AINSLIE
BULLION

WHY BUY BULLION

Discover why gold & silver play such an important part in our modern financial environment.

"If you don't own gold there is no sensible reason other than you don't know history or you don't know the economics of it".

- Head of the world's largest hedge fund, Bridgewater's Ray Dalio.

OVERVIEW

Both gold and silver bullion have been preserving and growing people's wealth for 5,000 years. Gold and silver bullion are rare in our modern world, being hard assets (not paper) with absolutely no counterparty risk. They are no one's liability. These properties help them achieve their 'safe haven' status based on an historic lack of (and usually negative) correlation with financial assets. In other words, gold tends to rise in price as financial asset prices fall.

Arguably our current economic environment presents one of the most compelling times in modern history to own bullion. To many we are at the tail end of one of the biggest global credit cycles in history. The Global Financial Crisis was the first real warning of the repercussions of a debt and easy money fuelled economy that started when we left the gold standard in 1973. Since the GFC, a crisis born of too much debt, central banks around the world have gone into overdrive with 'unconventional monetary policy' trying to revive the economy. A combination of these central banks trying to tighten into fundamental weakness, the drag of a record amount of global debt, global trade and currency wars, and geopolitical tensions, all present a very compelling argument for owning gold and silver right now.

In the local context, as the Australian Dollar drops the Australian price of the USD denominated metals goes up. You therefore have the opportunity to see your gold price in local terms boost an already rising US spot price.

The following pages walk you through some history and the properties touched on above, together with particulars around buying, selling and storing both personally and in a Self Managed Super Fund.

WHAT IS BULLION

Bullion is recognised as being at least 99.5% pure in the form of bars or coins, having a recognised hallmark, and valued by weight. Sometimes bullion is called physical bullion in order to emphasize that bullion is a real, tangible asset, instead of its paper derivative counterparts. In contrast to ETFs, CFDs, options or futures, physical bullion products are hard assets that can be held securely outside of the financial system. Using this form of investment is particularly important when purchasing bullion as a safe haven, insurance or a hedge against major financial turmoil as it implicitly has no counterparty risk.

BULLION AS CURRENCY

Gold treasures have been found dating from as far back as the 5th millennium BC. Its use as money is rooted in its scarcity and consistent appearance throughout history as a display of wealth, power and status. Gold and silver bullion circulated as currency in many countries before the introduction of paper money. Once paper money was introduced, currencies still maintained an explicit link to gold (the paper being exchangeable for gold on demand). By the late 19th Century, many of the world's major currencies were fixed to gold at a set price per ounce, under the 'Gold Standard' and this persisted in different forms for about one hundred years.

Fiat money, on the other hand, is inconvertible, cannot be redeemed, and backed by nothing more than the promise of a government. Fiat money rose to prominence in the 20th century, particularly after the collapse of the Bretton Woods Agreement, which was dissolved between 1968 and 1973, when the United States ceased to allow the conversion of the dollar into gold.

"Gold is money,
everything else is credit."

- J.P Morgan

STORE OF VALUE

Bullion functions as a long-term store of value. It has maintained its real purchasing power in terms of commodities and intermediate products for thousands of years. Bullion remains the pre-eminent dollar hedge and is the only global currency that is no one's liability. Indeed, bullion is "pure money" in its most fundamental form.

Collectively, the central bank sector claims to hold the world's largest above-ground gold bar stockpile, over 35,000 tonnes. Reserve assets such as gold are held by central banks and managed according to the criteria of safety, liquidity and return.

Bullion holds value against all currencies directly, making it particularly useful for protecting against currency crises or sharp inflation and deflation. When economic uncertainties mount, buying some bullion "insurance" can prove a rewarding strategy no matter the denominating currency.

