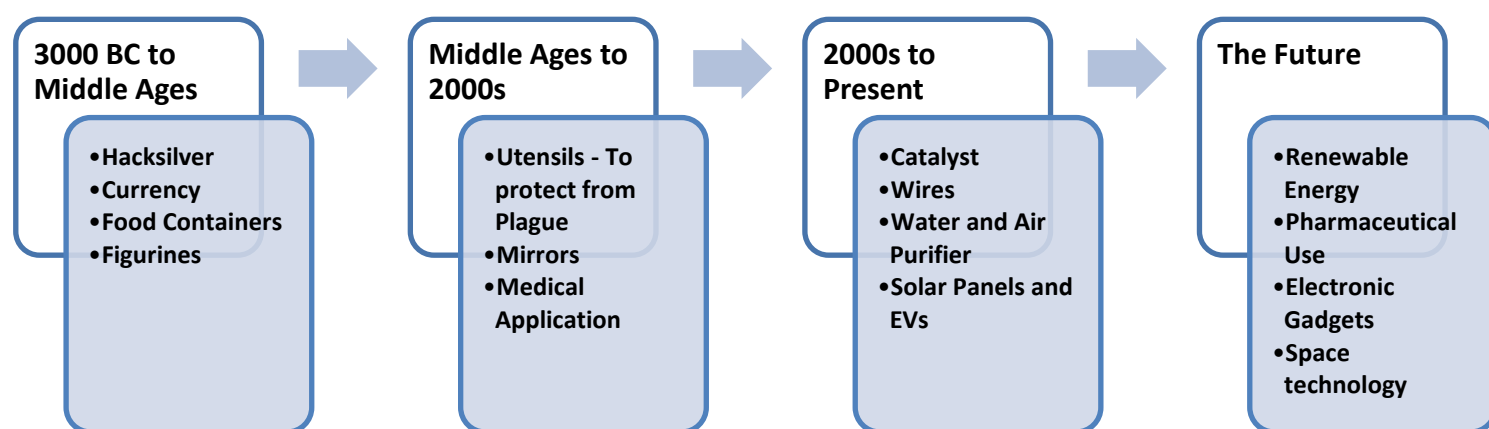


SPECIAL NOTE

Industrial demand accounts for about 50-55% of silver demand and only about 10-15% of gold demand worldwide.

Silver has become a mass industrial metal, with wide ranging applications in the modern economy like telecom (5G), batteries, EVs, renewable energy, pharma, space and many more. Silver is one of the most versatile metal commodities that has strong (household) consumption demand, investment demand and now an ever-increasing industrial demand. Silver thus poses an attractive investment opportunity.

Silver Then and Now


Source: ABSL AMC, Way2Wealth MF Research

Properties like malleability, ductility, reflectiveness, noble nature, thermal and electrical conductivity has made silver useful and valuable over age and time.

Why eSilver Format?

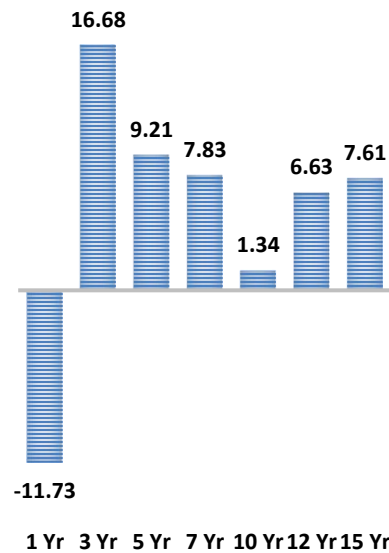
- Silver ETF FoF, an eSilver format, **offers tremendous value for households** that have been buying silver of questionable quality in different denominations at prices that may not reflect true price since so far this market has been largely unstructured.
- Since **silver is bulky** in nature and hence **difficult to store**, we believe the ETF FOF form will be one of the preferred ways for investors to take exposure to silver in financial investment form.
- Some of the **benefits of silver ETF FOF** are – easy liquidity, safety and security, no maintenance / insurance cost, no making charges, diversification, no storage costs, no wealth tax, 99.9% purity, secured investment, no lock in, potential hedge against inflation and store of value.
- Regulator has made it possible to have investment in eSilver in both ETF and FOF format. We recommend investment in FOF format as in FOF format silver can be bought in small denominations of 100 and thereof whereas in ETF on the exchange at least 1 gm of silver has to be bought. Other than this, FOF investment **does not require a Demat account** and in FOF structure **Systematic Investment Plan (SIP) is possible**.

SPECIAL NOTE

Review

- Over past decade, silver **demand has been driven by industrial usage, renewable energy and as an investment instrument**. Current industrial uses of silver are into electronics, for brazing and soldering, in bearings, medicine, automobile, water purification, photography, etc.
- Investment demand of silver on account of behavior is similar to that of gold. It is **well correlated with gold** while **low or inverse correlation with equities and fixed income**.
- Returns of Silver in INR are higher than that in USD. This indicates that **USD strengthening against INR over long-term benefits Indian investors**.
- Silver provides reasonable **inflation hedge**. It provides a natural hedge in bear phases and is receptive to market movements in bull phases. This makes it desirable in a portfolio for **diversification** purposes.
- As of December 2021, 3 and 5 year returns CAGR for Silver were ~17% and ~9% respectively. Silver has outperformed Indian equity indices in 7 to 8 calendar years out of last 16 calendar years.

