FALL 2021

MONEY METALS INSIDER

An Insider Report for Clients of Money Metals Exchange

The NEXT Greatest Trade Ever:
Billionaire Gurus Increasingly Point to Gold

By Stefan Gleason
President, Money Metals

Mega-investors have been talking up the merits of gold ownership lately. For example, the billionaire hedge-fund manager who executed the "greatest trade ever" in 2007 is now pounding the table about the opportunity in hard money.

John Paulson rose to fame during the subprime mortgage crisis of 2007-2008 when his fund bet big that housing-related financial assets would crash.

Paulson loaded up on derivative instruments designed to rise in value as mortgages blew up. He cashed in for himself and his investors to the tune of $20 billion.

Despite gains of 600% since 2001, gold is still way under owned and unloved.

Paulson's feat was detailed in *Wall Street Journal* reporter Gregory Zuckerman's book, *The Greatest Trade Ever.*

The greatest opportunity today may be to trade out of paper and digital assets – and into hard assets. That's John Paulson's current investing thesis.

In an interview published recently by *Bloomberg Wealth,* he issued a shocking forecast for the future of unbacked digital tokens that have lately been all the rage: "Cryptocurrencies, regardless of where they're trading today, will eventually prove to be worthless. Once the exuberance wears off, or liquidity dries up, they will go to zero."

Regardless of whether cryptos become completely worthless, they could become worth a lot less when speculators and technophiles move on to a new craze.

Bitcoin, Dogecoin, and the like have little utility beyond being a perceived as alternative stores of value. By contrast, the usefulness of physical gold and silver extends far beyond their historic role as money or their potential to function as money in the future.

Even if, as the naysayers claim, precious metals are no longer relevant as monetary assets (despite the fact that they continue to be accumulated by central banks around the world), gold and silver are in demand by high-tech industries, jewelers, mints, and others who value the metals' physical properties.

John Paulson notes there is "a very limited amount of investible gold" compared to an ever-expanding money supply, priming the monetary metal for its moment.

He anticipates that gold prices will be squeezed to the upside as investors exit low-yielding cash and fixed-income instruments in search of inflation protection.

Paulson isn't a newcomer to the gold market. Back

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in late 2009, he put a massive chunk of his firm's assets into precious-metals-related investments.

"As an investor, I became very concerned about having my assets denominated in U.S. dollars," he said. "I looked for another currency in which to denominate my assets. I feel that gold is the best currency."

Other billionaires and large institutional investors are accumulating gold as well. Many of them understandably prefer to keep quiet about their bullion holdings. But word is getting out.

Steve Forbes, a prior guest on the Money Metals podcast, has been urging investors to buy gold.

The technology company Palantir surprised analysts who discovered it purchased $50 million worth of gold bars in August.

Billionaire investor Jeffrey Gundlach just suggested that gold is going higher, a lot higher.

Among other potentially bullish catalysts, the "Bond King" sees the Federal Reserve Note declining further, leading to a big rally in gold once it breaks out of its recent trading range.

Gundlach told *Yahoo Finance*, "My number one conviction looking forward a number of years – I'm not talking about the next few months at all, I'm talking about several years – is that the dollar is going to go down. I think ultimately gold is going to go a lot higher, but it's really in hibernation right now."

Gundlach went on to discuss why a dollar decline is inevitable due to insurmountable debt levels. He further suggested that the U.S. is simply falling behind on the global stage, a problem existing for a generation now.

U.S. consumption is increasingly shifting to China, and that is also affecting the greenback. The dollar's status as the global reserve currency of choice is under attack, and its days may be numbered as such.

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Money Metals Insider
published by **Money Metals Exchange**

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Gundlach suggested that U.S. monetary policy is putting forth the notion that the United States could not care less about its reserve currency status, and he thinks a decline of at least 25% is coming in the years ahead.

Meanwhile, Steve Forbes, chairman and editor-in-chief of Forbes Media, also believes better days are ahead for the yellow metal.

Forbes recently discussed a variety of issues that support higher gold prices. He argues massive sovereign debts combined with ultra-low interest rates are likely to have a major impact on global financial markets in the years to come.

Regardless of whether one cares to listen to the views of billionaires (they definitely aren't always right about everything), there is currently a strong fundamental case for higher precious-metals prices in the years ahead.

Supply is becoming increasingly difficult for the mining industry to expand, while new sources of demand are emerging constantly.

The fiscal and monetary backdrop has perhaps never been more bullish for hard assets. Massive sovereign debt levels are putting pressure on central bankers to pump up the currency supply and let loose on inflation.

