

# A Stealth Gold Bull Market

## The opportunity in gold miners

The gold price has been making new highs on fairly regular basis but despite this it's easy to forget that gold was the best performing asset class during 2024. Gold may well have been in a bull market, but it would seem that other investment stories have been dominating the headlines and grabbing investors' attention.

## Supportive backdrop for gold

Despite this strong performance during 2024, there are many potential supporting factors that offer continued optimism on the gold price going forward, as many headwinds have turned into potential tailwinds for the asset class. It would be foolhardy to predict where the gold price is heading in the short-to-medium term but it's possible to construct a rationale as to why the price of gold continues to be supported going forward.

## Central Bank Buying

A really interesting development within the gold market is how central bank buyers have become increasingly active in recent years, particularly since the outbreak of the conflict in the Ukraine, which has triggered significantly increased central bank buying. This isn't just China increasing its purchase of gold, whilst at the same time decreasing its exposure to US treasuries, India and other countries have been active buyers too.

## Not everyone has been a buyer

However, there has also been a notable absent buyer in the gold market, whether that be of physical gold or gold mining equities. The exposure of investment led fund buyers, are in contrast at historical lows. Of course, there have been other investment driven themes capturing investors attention in recent years, whether that be 'Magnificent Seven' or crypto currencies. If we saw a return of interest in gold assets from these investors, it could prove positive alongside central bank buying.

## Gold mining stock valuations

Of course, a strong gold price, makes gold and silver equities particularly interesting given companies can now generate significant cashflows in a high gold price environment, but they can also substantially grow the value of their business through exploration and M&A. Usually in this environment you would expect gold mining shares to exhibit strong beta to the gold price, with the smaller caps having a greater beta than the large caps.

## The Opportunity....

So, this brings us back around to the low valuations currently seen in global gold mining equities. The gold price has been strong, there are reasons to remain optimistic on gold going forward, but the share prices of gold mining equities have significantly lagged this rally. This creates an opportunity for investors. The larger cap miners have started closing the gap, but we believe the greatest opportunity still exists in small, mid-caps and developers, where there is potentially significant catchup.



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This review does not provide you with all the facts you need to make an informed decision about investing in the fund. Before investing you should read the Prospectus, the Key Investor Document (KIID) and Supplementary Information Document (SID). The Prospectus sets out the main risks associated with the fund, the KIID shows you how costs and charges might effect your investment, and the SID details your cancellation rights. If you are in any doubt as to how to proceed you should consult an authorised financial intermediary. Fund documentation can be requested from Waystone or Amati and is available to download from our website at [amatiglobal.com](http://amatiglobal.com)

Georges Lequime, fund manager of WS Amati Strategic Metals Fund explains further on why this could be an attractive entry point for gold mining shares - [click here](#) to hear further insight from Georges.

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