

2012 **APMEX**[®]

**Quick Start Guide to Investing
in Precious Metals**



PRECIOUS METALS: CONSIDER AS A CORE COMPONENT OF YOUR BALANCED PORTFOLIO

There's more than luster and glamour to Precious Metals. For centuries, Precious Metals have been considered a source of value. Precious Metals are recognized and embraced worldwide and are one of the few assets that have been held treasured over the centuries. In more recent history, Precious Metals tend to move in worth independently of and often in opposite direction to other asset classes, making them one of the effective ways to balance and diversify your portfolio.



PRECIOUS METALS AS A CLASS IN YOUR ASSET ALLOCATION EQUATION

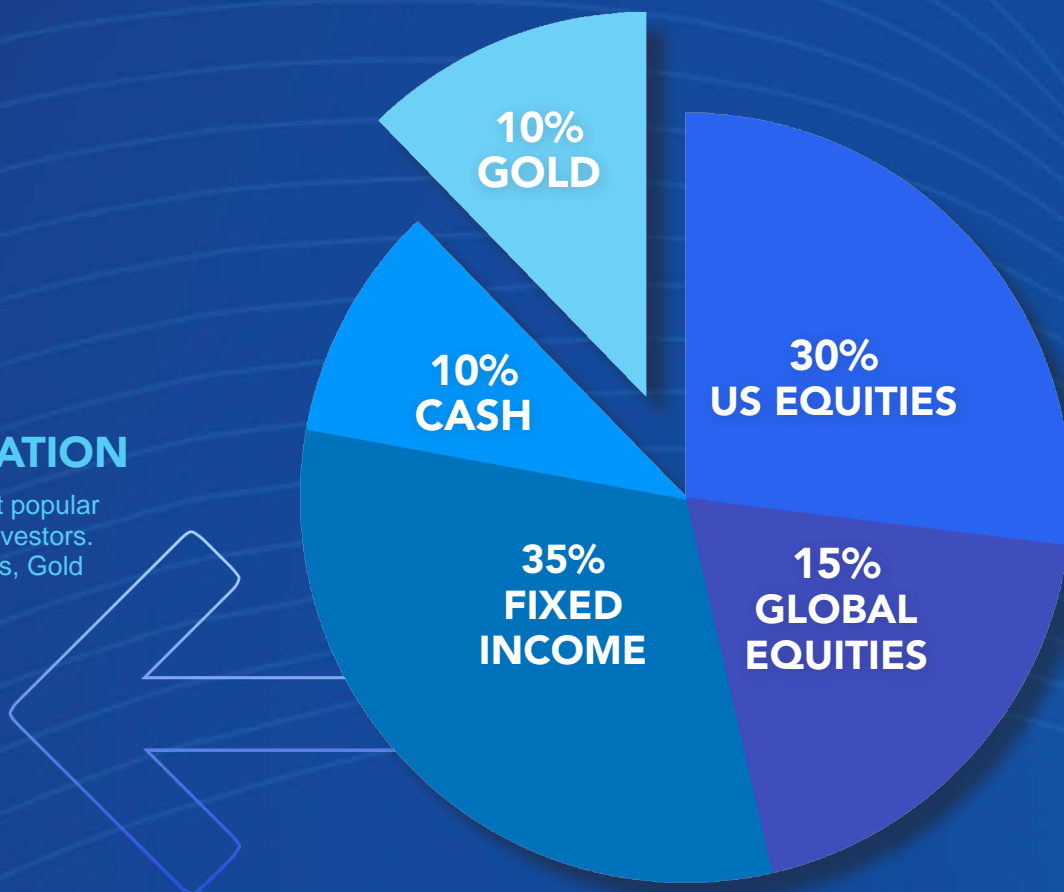
Asset allocation is the act of distributing your investment funds among several different asset classes that may move in value independently of each other in order to help maintain balance in your total portfolio. Generally, a balanced portfolio has spread the market risk among several asset classes so that misfortune in one asset class may be offset by good fortune in another independent and unrelated asset class, thus allowing no single market condition to diminish or destroy portfolio value.

Most investors recognize four main asset classes: stocks, bonds, cash and alternative or hard assets, which include Precious Metals, real estate and other commodities. To demonstrate a balanced asset allocation, if one asset class performs poorly, because of the independent movement of worth, others may perform well. For example, during the decade of 2000-2009, stocks had zero or negative returns (as measured by the S&P 500), while Precious Metals had significantly positive returns. For investors who held Precious Metals during this period, depending on the allocation or distribution of investment funds to the asset classes, the gains could have offset some or all of the losses in stocks.

