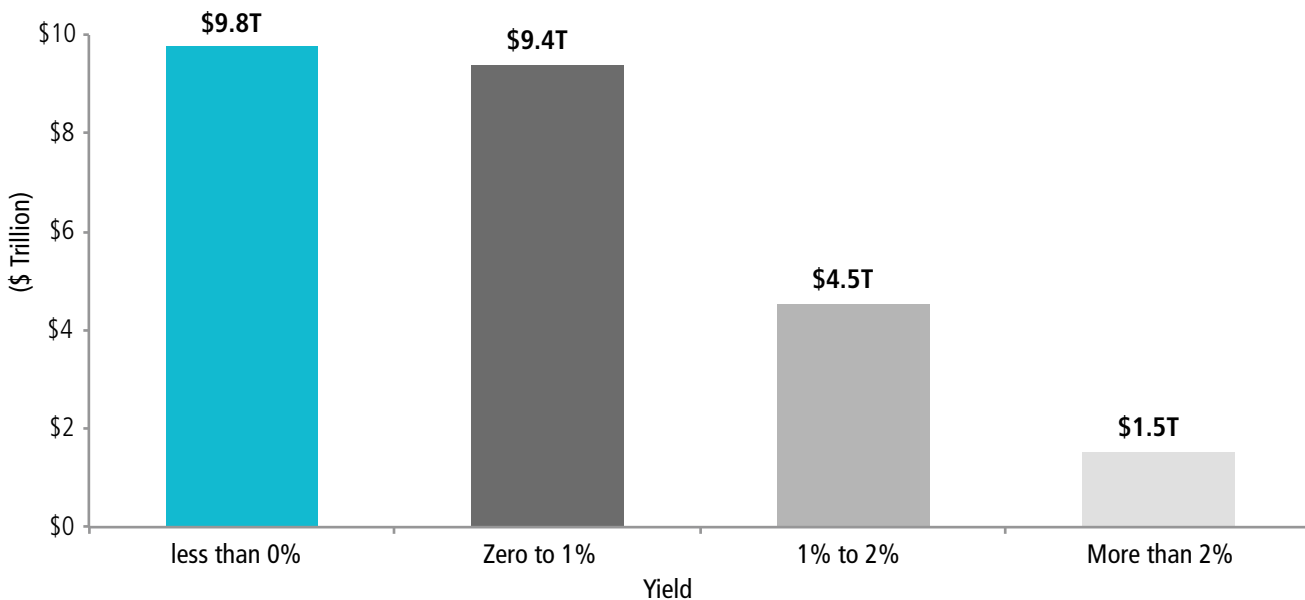


FACTORS THAT FAVOR SILVER IN THE CURRENT ENVIRONMENT:

Precious metals are enjoying an incredible rally this year, driven by declining global interest rates, economic uncertainty, currency volatility, and most recently, Brexit. The macroeconomic environment is unlikely to change in the near future, leading us to believe that we are in the early stages of an extended rally. Silver and silver equities are a great way to participate in this precious metals bull market.

Here are some of the factors that favour silver and silver equities:

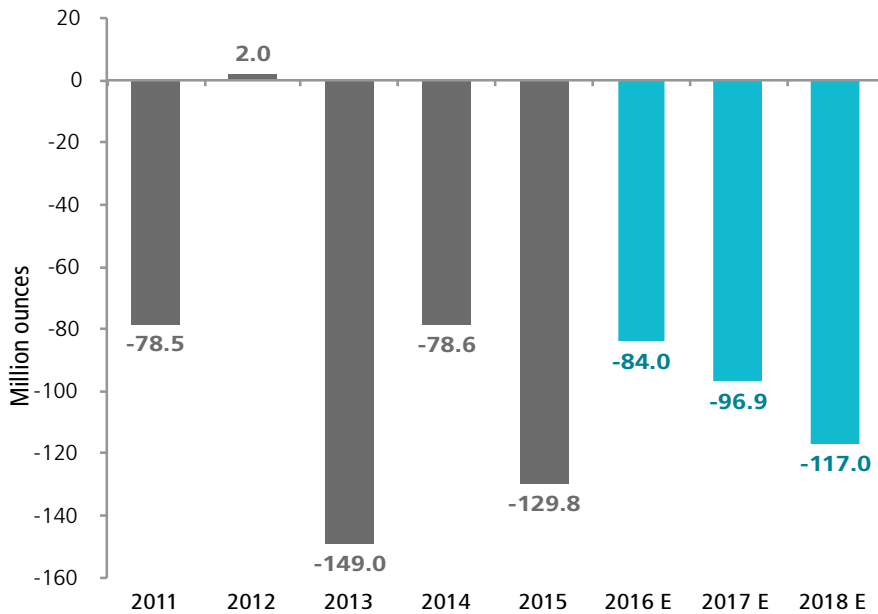
- 1 Negative real interest rates have historically been supportive for precious metals. Globally, there are nearly \$10T of bonds yielding less than 0%, and the number is growing.**



