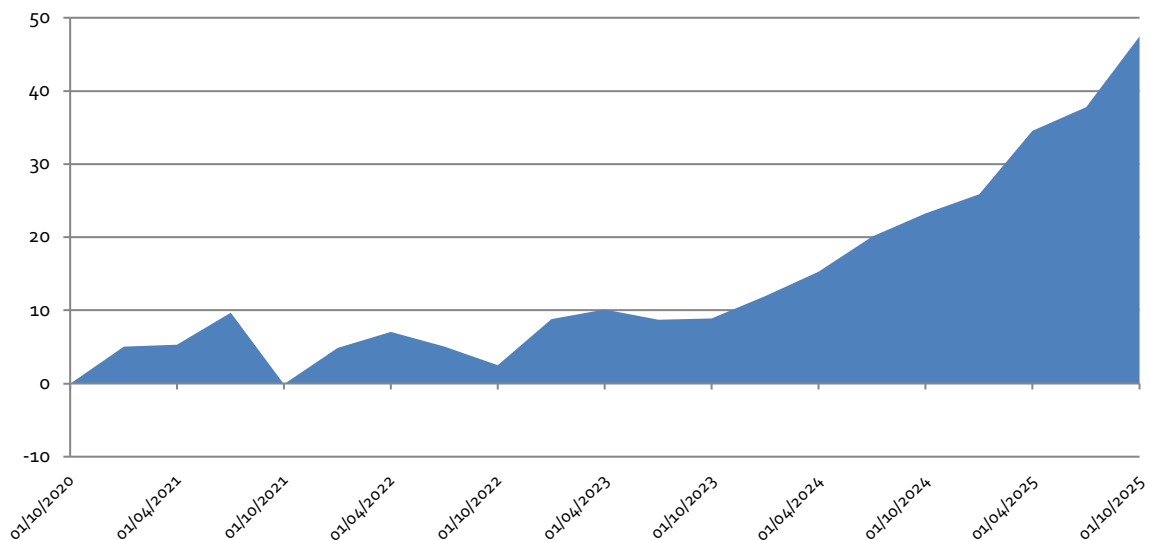




RIO Silver Lining USD has recorded a return of 7.02% for Q3. At the end of the second quarter, the factsheet released on the 1st of July read - *Members may be interested to know that \$35 per ounce had been the key level of resistance, and silver rapidly pushed past that, rallying above \$36. Silver has only broken past \$36 on three occasions (including this current run), and both of the other occasions marked a rapid climb towards highs of \$49.45 (1980) and \$48.70 (2011). While it remains to be seen if history will repeat itself a third time, silver's performance has gained plenty of attention and excitement within the market.*



This is why, as the third quarter began, the account held 39.62% of its asset class weighted to silver in anticipation of a rally higher. I sold 10% of the silver held as the metal pushed through \$40 an ounce on the 2nd of September, reducing risk, as at the time the metal had rallied to highs unseen since 2011. The market was certainly positive, so I held the position to sell again on the 25th at \$44.02, taking profits to safety, ever vigilant of potential downside risk given that the metal had rallied unchecked to yet another new high. The quarter ended with silver prices above \$46 an ounce, close to a fourteen-year high.

The Silver Market

Looking back at the past five years - as 2020 drew to a close, silver was \$26.30, and I was highlighting to members that there was a growing demand for silver. Following my recommendation to buy silver, the metal did manage a rally and by the 2nd February 2021 had spiked to \$29.50 before falling back. Despite the clear fact that there was a building deficit, the metal remained in range. And in 2021, our research had alerted readers to the fact that the world had consumed over one hundred and eighty million more ounces of silver than that mined. Again, I urged members to buy silver stating that the metal could rally to \$35 an ounce or more!

During 2023, the world's consumption of silver had driven the deficit to one hundred and eighty-four million ounces. Interest rates were high, and this was one reason why the metal was languishing and seemed lacklustre. On the 4th of January 2023, the shiny metal was \$24.29 an ounce, and as 2024 began, silver hadn't done much; it was \$23.94 an ounce. The market seemed to ignore the fact that

the market deficit had hit a record high. At that time I underlined to members that they may wish to take note that there are no new mining technologies or an increase in mining overall, that might restore equilibrium in the silver market?

In fact most mining is extracting silver as a byproduct from mining other metals. I have been reporting that the demand has been rapidly rising, whilst the supply has stayed almost constant.

This year, the world has finally woken up to the silver shortfalls, and as interest rates fall, silver will find further support.

Looking forward

Silver is the best electrical conductor on the periodic table, as well as the best metallic thermal conductor. It has the highest known reflectivity of any raw material. This makes the metal a critical component in the most powerful semiconductor chips needed for AI. The massive increase in semiconductors alone is expected to add 23 million ounces of global demand in silver by 2030. But there's more to the story, the AI revolution doesn't just need silver for the semiconductors and data centres it runs on. This metal is required for a range of new energy sources AI needs to draw on. For example, the nuclear reactors and Donald Trump are currently fast-tracking the building of new power stations. Silver is also used for solar panels and even wind turbines.

Today's rally to over \$48 to be very clear is more than speculative momentum. It's a convergence of industrial demand, inflation pressures, and geopolitical uncertainty. I have long stressed to our membership that Gold and silver aren't just inflation hedges or crisis insurance; they are a godsend should the financial system reset be triggered. Safe-haven assets like gold and silver that exist outside the US dollar system, which is attractive against the current geopolitical backdrop.

The global AI revolution is unfolding, driving an additional demand of 23 million ounces of silver per year, and Solar panels used up 232 million ounces of silver in 2024. There is also strong demand coming from China's additional 105 gigawatts of solar capacity added just in the first four months of this year, which consumed 127 million ounces of silver.

Finally, with a plus 80% probability of more rate cuts coming at the next Fed meeting on October 29th, this may push silver prices above \$49.

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