



Investing in Gold And Silver:

A Contrarian Point of View

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I Introduction and History



This replica coin was made from an ingot of silver recovered from the sunken treasure galleon De Atocha.

The silver was mined at Potosi (now in Bolivia) by Native American slaves in the early 1600's, and was on its way to Spain when the ship went down in a hurricane off the Florida Keys.







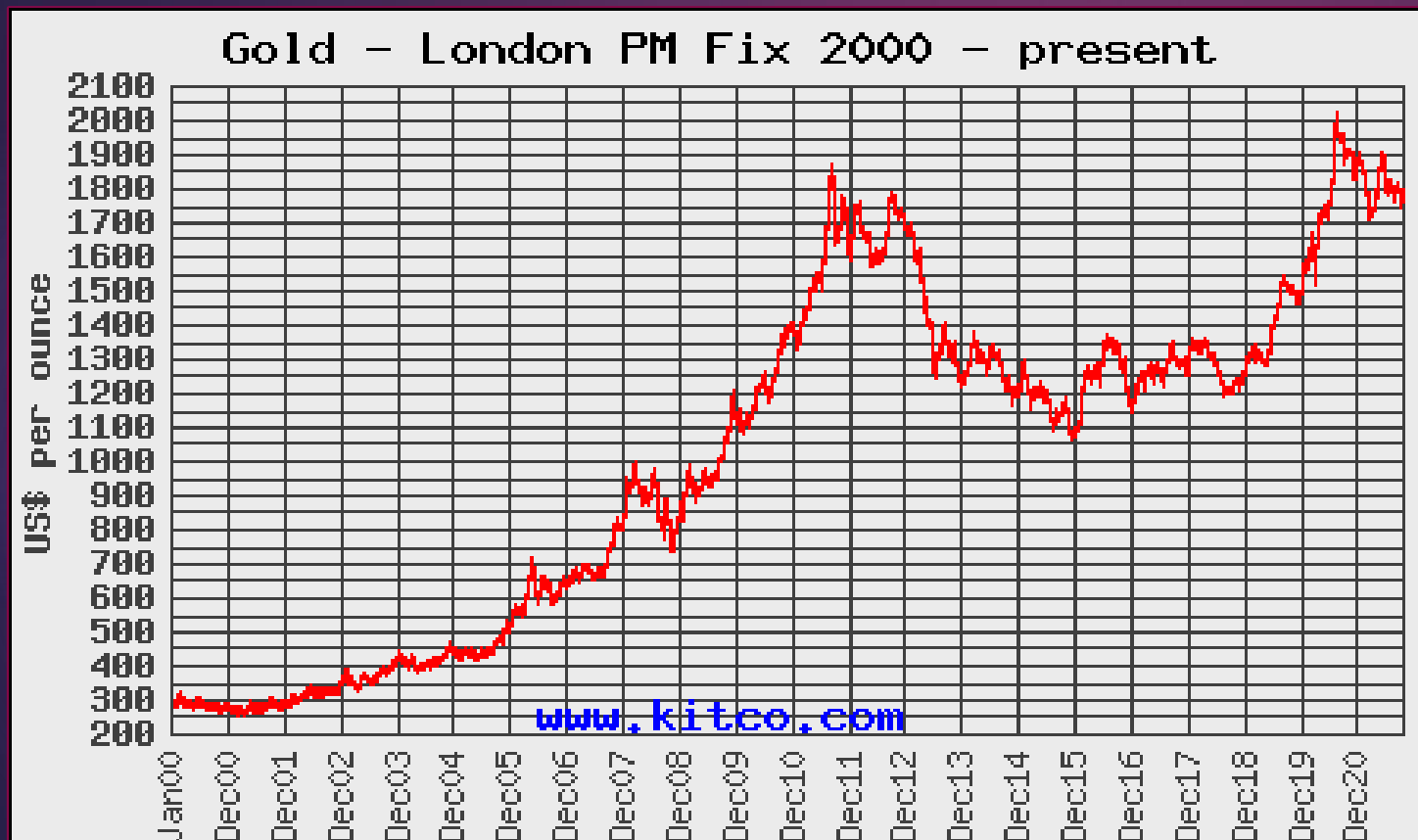
Spratling Mexican Sterling Silver Jewelry