Source: Bloomberg Global Development Sovereign Bond Index

2 Physical silver has been in deficit for the last 3 years and those deficits are projected to continue.

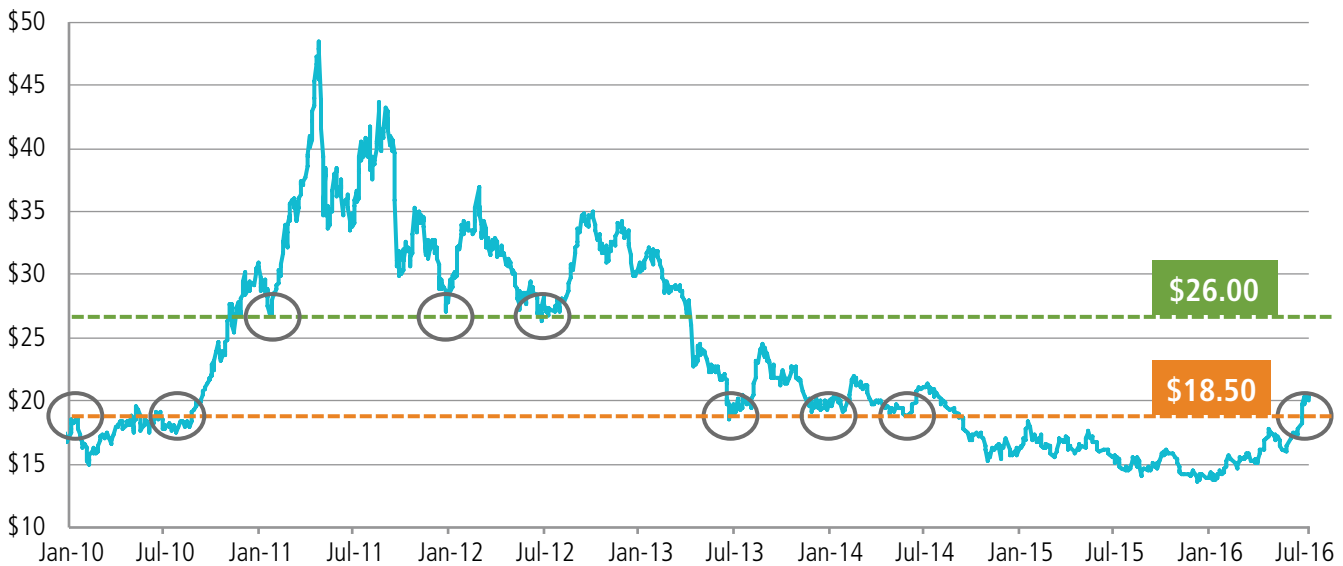
PHYSICAL SILVER DEFICIT



Source: GFMS Thomson Reuters, Bloomberg, BMO Capital Markets

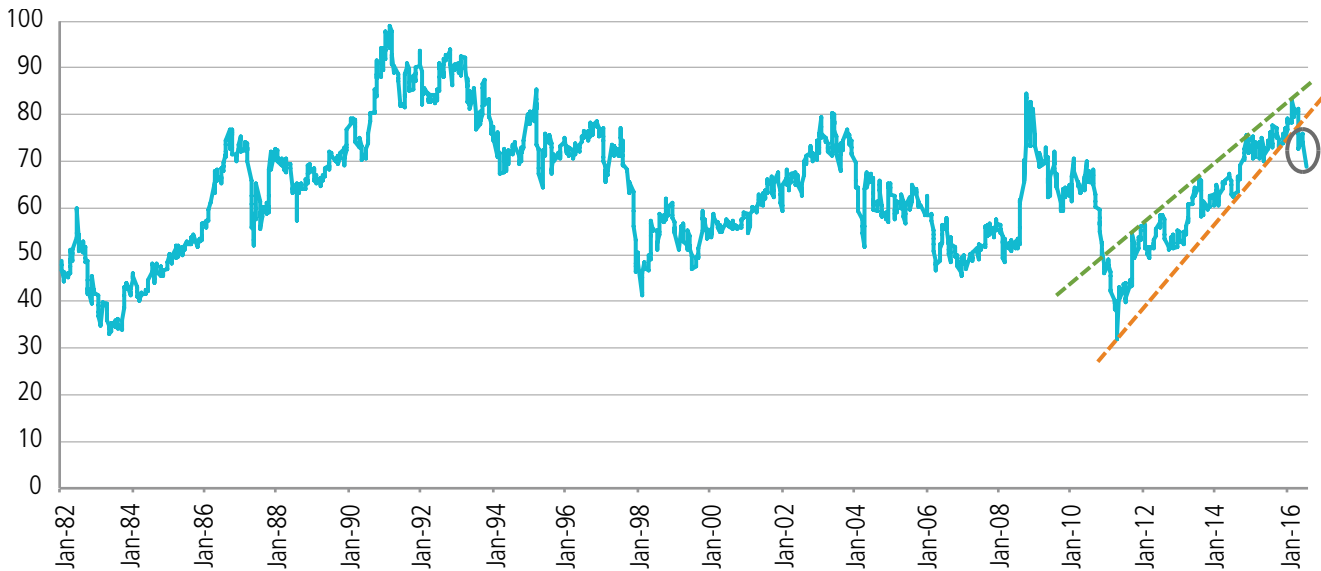
- Demand is at record highs – coins, bars, jewellery, solar, ethylene oxide
- Indian demand is very strong
- Mine supply is expected to decline for the first time in 13 years
- Scrap supply is at 23-year lows
- Government sales are nil
- ETFs are seeing inflows

3 Silver has broken through \$18.50 with next resistance at \$26.