Finally, geopolitical risks are a wild card for a potential surge in safe-haven demand for bullion.

The next great trade is setting up to be moving out of financial assets for hard assets.

To be sure, keeping some cash on hand for emergencies is wise. But banking one's future on dollar-denominated instruments comes with a big downside – namely, inflation as it erodes the value of conventional investment portfolios.

If billionaire hard-money holders are right, the big upside ahead is in precious metals.

Frequently Asked Questions
About Gold and Silver Investing

We get lots of questions from the public about precious metals. Some people are curious about the basics. Others are skeptical about the case for owning gold and silver. Still others are longtime customers who have highly specialized inquiries.

Here we will answer a few of the most common, most broadly relevant questions we receive. Even if you're a seasoned metals investor, you can surely find value in this regular FAQ feature.

QUESTION: Should I buy coins, rounds, or bars?

ANSWER: As long as you avoid commemorative or so-called "rare" coins, you are not likely to go wrong with any particular bullion form.

However, premiums (the amount you pay over the spot price of the metal) on bullion coins tend to be higher than premiums on privately minted bars and rounds.

The fact is that sovereign mints tend to have higher production costs and pricing than private mints. And government minted coins can carry higher premiums due to their popularity, especially those minted by the U.S. Mint and Royal Canadian Mint. Some buyers also place extra value on the technical "legal tender" status of government coins.

Money Metals poured 10 oz silver bars are a tremendous value.

Rounds are a more cost-effective form of bullion than coins. Meanwhile, bars tend to be the most cost-effective, as their production costs are generally the lowest, particularly with bars minted of gold.

If you decide to store at home, you may wish to consider bulkiness when deciding on items contained in larger purchases. Silver bars may take up less space than the same number of ounces packaged in coin tubes or large silver coin "monster boxes."

When it comes time to sell, large silver and gold bars may be a bit tougher to liquidate at full market value – unless you're selling to a large, highly competitive company like Money Metals Exchange. Local coin shops sometimes discount their buy prices well below spot, particularly when it comes to bars.

QUESTION: What does "segregated" storage mean?

ANSWER: Segregated storage refers to the method of storage where one's holdings are stored physically separate from others, such as in its own sealed container.

There is no co-mingling of the precious metals with those of other account holders, and the exact same items are returned to the account owner upon demand. Think of segregated storage as your own safe deposit box.

Idaho-based Money Metals Depository only holds metal for customers in this segregated manner, and all holdings are fully insured, audited, and meticulously documented.

QUESTION: Why is the premium on silver so high compared to gold?

ANSWER: Premiums are partially a function of minting costs and partially a function of market forces for any particular item. But there are two main reasons why silver premiums are much higher, percentage-wise, than gold right now...

The first is the simple fact that the cost of minting a smaller silver bar, coin, or round is much higher in proportion to the value of the metal itself. For example, a $2.50 per ounce minting cost is about 10% of the value of an ounce of silver but it would be well less than 1% of the cost of an ounce of gold.

The other factor is the relative scarcity of minted items as compared to market demand, which has the effect of driving premiums higher. Market demand has remained extremely high for silver coins, bars, and rounds over the past 18 months, and mints have struggled to keep up. This has led to shortages and higher prices on the retail forms of the white metal.

When Will It Be Time to Sell Precious Metals?

By Clint Siegner
Director, Money Metals

Clients often ask when they should sell precious metals. We usually suggest one basic rule around the timing. After that, the decision to sell will depend upon whether your reasons for holding gold and silver have changed.

The basic rule is to avoid selling based on impulse.

Humans are emotional creatures and studies show most of us make poor choices when it comes to timing. If you are making a snap decision to sell (or buy) based upon a surge of either fear or greed, odds are you will regret it.

The trick to avoiding an emotional decision about when to sell is to understand why you bought precious metals in the first place and stick to your guns.

Lots of investors see metals as undervalued relative to other assets.

Stocks are near all-time highs and appear wildly over-priced based on company earnings. Bonds are near the peak of a bull market which is extraordinarily long in the tooth. Real estate may also be back in bubble territory, particularly in large urban markets.

These days, precious metals are one of very few asset classes that look cheap.

For value investors, the time to sell will come when the calculus changes. They should exit when metals look expensive and another investment looks undervalued.

Others buy metal as a hedge against inflation.

They recognize saving money in Federal Reserve Notes as a one-way road to becoming poorer. Any cash they have in the bank is guaranteed to be worth less next year, and maybe a lot less. The declining value of the currency unit will eventually crush the value of fixed-rate bonds as well.