II Returns from Gold and Silver

Twenty-Year Price History for Gold

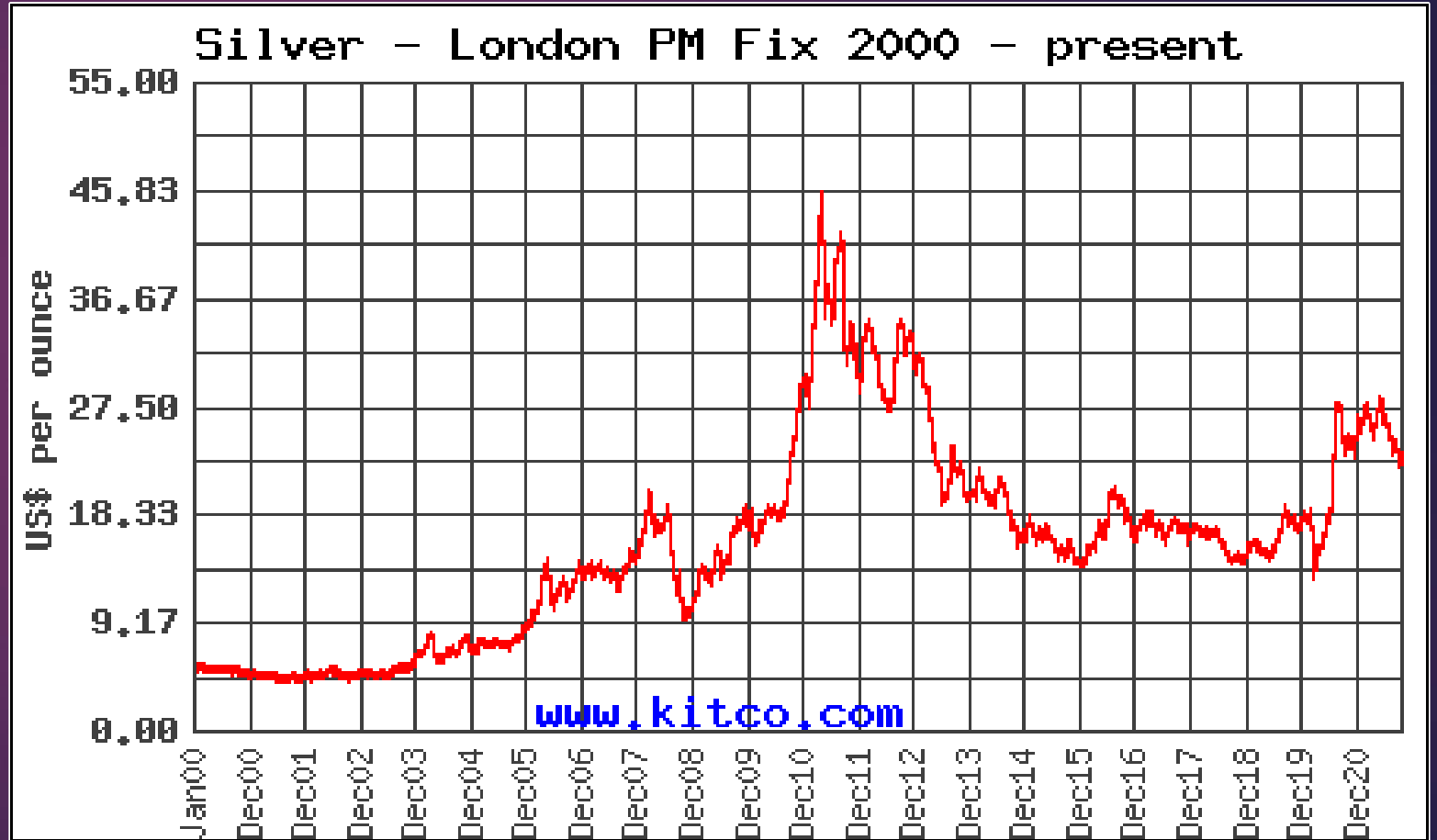
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Twenty-Year Price History for Silver

