

WHAT ARE THE MARKETS TELLING US?

June 8, 2025

STRATEGY & ASSET ALLOCATION & PERFORMANCE OF HIGH CONVICTION IDEAS

Since September 2020, we have strongly and *repeatedly* argued that a classic paradigm shift into the new market leaders was starting, which would feature commodities, commodity-related and inflation-sensitive sectors, and many of the long-depressed markets.

In October 2020, with UST 10-year yields at 0.78%, we warned that bond yields would rise significantly and for a long time as the 40-year bull market in bonds transitions to a secular bear market.

For the past two years, the great question among Western investors has been: “Is China uninvestable?” As long-term contrarians, that is music to our ears! We believe Chinese stocks are in the early stages of a secular bull market.

Other important recent developments that support the basis for our high conviction themes:

- **The ratio of gold to the U.S. Consumer Price Index (CPI) broke-out last September from a 45-year downtrend-line.**
- The outperformance of the gold miners versus the major U.S. stock market indices is breaking-out, as suggested by rising bond market inflation expectations.
- Sensitive inflation indicators in the markets are starting to come alive.
- The U.S. Dollar appears to be entering a long-term downtrend, which is bullish for commodities and inflation.
- Silver is starting to outperform gold. And **the relative-performance of the silver miners has broken-out against almost every broad stock-market index in the world.**
- Agricultural commodities and related-stocks are starting to rise, as several agriculture ETFs and fertilizer stocks have broken-out.

These developments lead to the following conclusions:

1. Gold is set to outperform the S&P 500 and international stock-markets.
2. The shift toward hard assets is likely to gain further momentum.
3. China's stock-market could be among the best-performing markets in the world.

The Highest Conviction ideas reflect this view, with the following major allocations:

- | | |
|--|-------|
| ▪ Gold, silver and their mining-stocks | 35.5% |
| ▪ Commodities and related-sectors | 23.0% |
| ▪ Chinese equity markets | 15.0% |

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HIGHEST CONVICTION IDEAS*						
13D Theme/Index	Inception Date	Cumulative Returns			YTD / Since Inclusion Returns 13D Index	Exposure in Portfolio
		13D Theme/ Index	S&P 500	MSCI World		
13D Gold High Growth Acquisition (HGAX) Index	10/15/20	91.0%	84.8%	76.3%	76.1%	6.9%
13D Gold Miners Index	2/4/16	498.2%	269.3%	211.8%	61.5%	6.9%
13D Silver Strategy	3/14/24	60.8%	18.4%	18.6%	33.6%	7.0%
Gold Bullion	2/4/16	186.5%	269.3%	211.8%	26.1%	14.7%
13D Critical Minerals Index	8/18/22	62.0%	46.2%	46.6%	23.5%	5.0%
13D Copper Strategy	3/12/24	27.4%	17.9%	18.2%	23.0%	5.0%
Bitcoin	4/25/19	1,904.7%	126.3%	105.3%	22.8%	2.5%
Hang Seng Total Return Index	4/30/24	41.8%	21.0%	21.0%	20.8%	3.0%
Hang Seng China Enterprises TRI	5/8/24	41.2%	17.4%	17.7%	20.3%	7.0%
13D Food Security Index	10/22/20	92.2%	86.3%	77.4%	20.0%	9.2%
13D Non-U.S. Markets Index	1/13/23	45.2%	55.5%	50.3%	13.1%	5.2%
13D Uranium Index	10/18/18	904.8%	141.7%	118.1%	7.0%	8.5%
13D Defense Index	8/4/16	406.5%	223.2%	178.3%	6.9%	4.0%
13D Water Index	3/24/16	405.0%	246.2%	196.4%	5.3%	2.4%
13D Market Extremes Dynamic Strategy	8/7/24	-5.2%	16.7%	18.0%	3.9%	3.2%
13D Oil & Gas Index	2/19/21	94.6%	63.8%	52.2%	1.6%	4.5%
13D China Deep Value & High Dividend Yield Index	11/11/21	84.1%	36.3%	31.5%	1.1%	5.0%

13D Portfolio of Indices	Inception Date	Cumulative Returns			YTD Returns		
		13D Portfolio	S&P 500	MSCI World	13D Portfolio	S&P 500	MSCI World
Highest Conviction Ideas Portfolio**	2/4/16	1,143.3%	269.3%	211.8%	23.9%	2.6%	6.6%

Data as of 06/06/2025

*Highest Conviction Ideas are by far the best of all our themes and where we recommend our clients focus their attention as we have so many of them. This is not static and undergoes frequent revision.