Your personal asset allocation - the distribution or the percentage of your investments allocated to each asset class, including Precious Metals - should reflect your personal investment objectives and time horizon, outlook for the economy, age and other personal considerations.

ASSET ALLOCATION

Gold is perhaps the most popular Precious Metal among investors. In fact, for many investors, Gold is the fourth asset class, along with stocks, bonds and cash.



FOUR REASONS TO INVEST IN GOLD, SILVER AND OTHER PRECIOUS METALS

In almost every organized society, virtually everyone in the modern world knows that Gold and Silver is valuable. Among investors, Gold is perhaps the most widely held precious metal.

1. Gold, Silver and Precious Metals can be an optimal way to diversify a portfolio.

Investors diversify for one reason- to minimize risk. But simply owning different types of assets doesn't always ensure lower portfolio risk. The key is to own non-correlated assets, or assets that move change in worth based on unrelated factors or sometimes even in the opposite direction. For example:

- In general, the price of Gold is not correlated with other main asset classes; that is, it doesn't move positively or negatively with the prices of stocks, bonds or T-bills. In fact, over the past 10 years, the correlation of Gold to U.S. equities and Treasury bills has been virtually zero¹.
- Gold also exhibits a low correlation to other commodities, and tends to be less volatile². Out of the 20 major commodities in the S&P Goldman Sachs Commodity Index (GSCI), only Silver moves generally in tandem with Gold.

¹ Artigas, Juan Carlos. "Intelligent Investing: Gold's Low Correlation to Other Asset Classes." *Forbes.com* March 30, 2010. Accessed 8/19/11.

² Artigas.

2. Gold has historically been considered a hedge against inflation.

Unlike many paper assets, Gold has maintained value throughout the ages. Generally, during times of inflation, the relative purchasing power of Gold has typically been stable or has increased. The World Gold Council offers this example: Throughout history, an ounce of Gold has repeatedly bought a mid-range outfit of clothing. This was true in the fourteenth century and the late eighteenth century, and remained true at the beginning of this century (2000-2008), when an ounce of Gold averaged \$472. On the other hand, one U.S. dollar bought 14.5 loaves of bread in 1900, but buys only about three-quarters of a loaf today.

Part of the reason Gold retained its value throughout history is that the supply of Gold is finite; that is, it can't be readily increased. In contrast, money supply, or the amount of paper money in circulation, can (and has) periodically increased and decreased by central banks.

As central banks increase the supply of paper money, without a corresponding increase in the goods and services to be acquired, the currency value declines.



CORRELATION

A statistical measure of how two securities move in relation to each other. Perfect positive correlation (+1) implies that, as one security moves, either up or down, the other will move identically. In general, the price of Gold is not correlated with other main asset classes.

3. Gold and Silver have been a safe haven in times of extreme events and financial uncertainty.

In times past, societies placed value on Precious Metals even to the point of currency being converted into Gold or Silver. Typically, when a national economy weakens, the value of fiat (money that has value only because of government regulation or law) decreases. On the other hand, Gold generally becomes more valuable through economic uncertainty, largely because it has a universally accepted value that does not rely on a government's promise.

4. The price of Gold tends to be less volatile than other assets.

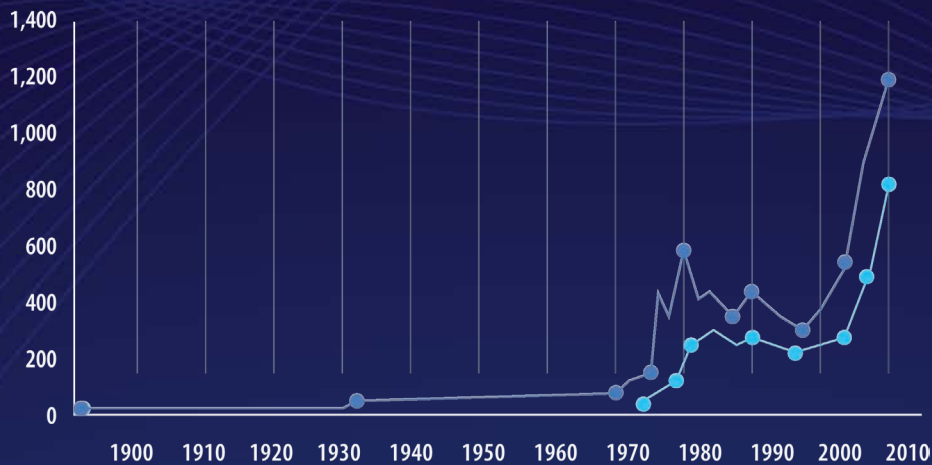
Contrary to popular belief, Gold is not an especially volatile asset class when compared to other asset classes. Over the past 10 years, Gold's annualized price volatility has been 15.8%, compared with 41% for the commodity oil, 21.7% for the commodity index GSCI and 18.4% for stocks as represented by the S&P 500³.