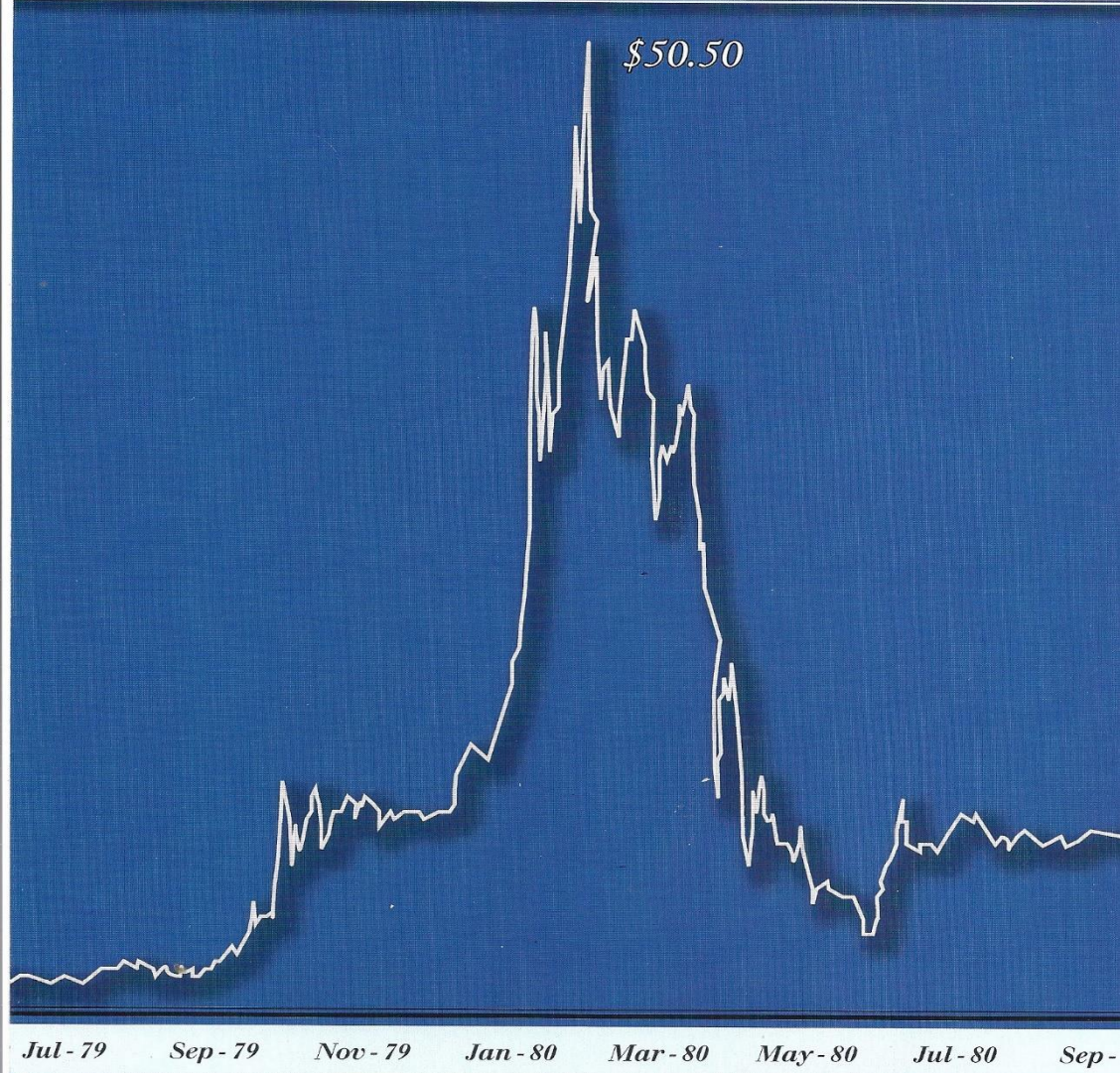


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THE PRICE OF SILVER

July 1979 - September 1980



Steve Eising

The silver price spike during the Great Silver Caper of 1979-1980, during which the Hunt Brothers attempted to corner the world silver market.