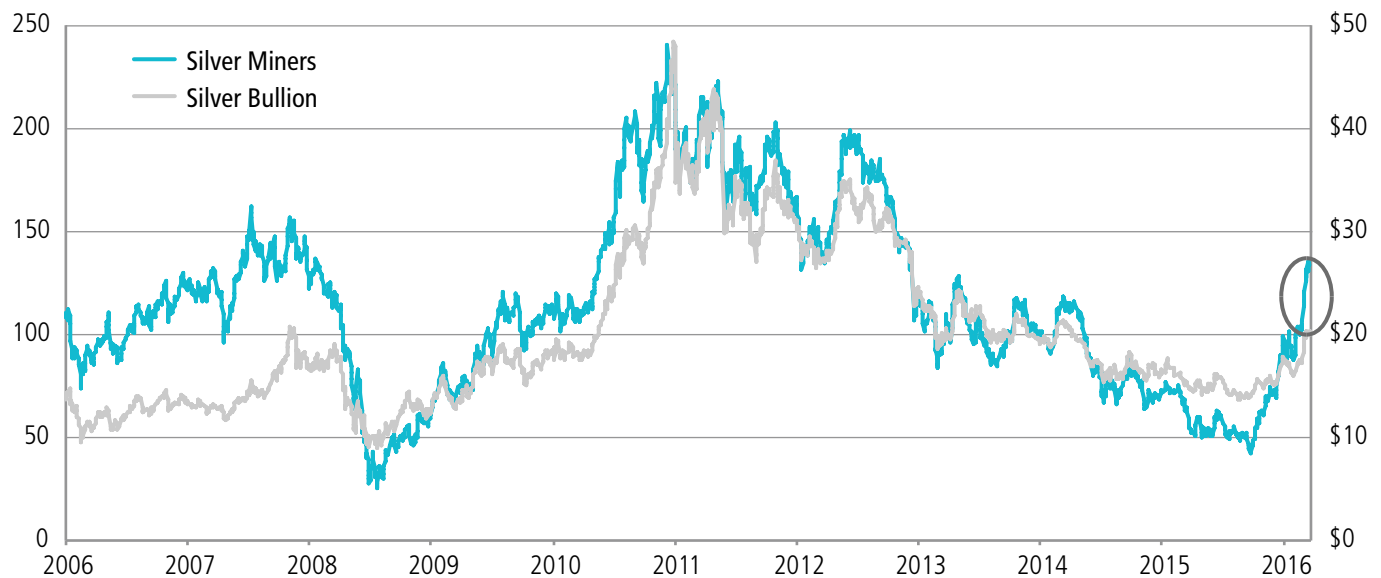
Source: Bloomberg. As of July 15, 2016.

4 Historically, silver has outperformed gold in precious metals bull markets. The gold / silver ratio has recently broken out of a significant channel and we now look for silver to significantly outperform gold.



Source: Bloomberg, weekly data as at July 1, 2016

5 Historically, silver equities have outperformed silver bullion in bull markets. Equities have now broken out of their underperformance trend relative to bullion and we expect them to significantly outperform.



Source: Bloomberg, at July 5, 2016

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