**Portfolio of Indices performance includes the backtested history prior to 08/03/2023. It reflects the tactical changes we made over time to include/exclude the Indices and their exposures. To view the changes by date, [click here](#).

Over the past week, 13D Highest Conviction Ideas portfolio gained by +3.7%, compared to the gains of +1.5% and +1.4% in the S&P 500 and MSCI World Index, respectively. The key contributors to the performance included the 13D Silver Strategy (+12.8%), 13D Gold HGAX Index (+9.0%), 13D Critical Minerals Index (+8.3%), 13D Defense Index (+5.5%), 13D Oil & Gas Index (+5.1%), 13D Copper Strategy (+4.7%), 13D Gold Miners Index (+3.4%), 13D Uranium Index (+2.7%), HSCI (+2.5%), HSI (+2.3%), 13D Non-U.S. Markets Index (+1.7%), 13D Water Index (+0.9%), 13D Food Security Index (+0.8%), and Gold Bullion (+0.6%). However, the 13D Market Extremes Dynamic Strategy (-0.4%) detracted from the overall gains.

Year-to-date, 13D Highest Conviction Ideas portfolio has risen by 23.9%, which is outperforming the S&P 500 by 21.3% and the MSCI World Index by 17.3%.

Stay tuned!



13D RESEARCH & STRATEGY
Themes & Innovation Since 1983

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Are we seeing the start of a dynamic and powerful new stage in the uptrend in silver and gold and the mining-stocks?

Nothing else says “rising animal spirits” more clearly in the precious metals and the broader metals and mining sector than surging silver prices and silver mining-stocks, a breakout-move in the CDNX, and rising R/S of the junior gold miners.

For the past several months, we have regularly discussed the increasing breadth of bullish price-action and breakouts in the precious-metals mining-stocks and the commodity-related sectors. Market action during the past few weeks has been especially powerful and has featured a growing number of breakouts and signs of acceleration.

Consider the following:

- **S&P/TSX Venture Composite Index (CDNX)**, after breaking out from an almost 3-year *inverse head-and-shoulders* pattern in mid-April, *advanced above the key 2020 downtrend-line last week*. As noted in previous issues, history and our experience suggest that ***sustained breakouts in the CDNX correlate with a broad advance in the precious metals mining-stocks and commodity-related sectors.***

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- **Silver Miners ETF** (SIL) surged to a new high last week since the major bottom in 2020 and the **Junior Silver Miners ETF** (SILJ) broke-out to a new bull-market high since the key bottom in 2024.
- **USD-silver** bullion registered a bull-market high last week since the bottom in 2022.
- **R/S of the silver miners** (SIL) **versus USD-silver** has broken-out to a new bull-market high since the key bottom in 2024.
- **R/S of the junior gold miners versus the senior gold miners** (GDXJ-to-GDX) **has broken-out strongly to new bull-market highs since the bottom in 2022, indicating strong outperformance in the junior gold miners.**
- **Gold miners** (GDX and HUI) have broken-out to a new bull-market high since the bottom in 2022.
- **Platinum** has broken out strongly above the 2020 downtrend-line and the three-plus year horizontal resistance.
- **Copper Miners ETF** (COPX) has broken out from a bullish “wedge” consolidation.
- **S&P Metals and Mining ETF** (XME), after breaking-out above the November 2024 downtrend-line in late May, *is showing strong upside follow-through.*
- As mentioned, this is **exactly** the price-action historically suggested by the breakout in the CDNX. *Notably, almost all the breakout-moves are occurring from lengthy basing patterns or consolidations. These profiles are likely to herald long-and-sustained uptrends.*

Gold is the leader! As we have noted often in the past, the strong uptrend in USD-gold since the major breakout in March 2024 heralded the increasingly powerful price-action in the markets noted above, among others.

And interestingly, most of the breakouts and the strong price-action in the gold and silver mining-stocks and commodity-related sectors have occurred **after** gold made an all-time high on April 22nd.

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In other words, we are seeing increasing breadth of powerful price-action and new bull-market highs in silver and the gold and silver mining-stocks, while gold has been consolidating since the April 22nd all-time high. This action is different than what has occurred previously in this bull-market in the precious-metals sector. And it could be heralding a new stage in investor confidence and interest toward gold, silver, and the miners and in the forces driving the bull-market.

Consider the following market-action since gold's all-time high on April 22nd:

- **USD-silver is up 9.9%**
- **Junior silver miners (SILJ) are up 18.7%**
- **Silver miners (SIL) are up 15.9%**
- Junior gold miners (GDXJ) are up 6.0%
- Senior gold miners (GDX) are down 0.1%
- **USD-gold is down 3.6%%**

As mentioned, the **Metals and Mining ETF (XME)** has broken out. A sustained breakout in this key sector, as we expect, is likely to further fuel the bullish price-action in the broader commodity-related sectors. And the breakouts in the silver miners and their R/S versus silver could herald acceleration in the broader gold and silver mining-stocks.