Bullion retains historic and modern-day essential qualities of a great monetary asset by being:

- A proven medium of exchange
- A unit of account
- Portable
- Divisible
- Interchangeable (fungible)
- Durable
- Default proof
- Naturally limited in supply (scarce)
- A millennial long store of value
- Private and confidential

GOLD

THE VALUE PROPOSITION

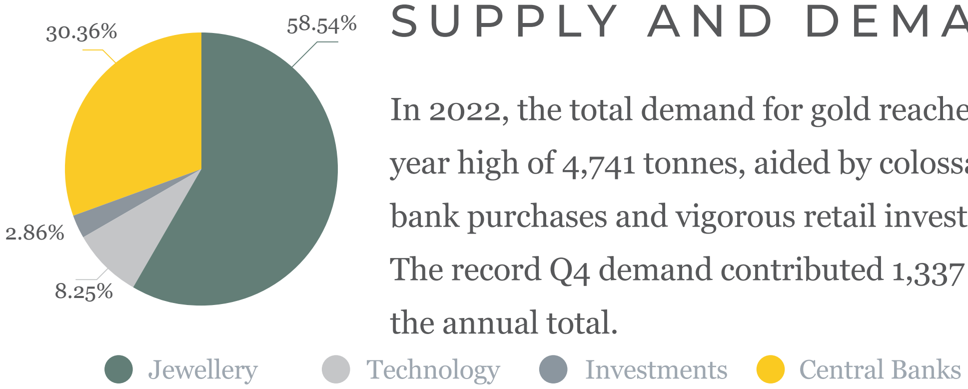
Gold prices don't tend to move in the same direction as other asset classes, helping reduce the impact of sharp losses elsewhere in a portfolio.

Unlike the stock market, gold prices tend to rise faster than they fall. Coupled with its low-to-negative correlation with financial assets, gold has worked quickly in the past to reduce the overall impact of sharp losses in traditional investments. Indeed, as the table below shows, of the 7 worst years in the last 60 in Australia, gold rose even more than shares dropped in those years.

GOLD IN TIMES OF TROUBLE (SINCE 1970)

Year	ASX Annual Return %	Gold Annual Return	Difference %
2008	-40.4	28.0	68.4
1974	-26.9	87.0	113.9
1973	-23.3	49.0	72.3
1990	-17.5	-0.5	17.0
1987	-13.9	28.9	42.8
2022	-5.95	6.49	12.44
2020	-0.94	14.48	15.42
Average	-18.4	30.48	48.9

Gold has nearly always found large gains during times of crisis due to people moving their capital to its timeless safety.



SUPPLY AND DEMAND

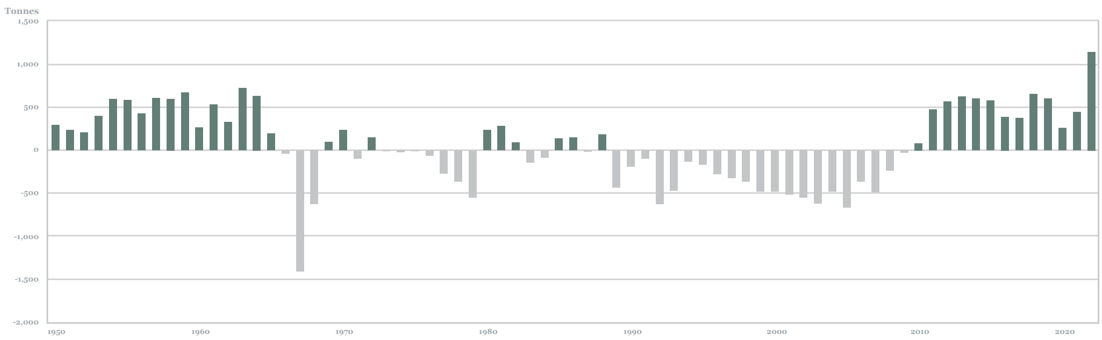
In 2022, the total demand for gold reached an 11-year high of 4,741 tonnes, aided by colossal central bank purchases and vigorous retail investor buying. The record Q4 demand contributed 1,337 tonnes to the annual total.

Jewellery consumption, which typically represents around 50% of total demand, softened slightly by 3% to 2,086 tonnes in 2022, primarily due to weakness in the fourth quarter as gold prices surged. Investment demand increased by 10% to 1,107 tonnes, with demand for gold bars and coins growing 2% to 1,217 tonnes.

Demand for gold in technology saw a 7% decline, as deteriorating global economic conditions hampered the demand for consumer electronics. Total annual gold supply increased by 2% in 2022 to 4,755 tonnes, with mine production reaching a four-year high of 3,612 tonnes.

The past 15 years has witnessed central banks consistently increasing their gold positions every year since the 2008 financial crisis. This renewed interest in gold demonstrates its enduring value as an asset during times of economic uncertainty and reinforces its role as a reliable investment choice.