The time to sell only will arrive when the threat of inflation dissipates.

Perhaps the day will come when central bankers and politicians are forced into serious reforms, such as reinstituting honest money connected to physical gold and silver. Maybe an independent and incorruptible currency will emerge and gain widespread adoption.

Finally, plenty of investors buy physical coins, rounds, and bars as part of a preparedness plan.

History shows that serious inflation is usually accompanied by turmoil and political unrest. Prudent investors recognize the possibility that metal will be needed, should fiat currencies – and the governments behind them – fail.

Faith in virtually all U.S. institutions is in decline, and the Federal Reserve Note is one of them. When ephemeral confidence is the only thing backing the currency, it is naive to assume it will live forever.

It is hard to guess what might replace the Fed's "dollar," should it meet its fate. People buy physical metal to eliminate a lot of the guesswork.

Gold and silver might resume their role as official currency. If they don't, holders can be certain their bullion will be valuable in exchange for whatever the new currency is. That is the history of metals.

Most folks bought precious metals for a combination of reasons outlined above. Absent the need to raise cash for some emergency, it generally won't be time to sell until the world looks quite a lot different than it does today.

There is no telling when to expect the restoration of honest money, healthy markets, and personal liberty. It looks like it will not be time to sell any time soon.

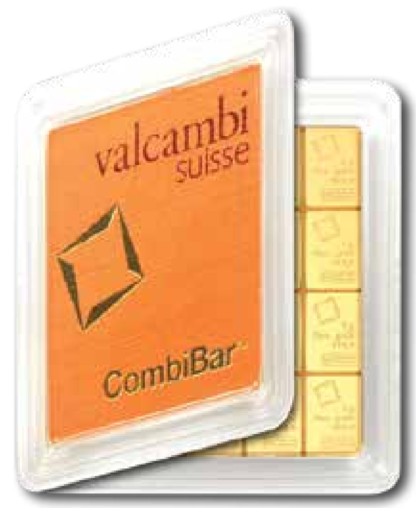
Money Metals Expands Its Lineup of Valcambi CombiBars

As a result of their high popularity, an expanded lineup of Valcambi CombiBars is available through Money Metals Exchange – minted of gold, silver, or platinum.

These versatile bars are produced by Valcambi, one of Switzerland's largest and most reputable refiners.

Choose from a Variety of CombiBar Options:

- 20 gram, 50 gram, and 100 gram gold bars – with each bar easily broken into 1-gram sections carrying the Valcambi hallmark and markings for its weight and purity (.9999).
- 1 ounce gold bars that can be broken into 1/10 oz bars.
- 100 gram silver bars that can be broken into 1 gram or 10 gram bars.
- 50 gram platinum bars that can be broken into 1 gram bars.



All this flexibility comes with far lower cost than purchasing equivalent quantities of smaller bars. And the relatively low premiums make these CombiBars a great option for buyers desiring to own fractional gold, silver, or platinum.

Prudent investors who have already spotted the coming crisis in fiat currency are making preparations to have precious metals on hand to use as money if necessary. CombiBars were designed for that purpose.

Recent events in Venezeula are a good example of how a currency crisis strikes suddenly, leaving citizens scrambling to find alternatives to the official fiat money (the bolivar) – an extraordinarily difficult situation.

Just remember, the Valcambi brand name, tamper-evident packaging, and assay carry some additional value. It is therefore advisable to maintain your Valcambi CombiBars in their original packaging unless you need to separate some portion to complete a trade.

When it is time to re-sell your bars, any reputable bullion dealer will be happy to buy them, on-the-spot, and at a fair price. Of course, Money Metals is always eager to buy your precious-metals coins, bars, and rounds and generally pays the highest amounts as compared to the rest of the industry.

Three Lies Commonly Told by "Rare" Coin Dealers

By Clint Siegner
Director, Money Metals

We regularly receive calls from Money Metals Exchange customers who have been taken for a ride by one of the many rare coin (or numismatic) salespeople who seem willing to say just about anything to earn their sales commissions.

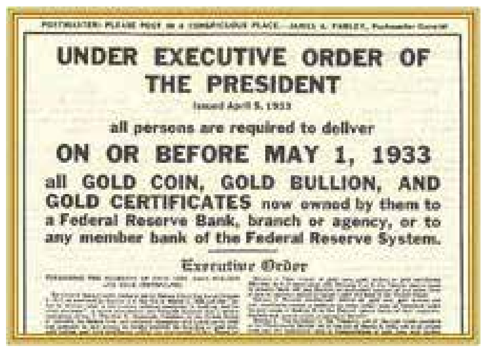
Numismatic dealers advertise gold and silver, and they touch on legitimate concerns over inflation, government debt, and the likelihood of another financial crisis.