It is also worth noting that the Gold Miners ETF (GDX) is seeing modest inflows for the first time in almost two years, as the ETF saw inflows of \$252 million as of Thursday. This action is also different from what has occurred previously in this bull-market in the precious metals sector and likely suggests rising investor confidence in the forces driving the bull-market in gold and the gold mining-stocks.

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▪ S&P/TSX Venture Composite Index (CDNX).

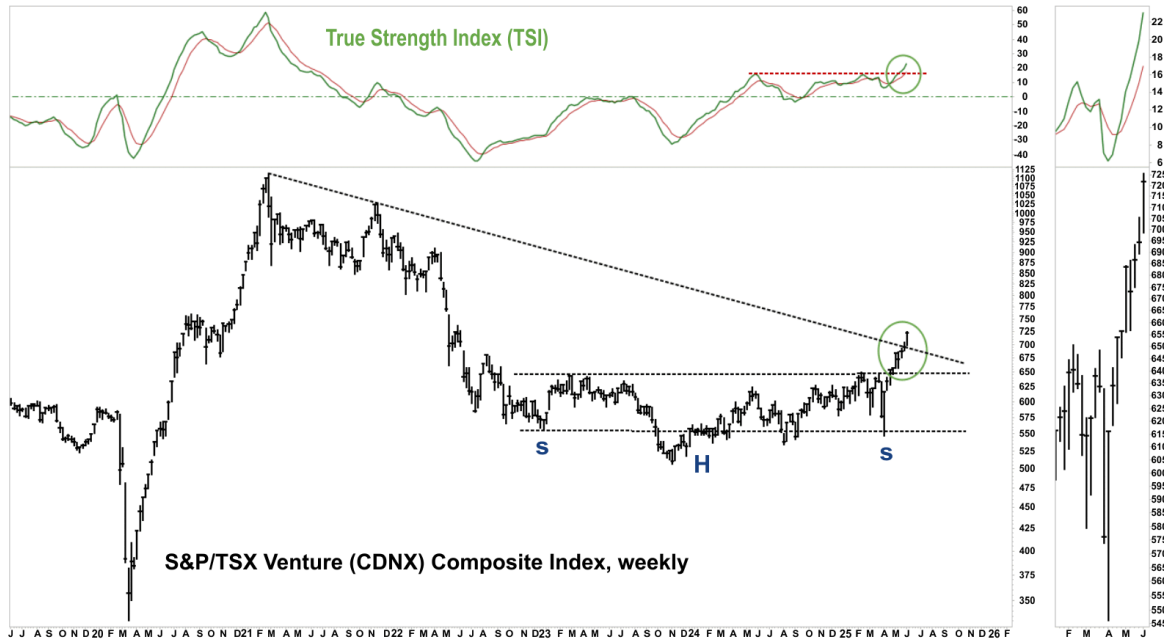


Source: StockCharts

As noted in the chart above, the breakout from the *inverse head-and-shoulders* continues to play-out. **The multi-year bottoming profile strongly suggests this market is likely to advance above the all-important 2007 major downtrend-line.** The lengthy divergence in momentum and the index further supports a lasting bottom in the CDNX.

