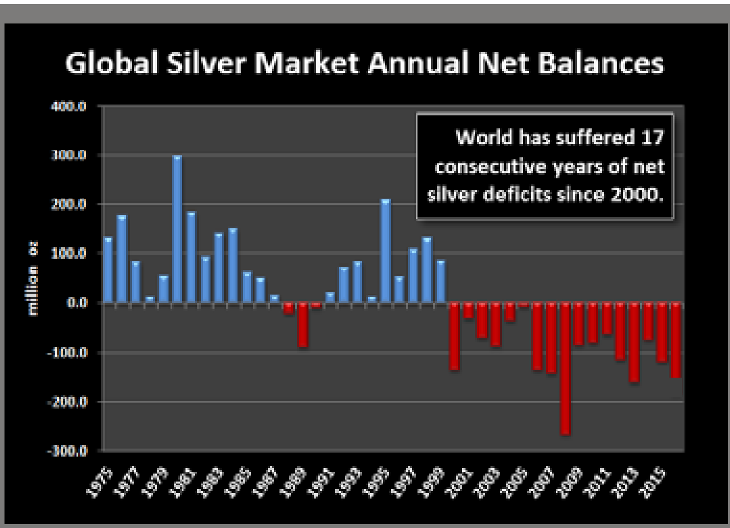


The world has suffered 17 consecutive years of net silver deficits since 2000. More than 90% of the silver ever mined is now gone.

has been for a while now. If that's the case, then why is the commodity priced so low? It's all in the way that the price of silver is set—or shall we say "fixed"—but changes are underway and 2018 could be the year that silver pricing FINALLY reflects reality and becomes transparent.

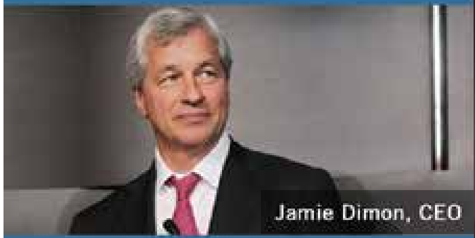
You see, for years, the LBMA (London Bullion Market Association) has been the source of the London silver price "fix," setting the price twice a day through a carefully controlled digital auction process. In general, auctions can be the most direct way of establishing a market price, but obviously only if all interested parties have a seat at the table to bid. Out of the 500-1000 parties that actively trade silver bullion on commodities markets, currently only nine have met the requirements to bid in this critically important auction. The question then becomes—is this a true "auction" or is it collusion among the most major participants in the market? To many of us in the precious metals industry, the way the LBMA silver price fix is coordinated sounds way too close to the FTC's definition of illegal price fixing. Indeed, in late 2016, Deutsche Bank agreed to a $38 million settlement in a price-fixing case brought against them by precious metals investors.

The after-effects of the Deutsche Bank settlement are just beginning to surface. Other banks have admitted to participating in precious metals price fixing and the jig may be up soon. New, stronger legislation is just now coming into effect in Europe. There are many more lawsuits pending on these very issues.

If these back-room deals can no longer hold the price of silver down to benefit the big banks, the big winner will be YOU, and the upside will be HUGE.

WHO'S BUYING SILVER?

JPMORGAN CHASE



Largest Investment Bank in the U.S.

Bank is holding 91.5 million ounces, (nearly $2 billion) of silver

JOHN RUBINO

Former Wall Street Analyst, Co-Author of "The Money Bubble: What To Do Before It Pops"

Believes silver could exceed $100/ounce

ROBERT KIYOSAKI

Author of the Best-Selling Personal Finance Book of All Time, "Rich Dad Poor Dad"

"I don't save dollars. I save gold and silver."

Investment Experts are Stockpiling Silver—Evidence that Now Is the Time to Buy

You don't have to take our word on these forces at play in the silver market. Just look at the large investors who are surveying the same landscape and seeing silver as an attractive buy.

Jamie Dimon, John Rubino and Robert Kiyosaki are just a few examples. China is another. Look at what is happening in the Shanghai Futures Exchange (SFE) in this chart from March 2017.

In just three months, both the SFE and JPMorgan both increased their already massive silver holdings by double-digit percentages!

Why are they buying? At Lear Capital, we like to call silver a "double play" metal—it's an investment safe haven when you expect the economy to slow down, and in good times and bad, it's heavily used in industry and manufacturing. Read on.