They failed.

Silver has never since then approached the January '80 high of \$50.

20-Year Stock Market Performance

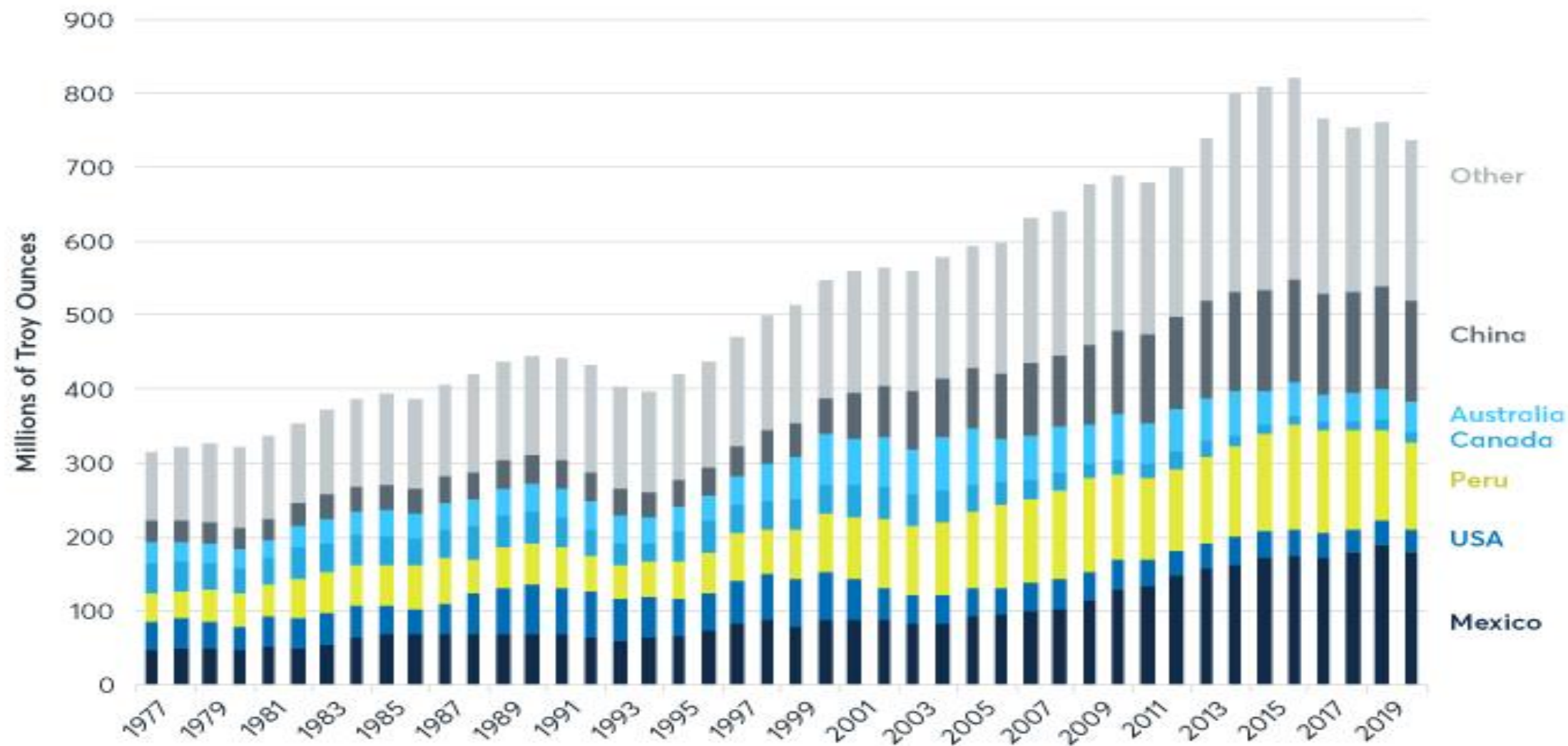
S&P 500 Performance Since 2000



III Fundamentals



Silver Mining Production Worldwide



Source: CPM Group Silver Yearbook 2020

Gold Production By Country-2018

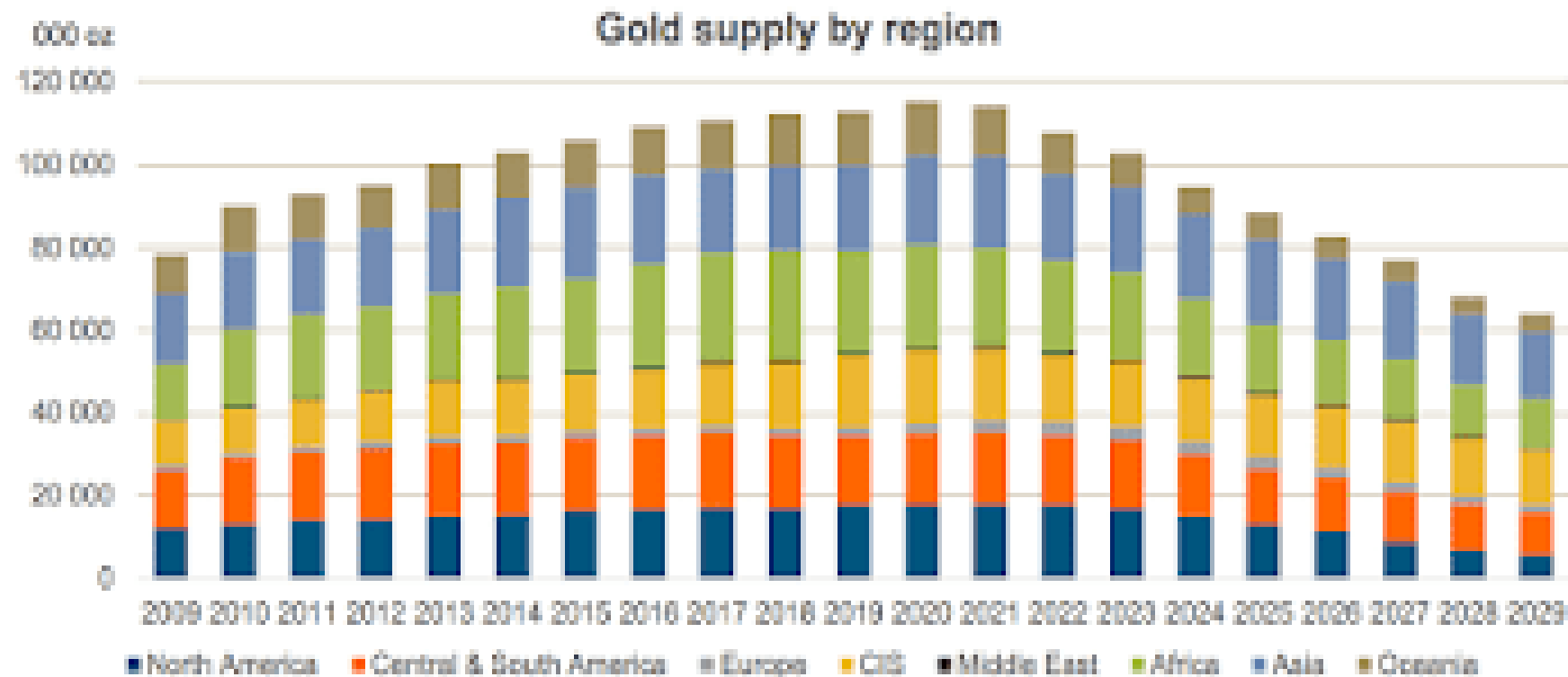