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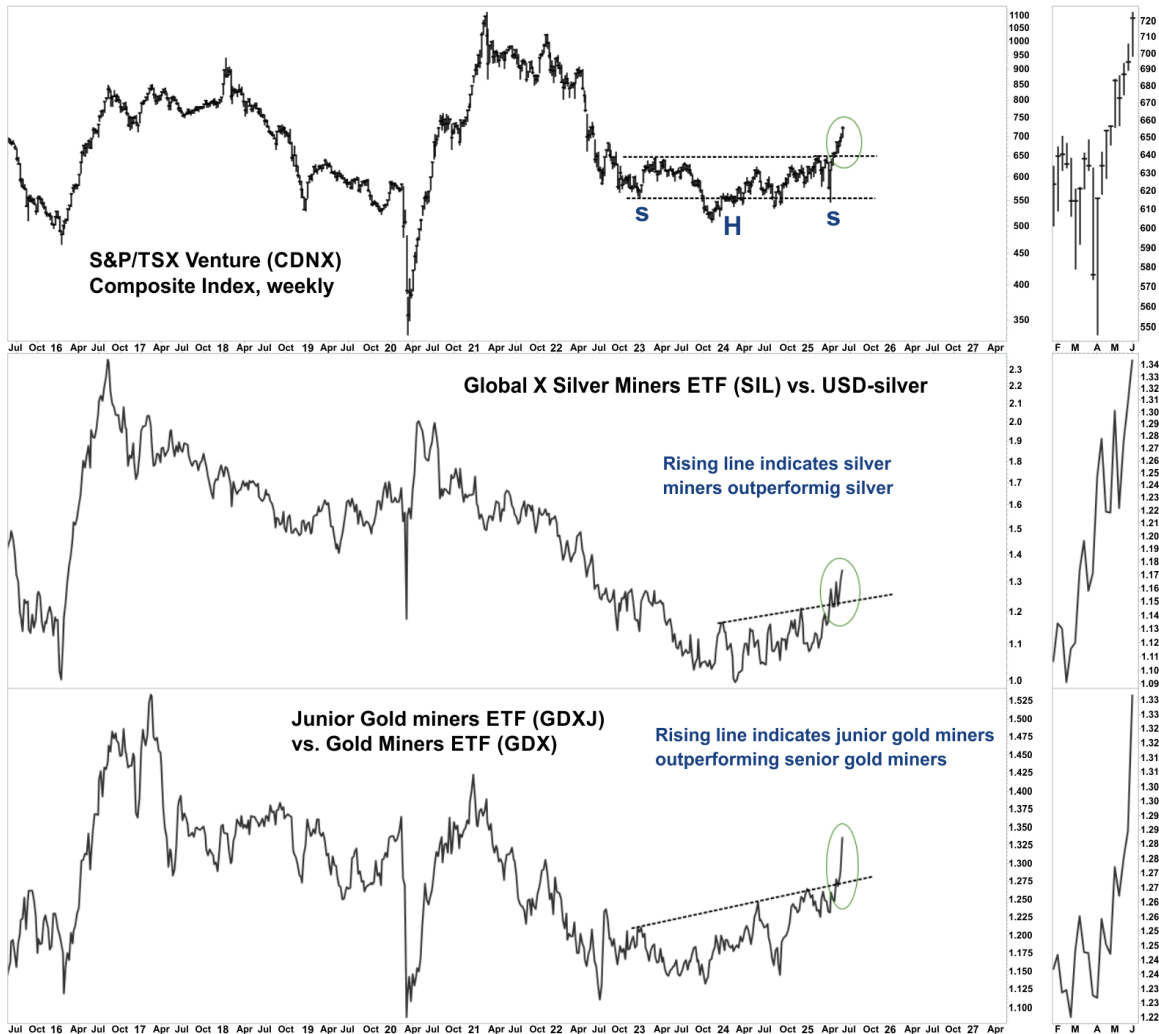


Source: StockCharts

The chart above provides another perspective on the bullish profile in the **CDNX**. As noted in the chart, the index was up 3.9% last week and advanced above the 2020 downtrend-line. As we have noted in the past, a genuine “right shoulder” bottom usually features strong price-action that clears several key resistance-areas.

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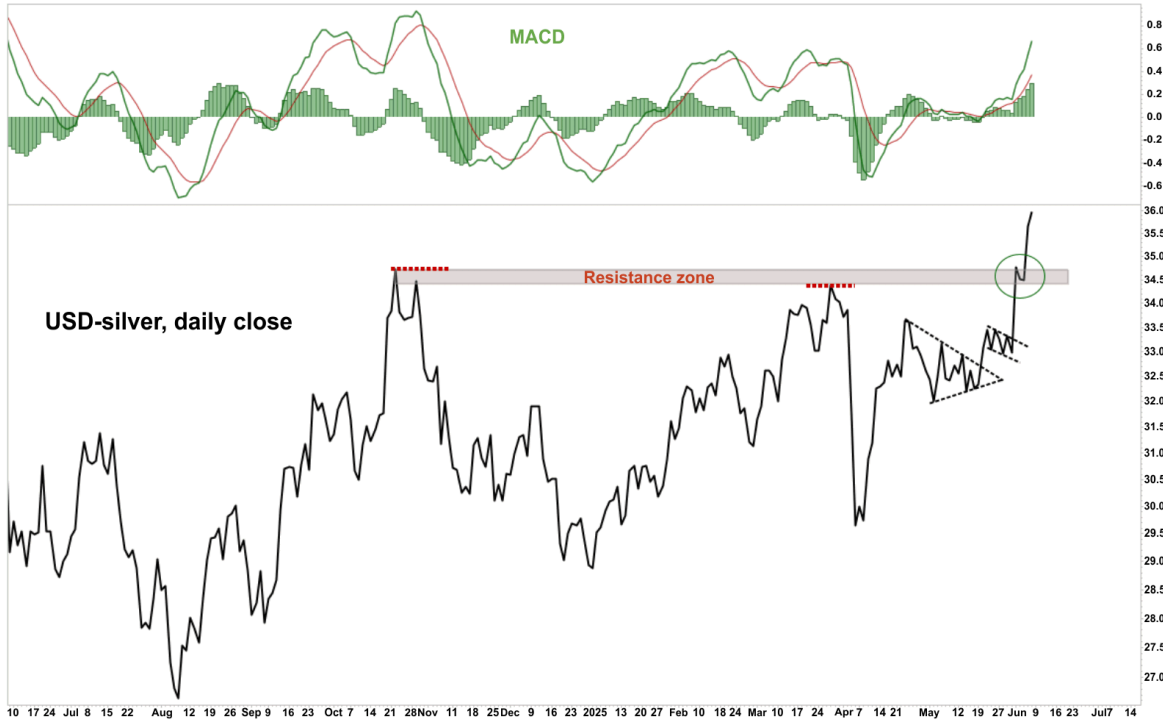
Source: StockCharts