What causes relative stability in the price of Gold?

- Gold is virtually indestructible and, when there are supply shocks, recycled Gold returns to the market.
- Much of the existing supply is in near-market form. Unlike base metals and other Precious Metals, it does not require industrial production.
- Gold is produced from mines on every continent except Antarctica, where mining is prohibited. The geographic diversity adds stability to Gold's price.

³ Artigas.

AVERAGE ANNUAL GOLD PRICE IN USD & GDP SINCE 1900



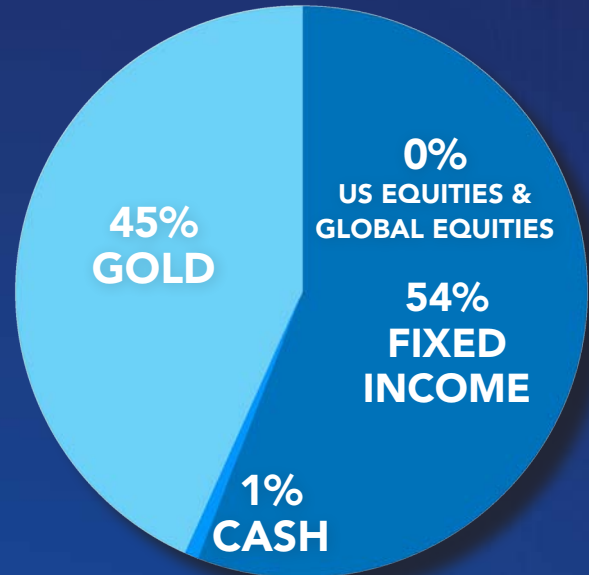
← The United States adopted a Gold standard in 1873, and formally passed the Gold Standard Act in 1900, establishing Gold as the only standard for redeeming paper money. In 1933, the act was repealed to help fight the effects of the Great Depression. An international agreement held the price of Gold to \$35 an ounce from 1935 to 1975, with a two-tier pricing system in effect from 1968 to 1975. After 1975, the price of Gold was allowed to fluctuate based on the metal's actual value. Although this has caused volatility in the price of Gold, overall Gold has performed well since 1975.
Source: Reuters Datastream: World Gold Council

HISTORICAL PORTFOLIO STRESS PERFORMANCE JANUARY 2008 - DECEMBER 2010

INVESTMENT ALLOCATION



ALLOCATION RETURNS



→ This illustrates the value of diversifying your portfolio with Gold. During the early stage of the U.S. Economic Crisis in 2008, if your portfolio had a 10% allocation to Gold, by the end of 2010, Gold would have produced 45% of that portfolio's investment return.

Source: World Gold Council.