SILVER - P2P RETURNS (COMPOUNDED ANNUALISED) (%)



Silver	
2006	42.70%
2007	1.40%
2008	-7.30%
2009	50.60%
2010	71.40%
2011	8.10%
2012	13.90%
2013	-23.50%
2014	-15.90%
2015	-9.70%
2016	19.60%
2017	-2.80%
2018	-0.20%
2019	21.80%
2020	44.40%
2021	-8.20%

Source: Nippon AMC, ABSL AMC, Way2Wealth MF Research

Outlook

- **Household demand is back to pre-pandemic levels**, while industrial demand from new industries like energy (solar) and automotive (EVs & batteries) is increasing at a rapid pace as Government's around the world remain committed to climate change treaty and sustainable goals. India's determination for **clean energy will drive demand** for Silver in the coming years.
- Industrial demand for silver is expected to increase with **increase in new age silver usage** into high pressure process, 5G technology, induction chargers, etc.
- The Silver Institute has **projected a supply deficit** for the silver market in 2022, citing more industrial demand and global decarbonization efforts. No new silver mine discoveries or new and more efficient smelting methods discovered for many years – only recycling of silver trying to play catch up game.
- **Gold Silver ratio** refers to the number of ounces of silver needed to buy one ounce of gold. The very fact that the gold-silver ratio is at roughly **80:1** (prices in USD), that alone suggests that if gold is going to rise, silver at the very least is going to come along for the ride and could quite likely outperform gold. Therefore, right now silver is on sale.

SPECIAL NOTE

20 Year Gold/Silver

High: 125.89 Low: 31.64 ▲19.97 33.27%

Last Close: 80.00



20 Year Silver Price in INR/kg



20 Year Gold Price in INR/kg



Source: goldprice.org, silverprice.org

- The silver price history shows that in times of **increasing inflation**, the **commodity increases** in value. With inflation expectation being heated silver price will be supported.
- Expectations of a price rally had been growing in response to rising inflation and macroeconomic uncertainty, as central banks, including the **Fed**, indicated **fiscal stimulus** would be eased and interest rates begin to rise in this New Year.
- **Gold** has a history of **performing well** once the **Fed commences a rate hike cycle**. And **silver follows gold**. Thus, we expect as Fed completes its taper and moves to raise rates gold may move higher and silver will follow suit.
- Even though a slowdown in Chinese industrial activity remains a concern for the metal, long term outlook for silver remains positive. Thus, it is well poised for a breakout and has fundamental reasons for multi-year growth as stated above.

SPECIAL NOTE

We Recommend Following Silver ETF-FOF

Nippon India Silver ETF FOF / ICICI Pru Silver ETF FOF

NFO Period	January 13, 2022 to January 27, 2022
Benchmark Index	Domestic price of Silver (based on LBMA Silver daily spot fixing price)
Fund Manager	Mr. Mehul Dama (Nippon); Mr. Manish Banthia and Mr. Nishit Patel (ICICI)
Min Application Amt	Rs 100 & in multiples of Rs 1 thereafter
Plans & Options	Plans: Regular & Direct, Options: Growth & IDCW (IDCW Payout & IDCW Reinvestment)
Exit Load Structure	1% if redeemed or switched out on or before completion of 15 days from the date of allotment, Nil thereafter.

Who Should Invest?

Investors looking to add silver commodity for portfolio diversification and hedge against inflation.

Investors looking to invest in silver but concerned about purity and other charges associated with physical buying.

Conclusion

Silver demand is forecasted to grow at a higher pace than supply, consumption and investment demand to drive prices. As economy continues to recover even strongly, it will lead to increased industrial demand and this further supported by the whole ESG transition with Government's commitment to green infrastructure from push in solar energy, EVs, etc. will support silver. Along with this, gold silver ratio at a higher end adds to margin of safety in silver investment and serves as a strong asset class in one's portfolio providing potential hedge against inflation.

Thus, we recommend investment in Silver ETF FOF through a staggered approach or by taking a SIP route.

SPECIAL NOTE

DISCLAIMER, DISCLOSURE and COPYRIGHT NOTICE

The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers.

This material does not take into account the specific investment objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s. A qualified professional should be consulted before making an investment decisions or acting on any information contained in this material.

All investments involve risk and past performance does not guarantee future results. Investigate before you invest. You are strongly cautioned to verify any information before using it for any personal or business purpose.

Way2wealth Securities (P) Limited (herein after called Way2Wealth) does not guarantee the accuracy, quality or completeness of any information. Much of the information is relevant only in India. Way2wealth makes no warranties, either express or implied, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement.

In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has been advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements.

These uncertainties include but are not limited to: the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavorable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others.

This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities thereof, of companies mentioned herein.