CENTRAL BANK BUYING IN 2022 WAS THE HIGHEST ON RECORD*



Net Sales Net Purchases Source: Metals Focus: Refinitiv GFMS, World Gold Council

As gold is mined and becomes even more scarce, yields decrease and the cost of production increases, providing upward pressure on the price. If the price of gold falls below the cost of mining, then miners will stop mining it and supply will quickly evaporate. Fundamentally this demonstrates gold and silver's intrinsic value.


9999

SILVER

THE VALUE PROPOSITION

Although most believe silver is primarily used for jewellery, it also has a vast spectrum of industrial uses that drive demand. It can be ground into powder, turned into paste, shaved into flakes, converted into a salt, alloyed with other metals, flattened into printable sheets, drawn into wires, suspended as a colloid, or even employed as a catalyst.

Silver is extremely conductive, especially resistant to corrosion, solders well, and remains stable in the long term, adding to its industrial appeal. These qualities ensure that silver will continue to shine in the industrial arena, while its long history in coinage, bullion bars and jewellery will sustain its status as a store of wealth.

SUPPLY AND DEMAND

In 2022, global silver demand reached a record high of 1.21 billion ounces, driven by new peaks in industrial demand, jewellery and silverware offtake, and physical investment. Silver's annual supply experienced a 1% year-on-year increase to 830 million ounces, with mining output increasing in Mexico and Chile, partially offset by lower production in Peru, China, and Russia.

Industrial demand grew to 539 million ounces, fueled by ongoing vehicle electrification, the growing adoption of 5G technologies, and government commitments to green infrastructure. This growth overcame macro-economic headwinds and weaker consumer electronics demand.

Physical investment in silver surged by 18% to 329 million ounces, supported by investor concerns over high inflation, geopolitical tensions, recessionary fears, mistrust in government, and buying on price dips. A near-doubling of Indian demand also contributed to the rise.

GSR

The gold-silver ratio (GSR) is a metric that reflects the relative value of gold and silver, allowing for comparisons between the two precious metals. By dividing the current gold price by the current silver price, the GSR reveals how many ounces of silver are needed to purchase one ounce of gold. Market analysts, traders, and investors frequently monitor this ratio to evaluate the performance of both metals and determine the optimal investment strategy.

Historically, when the GSR reaches extreme levels, such as the all-time high of 128:1 in 2020, a reversion typically follows, with silver outperforming gold in relative terms. Often, both metals rally simultaneously during these periods. It's important to consider these extreme GSR levels in the context of supply and demand dynamics, which can differ significantly from the observed ratio.

Source: Bloomberg, Inrementum AG


1 KILO
Silver
999
1 KILO
Silver
999


AINSLIE BULLION

WHY BUY BULLION

FIAT HAS ALWAYS FAILED

Since 1973 all of the world’s currencies are fiat currencies. Fiat currencies are faith-based and are not backed by anything of intrinsic value. There have been hundreds of fiat currencies throughout history and every single one of them has eventually failed.

Governments have universally debased their currencies without the backing of gold for more than 50 years. Central banks in both the world’s developed and developing countries have repeatedly failed or have been bailed out by their governments by the issuance of more and more fiat currency.

As the global economic and geopolitical environment degrades, countries engage in trade wars. Trade wars can be based on protection and tariffs or through the devaluing of one’s currency to make it more globally competitive against all others. Almost by definition that becomes a spiralling race to the bottom.

The net result is increasingly high leverage, negative interest rates, substantial indebtedness, currency devaluations, serial defaults, and economic collapse of countries throughout the world.

DIVERSIFICATION

Historical data shows bullion acting as "investment insurance" – a simple tool for smoothing risk and return, and reducing overall losses when stocks, bonds or real estate fall sharply.