Please see labels in the chart above. As we have discussed previously, a breakout in the **CDNX** is likely to correlate with strong action in the **R/S of the silver and gold mining-stocks**. As noted in the chart, this has been happening as the silver miners' R/S versus silver and the junior gold miners' R/S versus the senior gold miners has surged to multi-year highs.

- **Silver and the silver mining stocks.**

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Source: StockCharts

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The two charts above provide different perspectives on the bakeout in **USD-Silver**. As noted in the first chart, silver has surged above the October and March highs. The second chart shows the massive decade-plus, complex *inverse head-and-shoulders pattern*. As noted in the chart, silver formed a lengthy bullish “rising wedge” pattern above the *neckline*. **The metal rallied 9.0% last week and advanced above the bullish wedge.** *The fundamental backdrop for this move has become increasingly compelling, as discussed in WILTW [May 1, 2025](#).*

Even modest further upside progress could herald acceleration as silver is entering a potential “*high speed zone*.” This area represents the huge volatility in 2011 when the white metal fell sharply.



Source: StockCharts

The chart above shows the **Silver Miners ETF (SIL) versus USD-silver**. As shown in the chart, the R/S measure has surged above the multi-year bottoming profile. This action further supports continued upside progress in the silver price, **as the breakout in this ratio suggests rising investor confidence towards silver and the silver mining-stocks.**

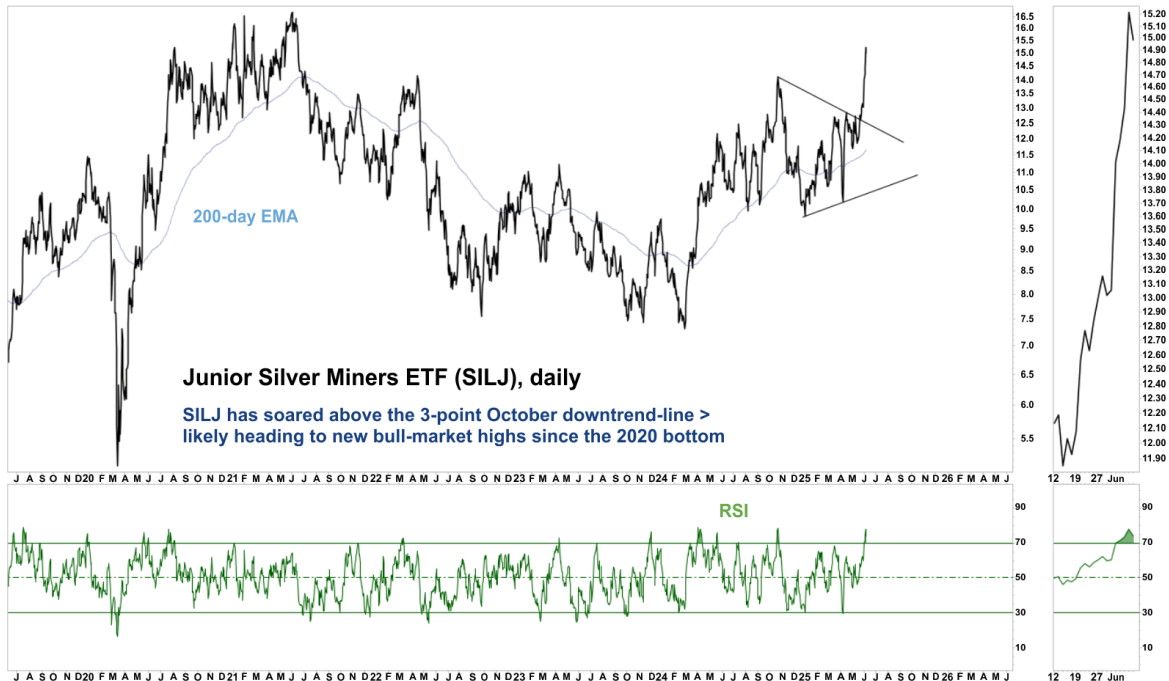
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Source: StockCharts