Silver Holdings (millions of ounces)

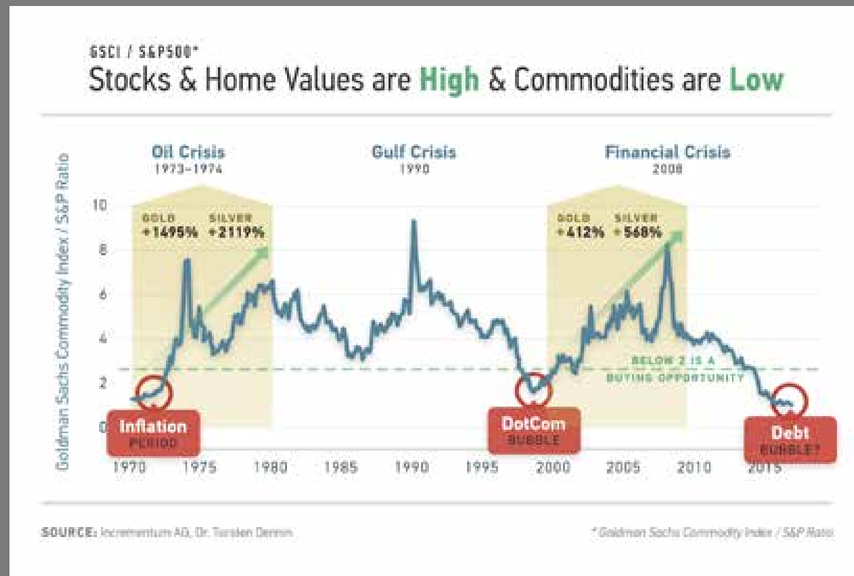
	End of 2016	March 2017	Change	% Change
Shanghai Futures Exchange	59.7	68.7	9.0	15.0%
JPMorgan	82.1	91.5	9.4	11.5%

SILVER'S DOUBLE PLAY

Reason One: Market Cycles and Diversification

Still feeling bullish about stocks as we head into 2018? At the start of the second year of President Trump's term, stocks and riskier investments continue to surge with the passing of the Tax Plan. But many experts have warned of a looming debt crisis caused by past policies.

The reality is that markets work in cycles—and at some point, experts recommend you take your money off the table and diversify to alternative investments like commodities.



Take a look at this chart that compares the Goldman Sachs Commodity Index (GSCI) to the value of the S&P 500 over the last 40 years. The GSCI is a measure of the performance of a widely held and diversified basket of commodities. In our chart, the lower the number, the worse commodities performed as measured against the performance of the S&P 500. Savvy investors see this as a buy signal for commodities like silver.

Looking at the chart, when this indicator is BELOW 2, it suggests you should consider gold and silver or commodities in general. If you would have purchased gold at that bottom in 1970 at $35 per ounce and held it for 10 years, you would have seen a 1,495% increase. This is based on $35 gold at the outset and a subsequent move to a ten year average price of $559 an ounce. If you were able to time your sale of gold at its 1980 peak price of $850 an ounce, gains could have been much higher.

During the same time period, silver gains were even higher. Silver went from $1.80 to $39.95 for an astonishing 2,119% increase. Again, you would have made more if you sold at silver's peak of $55 per ounce. So let's see if this indicator held true on its second dip below 2 over the last 40 years.

If you would have purchased gold at the second bottom in 2001, at $271 per ounce and held it for 10 years, you would have seen an increase of 412%. In that period, gold went from $271 per ounce to $1,388 (on average) by 2011 for a 412% increase. You would have made more if you sold gold at its peak of $1,950 in that same year. In that same period, silver also went from $4.59 to $30.67 for an increase of 568%. Again, you would have made more if you sold at silver's peak of $47 per ounce.

Now, at its third bottom in this 40 year span, do you think gold and silver prices are poised to repeat past performances? According to this chart, stocks are at bubble levels while commodities, including gold and silver, are at cyclical bottoms. This could be your opportunity to "buy low" and "sell high" later.

As a safe-haven investment, inflation is silver's best friend, with the price of silver and gold usually trending up amid fears of inflation and economic uncertainty. Bart Melek, head of global commodity strategy at TD Securities in Toronto, said the Trump Tax Plan could inflate the nation's budget deficit and expand the debt, and that the deterioration in the nation's fiscal standing is a recipe for higher silver and gold prices.