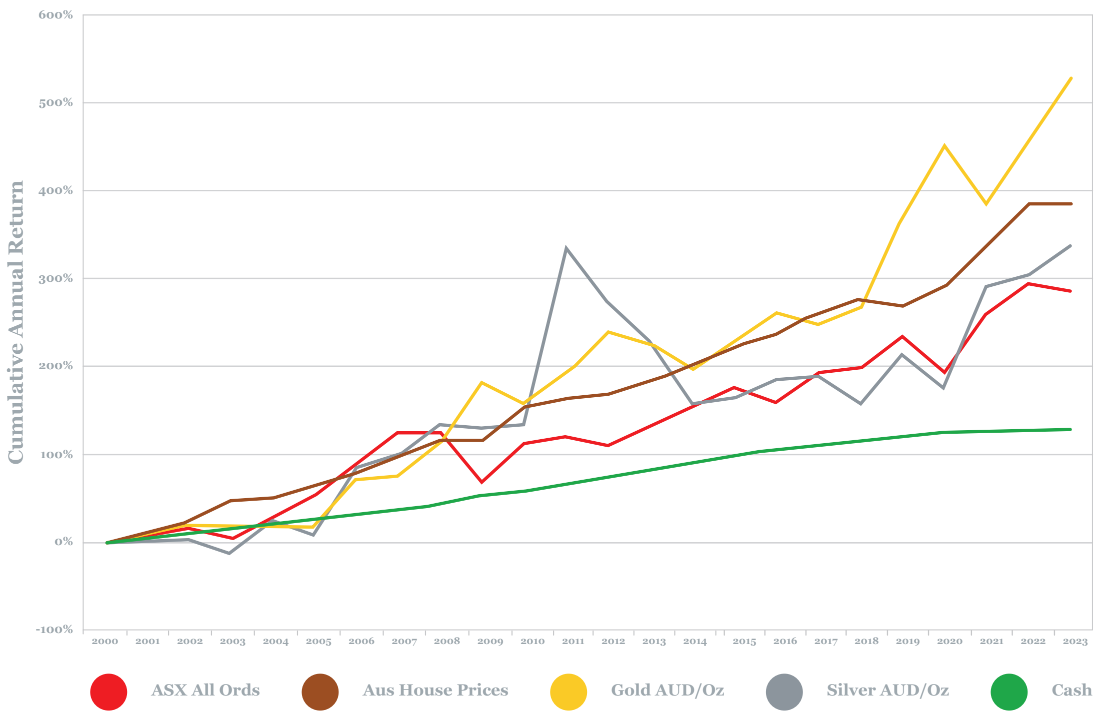
As asset markets have risen, incomes stagnate, valuations become more expensive, and consumers, companies and governments alike have become ever more dependent on debt, with little regard for the long-term consequences.

"Paper money eventually returns to its intrinsic value, zero."

– Voltaire.

The chart below shows the relative performance of various Australian assets since 2000. In order to address the "gold doesn't yield" argument and to create a level playing field, dividends reinvested, rent, and compounding interest have been included respectively. This demonstrates the ability for gold and silver to outperform "traditional" assets over long periods whilst offering comparable, if not higher liquidity.

Relative Performance of Investments since 2000



As we will discuss below, since the GFC we have witnessed an unprecedented amount of monetary stimulus. Most of this stimulus to date has not played out in "Main St" inflation, but rather "Wall St" inflation through record high sharemarkets and the like. Central Banks are now attempting to tighten and the $300 trillion dollar question (the value of all financial assets) is how will markets react? If we have a financial crisis, the tradeable gold market is only around $1.5 trillion. What happens when $300 trillion tries to pile into a $1.5 trillion space? The Supply/Demand/Price equation has only one other variable. Price.