The chart above shows the **Silver Miners ETF (SIL)**. As noted in the chart, SIL closed Friday at a new bull-market high since the major bottom in 2020.



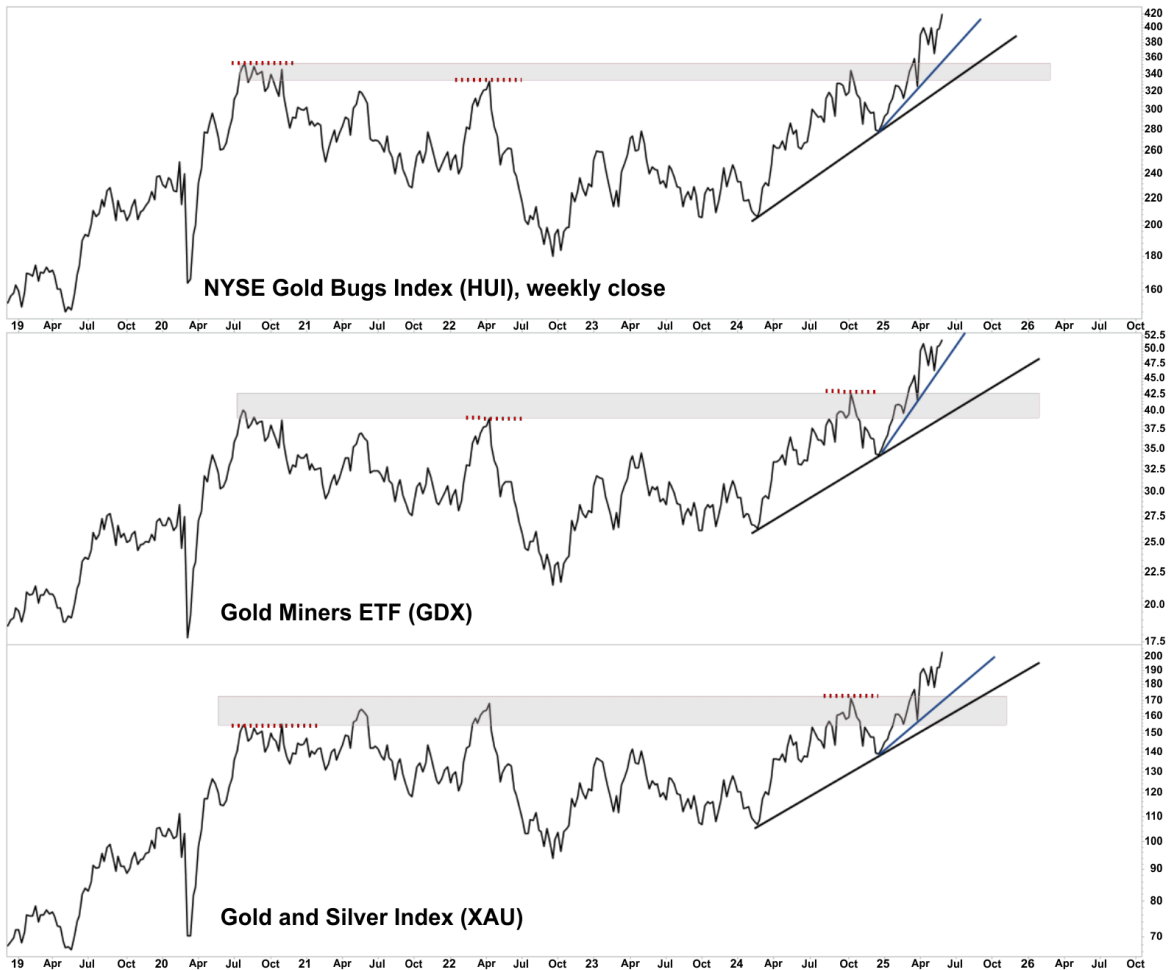
Source: StockCharts

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The chart above shows the **Junior Silver Miners ETF (SILJ)**. As noted in the chart, SILJ has soared from the bullish “triangle” consolidation. The powerful breakout is likely heralding sustained upside progress and new bull-market highs since the major bottom in 2020.