2018 Rank	Country	Gold production (tonnes)	Reserves (tonnes)
1	<u>China</u>	404	2,000
2	<u>Australia</u>	319	9,800
3	<u>Russia</u>	297	5,300
4	<u>United States</u>	222	3,000
5	<u>Canada</u>	189	2,200
6	<u>Peru</u>	158	2,600
7	<u>Indonesia</u>	137	2,500
8	<u>Ghana</u>	130	1,000
9	<u>South Africa</u>	130	6,000
10	<u>Mexico</u>	115	1,400
11	<u>Brazil</u>	97	2,400
12	<u>Uzbekistan</u>	92	1,800
13	<u>Sudan</u>	77	1,550
14	<u>Papua New Guinea</u>	69	1,300
15	<u>Kazakhstan</u>	68	1,000
	Rest of the world	1,001	12,000
	World total	3,503	54,000

Gold Supply...forecast industry decline

BARRICK

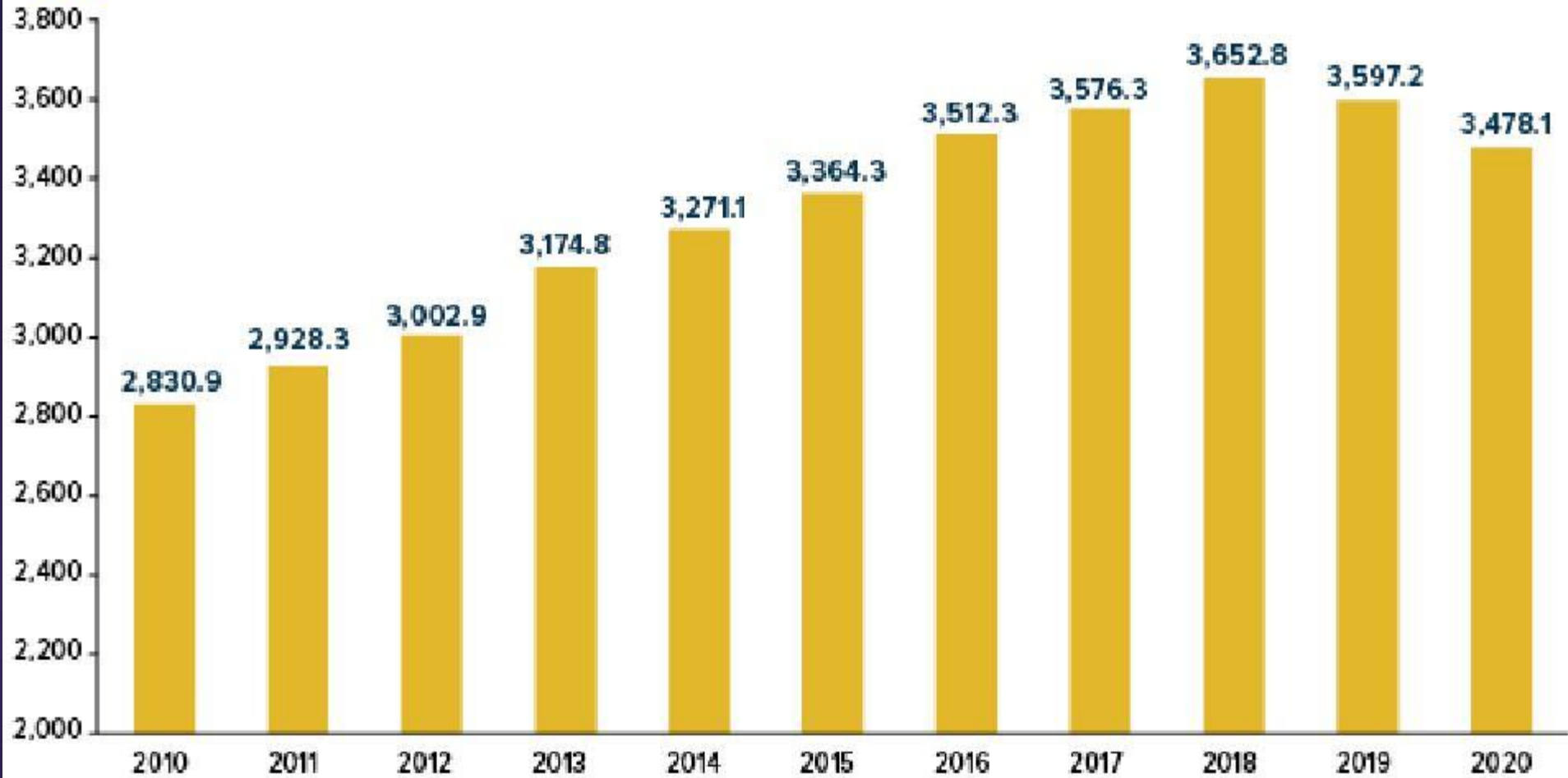
- Industry facing production precipice
- Very few companies able to deliver value growth in this environment