PROTECTION

INFLATION & MODERN MONETARY POLICY

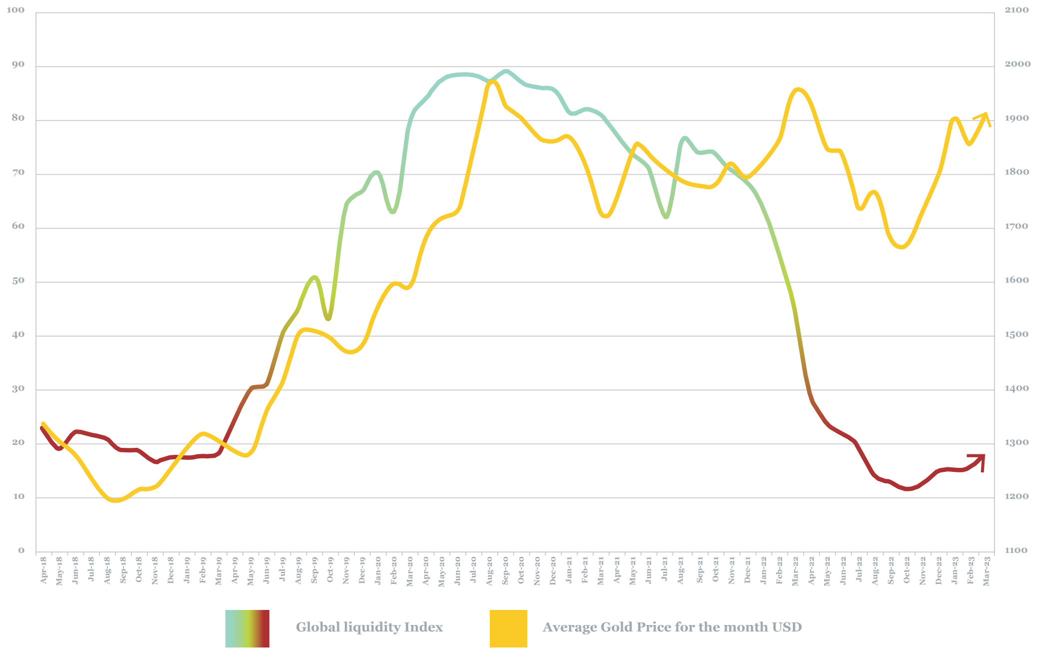
Inflation is often understood as the rise in the prices of goods and services over time. However, this is actually a symptom of inflation. Inflation is the expansion of the supply of money in an economy, which results in more currency competing for the relatively same amount of goods and services, thus inflating prices. Gold has historically been a hedge against monetary inflation since it retains its value as fiat currencies depreciate.

Central banks' modern monetary policies have further emphasised the importance of gold as an inflation hedge. For example, the US Federal Reserve's response to the Global Financial Crisis involved Quantitative Easing (QE), which involves printing money to buy bonds and increasing liquidity in the financial system. This massive injection of liquidity has led to monetary inflation, making gold an attractive investment to hedge against the devaluation of fiat currencies.

More recently, the Federal Reserve has continued to use various forms of monetary policy to stabilise the banking system, whether it is traditional QE or lending newly created money to banks with their bonds as collateral. This has resulted in a significant increase in liquidity, fueling concerns over monetary inflation.

The following charts demonstrate the strong correlation between liquidity and the performance of finite assets like gold:

GLOBAL LIQUIDITY INDEX AND GOLD - APRIL 2023



As liquidity continues to rise due to central bank interventions, the value of real assets like gold, which cannot be simply printed or created, is likely to increase. This makes gold a prudent investment choice to protect against the potential consequences of modern monetary policies and inflationary pressures.

DEFLATION

Although it may seem counter-intuitive, bullion can be an effective hedge against deflation as well. In fact, bullion's purchasing power is more likely to increase in deflationary periods than during inflationary eras. History shows that great monetary stimulus is often followed by rapid inflation increases. Certainly, this was the case after the Great Depression, when deflation was swiftly followed by high inflation. For example, in each of the four deflationary periods since the 17th century in England, gold has increased its purchasing power, by between 42 percent (1658-1669) and 251 percent (1920-1933).

In the U.S. there have been three recorded deflationary periods and gold had increased its purchasing power in each of them by between 44 percent (1929-1933) and 100 percent (1814-1830).

GEOPOLITICAL UNCERTAINTY & THE RISE OF BRICS

In times of high uncertainty, investors often turn to gold as it does not entail counterparty risk and serves as the ultimate means of payment when all other means fail. Gold prices are often positively correlated with rising geopolitical tensions and global crises. For instance, in the aftermath of the 9/11 terrorist attacks, the gold price in the London market rose from $216 to $287 (32.87%) in one day.

Similarly, during the COVID-19 pandemic, gold prices reached record highs as investors sought refuge in the precious metal amidst global economic uncertainty. Moreover, the growing influence of the BRICS nations and their efforts to move away from the USD have contributed to gold's strong performance, as these countries seek to diversify their currency reserves and reduce dependence on the US dollar. As such, gold remains a reliable investment choice in a world marked by ongoing geopolitical and economic shifts.

NO COUNTERPARTY RISKS

Don’t be fooled into thinking that ETFs (exchange-traded funds) are free of counterparty risk. Always think of bullion investment as entirely different to ETF investment. Investing in bullion that you can touch and hold is investing in a real and tangible asset, whereas ETFs are paper only.