■ Gold mining-stocks.



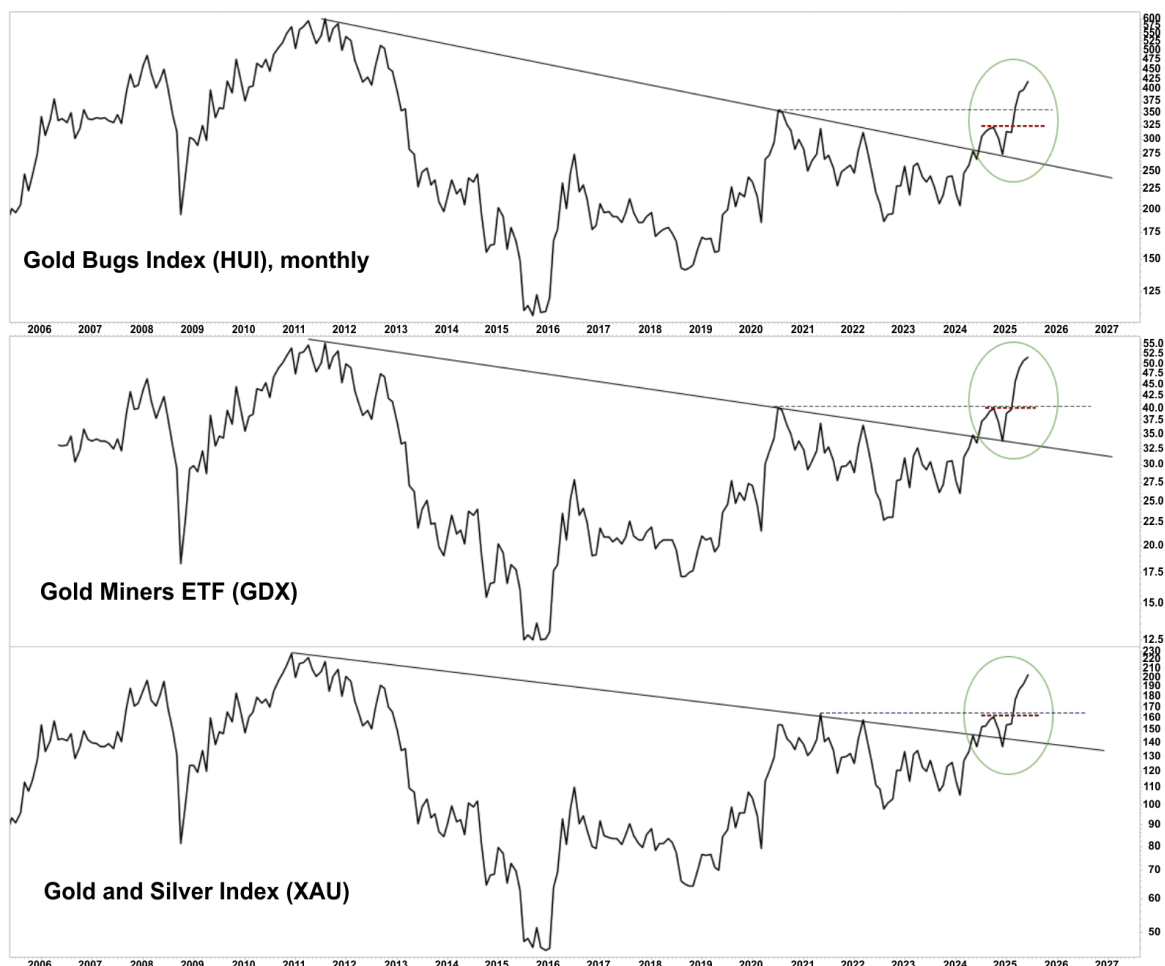
Source: StockCharts

Please see labels in the chart above. Notably, the breakouts in the **HUI, GDX and XAU** were followed by a *relatively-shallow and brief back-testing process*. This action is important, as it likely suggests rising investor confidence in this breakout-move and in gold and the gold mining-stocks and in the forces driving the bull-market in the precious metals sector.

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Also, it is possible we could be seeing acceleration in the uptrend. The blue lines in the chart indicate the rising “slope” in the uptrend, which is usually a sign of trend-acceleration and a potential start of a “parabolic” advance.



Source: StockCharts

Please see labels in the chart above. This chart provides a longer-term monthly perspective on the previous weekly chart.