Global Mine Production Decreased for the Second Year in a Row

In Tonnes

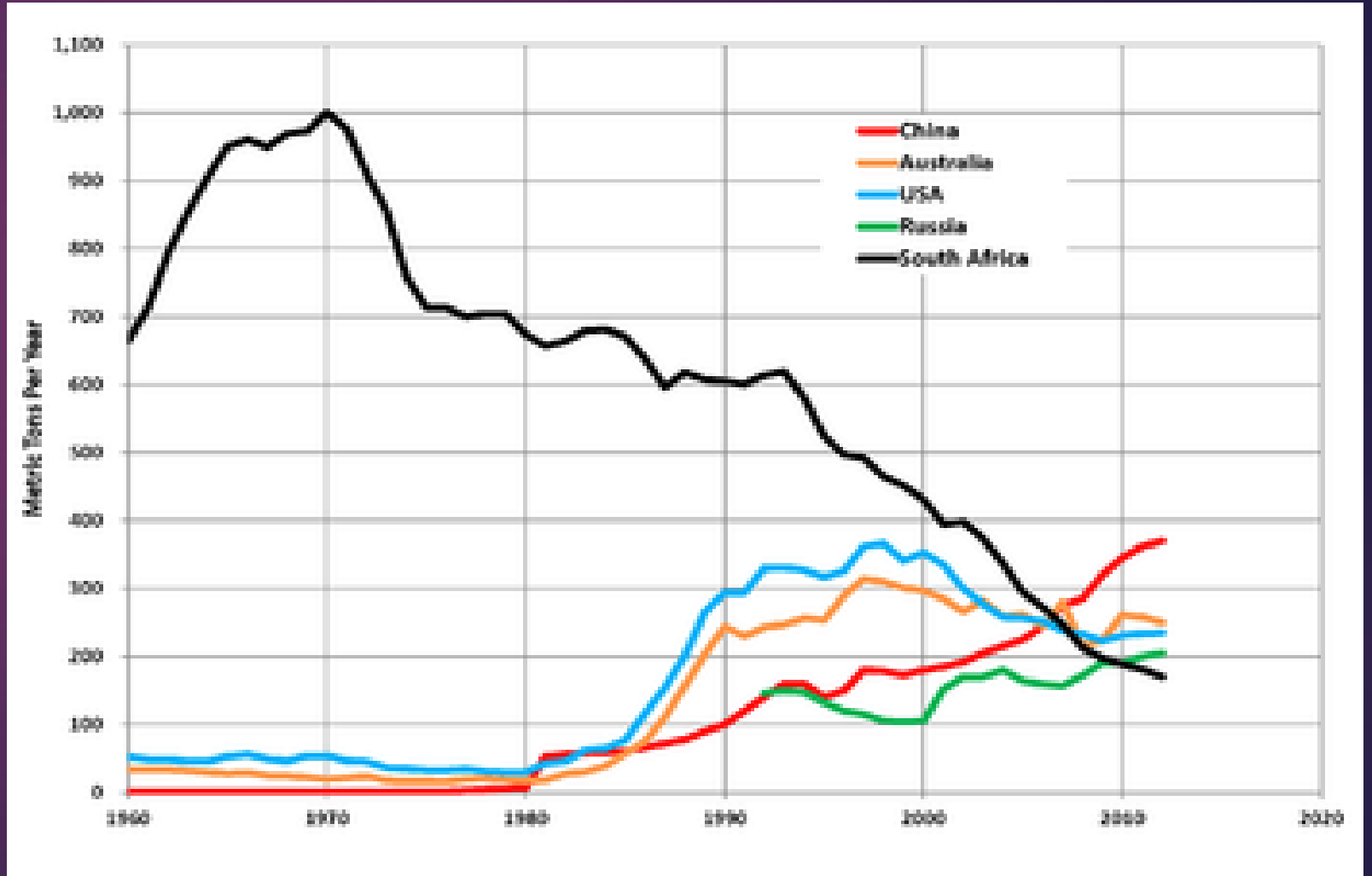


Source: World Gold Council, U.S. Global Investors





Peak Gold for South Africa





IV Politics, Religion, Environmentalism, and Ethics

Gold Pit Mining in Russia





Artisanal Mining

- Dangerous
- Exploitative of local populace
- Crime-ridden; terrorist associations (“blood gold”)
- Environmentally destructive
- Child labor often used
- Destroys indigenous cultures



The gold for this piece of Inca Jewelry was probably mined by artisanal miners in the jungles of the Amazon.

V Strategies and Methods



Quotes from ETF Prospectus

1. “The investment objective of the Trust is for the shares to reflect the performance of the price of gold bullion.”

2. “The shares trade on the NYSE and...provide indirect access to the gold bullion market. The shares may be bought and sold on the NYSE Arca like any other exchange-listed securities.”





“The value of the shares relates directly to the value of the gold held by the Trust.”