Many investors think that an ETF is the same as owning physical bullion, in that it is inventoried and recorded in accounts and in member areas of websites. This is true in part, but there are numerous risks associated with this type of investment and in recent years there have been a frequent number of increasingly severe cases of collapse and mismanagement of ETF funds. A quick read of any gold ETF PDS will soon highlight the many "escape" clauses between the fund and the custodian.

The liquidity argument doesn't hold either as bullion is as immediately tradeable, particularly if held at Reserve Vault or The Melbourne Vault.

Rare is an investment in this modern digitally interconnected world without counterparty risk. Gold has no counterparty risk, is simple, transparent and is no one's liability. There is a wise old saying – "If you don't hold it, you don't own it".

GOLD AND SILVER COME WITH A CENTRAL BANK GUARANTEE

The economic landscape began to change in 2007 when the Global Financial Crisis (GFC) loomed large, threatening deflation. Central banks responded by implementing quantitative easing measures to counter the deflationary threat, ultimately leading to inflation. Fast forward to the early 2020s, and the consequences of these actions played out dramatically.

During the early 2020s, central banks faced unprecedented currency debasement, primarily driven by the need to mitigate the impact of various global crises. As a result, they found themselves cornered, with their only recourse being to print money and inject liquidity into the economy.

In this context, real deflation may arise when the "everything" bubble—comprising credit, bonds, debt, derivatives, and fiat currency—bursts. This eventuality could compel central banks to revert to money printing, potentially sparking hyperinflation.

Throughout these economic fluctuations, gold and silver have remained vital hedges against uncertainty. Their value is underpinned by the central bank guarantee, which reinforces their stability and importance in an increasingly unpredictable global economy.

HOW TO BUY & SELL BULLION AT AINSLIE

1. Buy in store, over the phone or online (at a discount).
2. Select which metal, bullion type (cast bar, minted bar, coin) & size.
3. Lock in a live price (it changes every 2 minutes).
4. We generate an invoice clearly showing your order, at what price and the total amount due.
5. You pay us that day – bank deposit, cash, PayID, or cryptocurrency.
6. On cleared funds
    a. Come into our store and collect bullion within 30 days, or
    b. We can deliver bullion to you, fully insured, or
    c. We can deliver to *Reserve Vault* in Brisbane or *The Melbourne Vault* if you have or wish to have your own safe deposit box or safe there, or
    d. We add to your Allocated or Unallocated bullion storage account with us.
7. Feel free to stop by our store anytime if you wish to sell your bullion in person. However, if you prefer to mail it in, please first contact us through phone or email. We'll then send you our specific instructions to ensure you can safely send us your bullion. If you are at either of our vaults (*Reserve Vault* or *The Melbourne Vault)*, hand it to them and we pay immediately. If you are an Ainslie storage customer, just instruct us to sell and we pay you.
8. Our prices are determined by the spot price in AUD. As with all bullion trading there is a spread above the spot price when buying (which incorporates refining, production, transport and overheads) and similarly a spread below when selling. The larger the bullion, the lower the spread to buy. You can see the daily spot price on our website homepage and live buying pricing in our webshop.

BULLION IN YOUR SMSF

The cornerstone of any superannuation fund is uncorrelated balance. Remember this: You don't get to choose what markets are doing on the day you retire. We all recall visions of retirees in tears after the GFC as their sole source of income disappeared overnight. Balancing your superannuation wealth is about having a portfolio with assets that are not correlated or that act counter-cyclically. Gold and silver have a proven track record of having low or negative correlation to financial markets. Over the course of the GFC, gold doubled while shares halved in value.

GOLD AND SILVER BULLION ARE ALLOWABLE ASSETS IN YOUR SMSF

Gold and silver bullion can be bought in all shapes and sizes. Buying smaller size bullion bars means you have a very liquid asset that can be sold in smaller amounts. Unlike property or other large hard assets, bullion is divisible, providing flexibility to sell smaller amounts whenever needed. One thing to remember is that coins are classified as a "collectable" by the SMSF rules and require independent storage, insurance, and an annual independent audit. You can avoid this by buying bars of gold and silver. If you particularly want coins, Reserve Vault in Brisbane & The Melbourne Vault offer all three of those requirements.

BUYING BULLION FOR YOUR SMSF

Buying gold and silver bullion for your SMSF is as simple as purchasing in your own name, though with the added requirement of providing the front and signing page of your superannuation trust deed and the last company statement for your trustee with the first purchase.