Those who call in seeking to make an investment in bullion get switched into very different products – illiquid and overpriced "rare," proof, and commemorative coins. And they are faced with large discounts when attempting to sell down the road.

Only coin collectors with specialized knowledge should dabble in the markets for numismatic coins.

Investors who simply want gold and silver as a hedge against inflation and uncertainty will want to select an ethical dealer, such as Money Metals Exchange, which specializes in lower premium bullion coins, rounds, and bars.

Here are three of the most common deceptions used by peddlers of "rare" coins...


UNDER EXECUTIVE ORDER OF THE PRESIDENT

all persons are required to deliver

ON OR BEFORE MAY 1, 1933

all GOLD COIN, GOLD BULLION, AND GOLD CERTIFICATES now owned by them to a Federal Reserve Bank, branch or agency, or to any member bank of the Federal Reserve System.

Executive Order

Buyers of rare coins hoping to avoid government confiscations are faced with immediate confiscation of some of their wealth by the rare coin dealers themselves.

Lie #1: Rare Coins Are Uniquely "Confiscation Proof"

This falsehood keys on President Franklin D. Roosevelt's Executive Order #6102 which ordered citizens owning more than 5 ounces in gold coins to turn in the "excess" coins for dollars and made "hoarding" gold a crime.

There was an exception made for truly rare and collectible gold coins (many garden-variety coins numismatic salesmen sell today might not fall under this definition, by the way).

Only months later, FDR stuck it to anyone who cooperated by turning in their gold when he devalued the dollar by almost 50% and reset the official price of gold to $35 per ounce.

At that time, the dollar was formally backed by gold.

Forcing the public to turn in its gold made it possible to expand the money supply in an effort to fund massive new federal government spending programs.

President Richard M. Nixon slammed shut the gold window in 1971, so money can now be printed without this important restraint.

In other words, central planners no longer "need" your gold to pursue their inflationary policies.

Today, if the government wanted to confiscate our wealth (because simply stealing it via inflation wasn't doing the job quickly enough), we would expect officials to take whatever step was the easiest – and/or jack up taxes. Stocks and bonds are not only easily located, but also easily confiscated electronically, unlike physical gold and silver securely stashed away.

The "confiscation proof" argument spun by rare coin salesmen falls apart in another way.

Under two federal laws – one passed in the early 20th century and another from the 1970s – the U.S. government claims the power to seize any private asset whatsoever in times of national emergency or war. Nothing is automatically exempt.

Lie #2: Rare Coins Are "Not Reportable" for Capital Gains Tax Purposes

The truth is that government reporting requirements are virtually identical for numismatics and bullion.

Only in extremely rare instances are buying or

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selling bullion gold or silver reported to the IRS by dealers. The primary exceptions are purchases using more than $10,000 in actual cash or sales of very large gold and silver bars – bars that can be used for delivery on a futures contract.

In the overwhelming majority of transactions, dealers are NOT required to file any kind of report.

What rare coin salesmen "forget" to mention is that any capital gain you enjoy in selling a rare coin is still something that you, as an individual taxpayer, must report on your tax return – whether or not a 1099 information return was filed by your dealer.

Tax obligations are the same for both numismatic and bullion coins. Gains on coins held longer than one year are taxed at the collectibles rate, which is 28%. Short-term gains are taxed as ordinary income. (Bullion items can be held in IRA accounts to avoid taxation whereas rare coins are ineligible.)

Lie #3: Rare Coins Provide More Price Appreciation

Far from delivering greater actual, bankable profits than bullion, the opposite is usually the case with numismatics.

In the numismatic world, each coin type, year, and condition has its own sub-market, making it difficult for anyone but serious collectors to make knowledgeable decisions.

The outrageous buy/sell spreads so common with numismatics (and proof coins) severely eat into the profit potential associated with owning them.

It is extraordinarily common for unsuspecting rare-coin buyers to be suckered into paying twice the melt value for coins that are the opposite of "rare."

Because the coins command very little actual premium versus melt value when it is time to sell, the owner may have to wait for the metal price to double, just to break even.

The best way to avoid being scammed is to find out what the buyback price would be on a coin if you were to sell it back later that day. For reference, bullion coins, bars, and rounds, offer a spread which is generally less than 15% (and can be under 5%).