“On June 30, 2020, the Custodian held 37,902,740.8 ounces of gold...”

“...gold held in the Trust’s allocated account is the property of the Trust and is not traded, leased, or loaned under any circumstances.”





Silver Coins— Bullion and Numismatic





**Silver
Bars**

Safes

Advantages

- Convenient
- Ready access
- Protection against fire and theft
- No monthly fee



Disadvantages

- Expensive
- Can fail
- Can be forced
- Hard to move
- You may forget the combination

VI Risks and Disadvantages



Risks of investing in gold and silver

- Black Swan Event—lack of access to holdings
- Counterfeit coins
- Transactional costs
- Theft or loss
- Gold and silver are passive investments; no interest, no dividends, no income
- Price decline



Fake Gold Coin



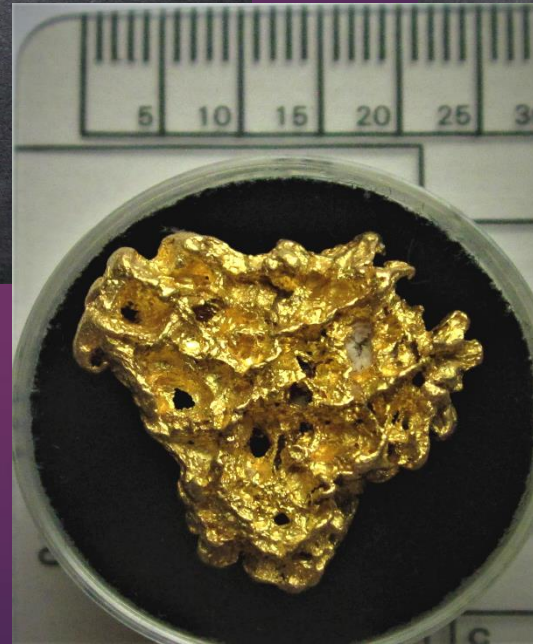
Silver is very bulky and heavy

This two-gallon cooking pot contains 3,900 silver quarters, or \$975 face value. The actual silver weight is 705 troy ounces, and the value at spot is about \$17,210. The pot and its contents weigh 55 pounds.





VII Rewards and Advantages



The End