You can purchase in your SMSF online, in-store or over the phone. If you're remote to Brisbane or Melbourne, we can ship your purchase, fully insured, for surprisingly little cost.

STORING YOUR BULLION

You have a number of options for storing your gold and silver bullion:

AT HOME – You can store your bullion in (or under) your home if you wish. Though, remember that bullion coins must be stored at an independent secure location to meet SMSF regulations.

AINSLIE STORAGE ACCOUNT – There are two options to securely store with Ainslie for peace of mind:

1. Allocated storage – You buy your choice of bullion bars and we store them securely at *Reserve Vault* & *The Melbourne Vault* at an annual charge based on the weight of your bullion.
2. Unallocated Storage – You buy into a pool of gold, silver or platinum bars that we hold, and receive a certificate of ownership. This service includes free storage.

RESERVE VAULT & THE MELBOURNE VAULT –

The ultimate in secure storage. You lease your very own safe or safe deposit box in ultra-high security facilities and you are the only keyholder. You can insure your goods at a fraction of the price and enjoy a cost-effective independent audit service. Ainslie delivers your bullion to *The Melbourne Vault* & *Reserve Vault* for free, fully insured. When you're ready to sell, both *The Melbourne Vault* & *Reserve Vault* can continue holding your bullion while the sale is completed ensuring you're never walking around town with unsecured bullion.

the Gold & Silver STANDARD

DIGITAL TOKENS

Ainslie is proud to introduce a new way of owning and trading gold and silver combining physical bullion with state of the art blockchain technology. Gold Standard (AUS) and Silver Standard (AGS) are ERC20 compliant crypto tokens where 1 token is 100% backed by 1 gram of either metal. This bullion is already secured in Reserve Vault, insured by the world's leading insurer and verified by global assurance firm PFK. Gold & Silver Standard provide the same flexibility as an ETF but with the transparency and certainty of 100% backing and security only the blockchain can deliver, and no storage costs. At any time, anyone can independently verify that tokens on issue equals bullion secured. You can even redeem your token for physical bullion. Take our Gold & Silver Standard brochure for more details or visit goldsilverstandard.com

GOLD STANDARD

SILVER STANDARD

GLOSSARY

FIAT MONEY – Fiat money is a currency that a government has declared to be legal tender but is not backed by a physical commodity.

GOLD STANDARD – The gold standard is a monetary system wherein the value of domestic currencies are fixed to a certain amount of gold. National money including bank deposits and bank notes is convertible to gold at a fixed price. Gold is used as the standard because of its durability, rarity, and universal acceptance. When it is used as part of the hard-money system, it reduces the volatility of currencies.

INFLATION – The increase in the prices of goods caused by the increases in the money supply.

MONEY SUPPLY – The total amount of money available in an economy at a particular point in time. The quantity of money is probably the most important concept in economic theory since it affects the price level. An increase in money supply causes price inflation, while a decrease in the money supply leads to price deflation

SAFE HAVEN – A safe-haven asset is an asset that is uncorrelated or negatively correlated with another asset or portfolio in times of market stress or turmoil. Hence, a safe-haven asset protects investors during crises.

SPOT PRICE – Usually quoted in USD, the spot price is the world's benchmark for pricing precious metals. Apart from the big banks and metal exchanges, no one can buy precious metals at the spot price. The bullion you buy has been through a process of refining, production of the bar or coin, freighted and so on.

TROY OUNCE – There are 32.15 troy ounces in a kilogram, or 31.10 grams in a troy oz. Bullion uses troy oz not imperial oz.

GOLD RESERVE – A gold reserve is the amount of bullion that is held by the central bank or the treasury of a country. It contributes to the nation's creditworthiness in the issuance of currency and bonds. Gold reserves held by the government should be distinguished from private holdings of gold held by individuals or non-financial institutions.

DISCLAIMER

This document is provided for general information purposes only and should not be taken as advice in any way. Investing in bullion involves risk and history may not indicate future performance or patterns. When considering any investment, you should do so in the context of your personal circumstances and objectives and if unsure seek independent professional advice. Some content, data, views and opinions may be sourced from third parties. We do not guarantee the accuracy or completeness of this information nor accept any liability for its use.

AINSLIE BULLION

Balance your wealth in an unbalanced world.™

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