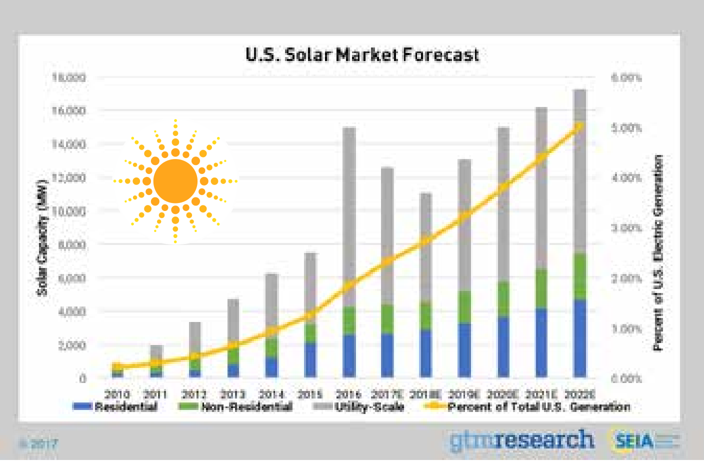
"Silver will outperform gold, surging as much as 19 percent to $20 an ounce by the end of next year, as global growth boosts industrial demand for the white metal just as mine supply slows." — Bart Melek

SILVER'S DOUBLE PLAY

Reason Two: Skyrocketing Global Industrial Demand

We already noted that silver is in short supply. But demand for industrial and commercial use of silver continues to grow. Silver is the world's most conductive element and the most reflective metal on the planet. As a result, it plays a critical role in how we communicate, replicate, and initiate chemical reactions to advance technology and interconnectivity in the 21st century. This makes it, perhaps, one of the most vital components for modern innovation.

Much of this demand continues to come from the solar industry, and increasing use in automotive, but silver is also found in almost all electronics. Think about the consumer demand for cell phones, laptops, tablets, and LED. Silver is a key component of these devices' circuitry.



A Closer Look at Solar

The solar energy / photovoltaic industry has experienced steady growth for the better part of two decades, and shows no sign of slowing down. Solar panels have been popping up around the globe including in the United States as PV installs have increased by half every year over the past ten years. Tesla has unveiled an attractive solar roof concept that will one day be practical and affordable for residential homes.

Silver has two roles in photovoltaics, one as a silver paste printed onto cells to help carry electrical current and the other as a reflector and director of solar energy into "collectors" like those seen on roof-tops or in fields. Silver makes up 15-25% of the cost of manufacturing solar panels, so there is cost pressure for manufacturers to use less of it, or "thrift" away from it. Copper is a strong and cheaper competing metal, but silver's strengths make it an irreplaceable component of the technology. "Thrifting" efforts began when silver spiked close to $50 an ounce and continue today, and yet the PV industry remains a key source of industrial demand for the metal.

An Irreplaceable Metal

Knowing this and understanding economics, one might think that if something is in short supply and urgent need, when the price goes up, substitutes will be sought out to replace an expensive industrial input. The truth is, silver is irreplaceable.

Manufacturers have been trying to create suitable polymers to act as replacements for silver, but there is just no way around it. Silver is the best electrical conductor known to man. Engineers are seeking out ways to economize and get by with less, but silver really is irreplaceable. In this era of unrelenting demand for quality, speed and seamless functionality, silver is an integral part of industrial and technological advancement.

An Investment Win-Win

So what happens if the markets sell off and the economy experiences a major contraction before this forecasted demand surge can truly take hold? Answer: Silver STILL goes up, just for different reasons.

Remember, silver is a precious metal that, like gold, has been used both as currency and wealth preservation for centuries. But silver does MORE than just preserve your wealth. This investment powerhouse shines with inflation AND offers dramatic growth potential whether the world economy improves or the global landscape becomes more volatile.

Consider: In 1991 the median home price was $120,000 and an ounce of silver was $4. This means 30,000 ounces of silver would buy you an average American home. If you had 30,000 ounces of silver today, at $18 an ounce, your silver would be worth $540,000. Today's median home price is around $228,000. So with the

same amount of silver, you could buy TWO homes with $84,000 left over. And that is just compared to 1991—not that long ago! Simple math.

The Silver No-Brainer

If silver was a stock, your financial advisor should be calling you to say, "I have a GREAT opportunity in this amazing company that might be one of the best kept secrets of the year. The company was trading at $47 a few years ago, is at $18 right now (Jan 2018), and demand for product is currently outstripping supply by 200 million units per year. Do you want in?"

Most savvy investors would not hesitate.

And that is the story with silver right now. The silver deficit is deepening and widening and demand is not letting up. There is a golden opportunity in silver right now, and it may never again demonstrate this magnitude of upside potential.

Investors like Jamie Dimon, Robert Kiyosaki and John Rubino know it is a WIN-WIN buy. What are ***you*** waiting for? The silver sale won't last forever. Don't miss this opportunity to diversify into this physical asset that is both irreplaceable and essential to our way of life.

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