The large 2020-2025 base shown in the previous weekly chart formed mostly **below** the all-important 2011 downtrend-line. **The strong breakout from the lengthy base and the major downtrend-line is a strong clue suggesting the gold miners could be heading to—and above—the 2011 all-time highs.**

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Source: StockCharts

It is almost always better to see a **surging** breakout versus a *crawling* breakout. *This action usually suggests a breakout with “authority”, which indicates strong and rising trader and investor confidence.*

The chart above shows the **Junior Gold Miners ETF (GDXJ)** versus the **Gold Miners ETF (GDX)**. As noted previously, the late-2024 to early-2025 consolidation below the multi-year resistance was a *build-up of energy profile* for a breakout. And the R/S measure has soared since the advance above the green trend-line.

The powerful breakout from the large, three-plus year basing pattern suggests the junior gold miners are likely to continue to significantly outperform the senior gold miners.

In other words, the small-cap, relatively-volatile junior gold miners are now likely to lead the advance in the gold mining sector. *Historically, this is often a very bullish sign for the precious metals and the mining-stocks.* (See [WILTW June 5, 2025.](#))

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▪ Metals and Mining Sector.

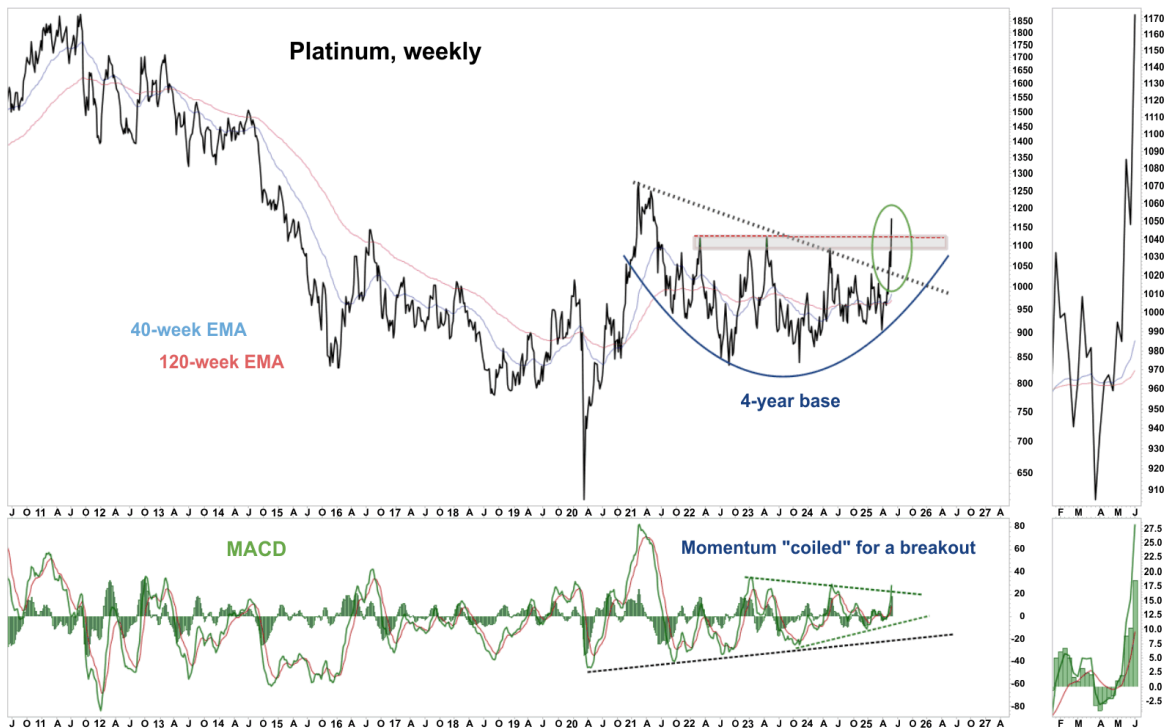


Source: StockCharts

The chart above shows the **S&P Metals and Mining ETF (XME)**. As noted in the chart, the sharp reversal from the temporary “shake-out” selloff below the multi-year uptrend-line has continued to make upside progress. This is important information suggesting ***XME is likely heading higher and could challenge the 2011 top near \$77, or up 20% from the current price.***

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Source: StockCharts

The chart above shows **Platinum**. As noted in the chart, *platinum rallied 11.9% last week and has surged above the 2020 downtrend-line and the multi-year horizontal resistance*. And the MACD momentum indicator has turned-up strongly and is breaking-out from a bullish “coiling” profile.

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Source: StockCharts

The two charts above provide different perspectives on the **Global X Copper Miners ETF (COPX)**. As noted in the charts, COPX has advanced from the bullish "wedge" consolidation.

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