GOLD YESTERDAY AND TODAY

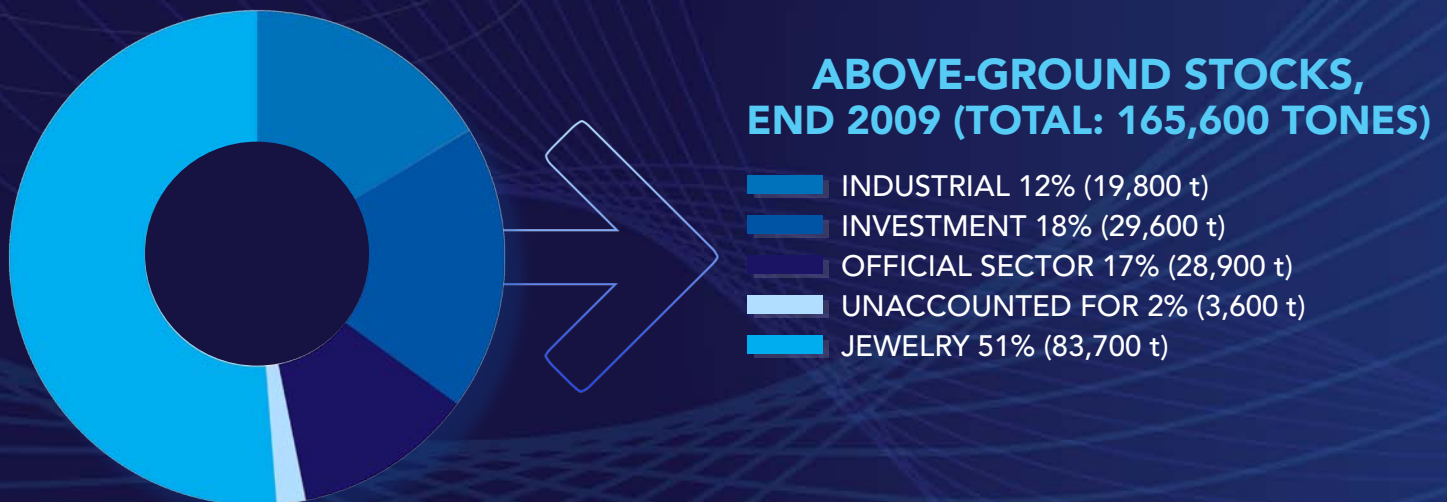
Gold has been cherished by societies since the beginning of time. The first melting of Gold occurred around 3600 B.C. and early Gold jewelry dates back to 2600 B.C. Coins containing Gold alloys first appeared around 800 B.C. in an ancient Hellenic city, and the world's first pure Gold coins used as currency were struck during the reign of King Croesus about 300 years later.

Today, Gold remains rare. There are 165,000 metric tons of Gold stocks in existence above ground. Placing each ounce of this Gold next to each other would create a cube that measures only about 20 meters in any direction.

At the same time, the demand for Gold remains:

- **Investment** is the driving force behind growing Gold demand. In 2009 alone, net inflows from investors amounted to approximately \$41 billion.
- **Jewelry** consistently accounts for over two-thirds of Gold demand.
- **Industrial, medical and dental technology** accounts for around 12% of demand (an annual average of over 434 tons From 2005 to 2009) ⁴.

This combination of limited supply and strong demand has helped Gold retain its elite status and value.



HOW MUCH SHOULD YOU INVEST IN GOLD?

Your allocation to Gold, Silver and other Precious Metals will depend on your personal investment objectives and time horizon, outlook for the economy, age and other personal considerations. A study conducted by the World Gold Council and New Frontier Advisors suggests the optimal allocation to Gold for medium-risk investors is 2-4% of total assets, rising to 10% for certain investors ⁵. The study also shows that an investor's optimal allocation to Gold should rise in inflationary scenerios and may also be higher for certain investors in a low-inflation, low-economic-growth environment.

⁴ Source: Thomson Reuters GFMS, World Gold Council.

⁵ "Investing in Gold: The Strategic Case" video. World Gold Council 2009.

HOW TO INVEST IN GOLD, SILVER AND OTHER PRECIOUS METALS

You can own Gold, Silver and other Precious Metals by taking actual physical possession of the metal in one of three forms:

1. Bullion bars and rounds

Coins and bars that are considered bullion have a value based purely on their Gold, Silver or Precious Metals content. It's generally easy to determine the value of bullion coins and bars. Also, bullion coins and bars tend to be small, portable and private. The purity and weight of bullion products are guaranteed by world governments and by private mints.

2. Numismatic items

Numismatic coins or other items have two sources of value: the Gold or Silver bullion content and a perceived collectible value often based on the year and condition of the coin. Examples include United States Gold coins produced before 1933 and coins that have been graded by an established third-party grading service. The value of numismatic items is somewhat harder to determine, although the weight and purity of the bullion content is guaranteed by world governments.

3. Jewelry

Jewelry is popular worldwide and, in India, it's the preferred method for accumulating Gold. It's fairly difficult to establish the value of Gold, Silver or Precious Metals jewelry because the weights are not always easily determined, as they are for bullion and numismatic coins.

You can buy physical Gold, Silver or Precious Metals directly from a dealer. Physical Precious Metals require safekeeping and gains or losses on your investments are tied to the actual price of Precious Metals. Some dealers provide private storage of physical Gold and other Precious Metals for customers.

PRICING OF PRECIOUS METALS

All Precious Metals have a bid and ask price associated with them. These numbers represent the **spot price** of the precious metal, or the price paid for immediate delivery, as opposed to a future price, where delivery and payment are made at a later date.

- When you buy a Precious Metals product, you pay the ask price plus a premium specific to the product based primarily on the manufacturing and distribution costs associated with the product.
- When you sell, you receive the bid price plus a similar premium specific to the product.

The bid and ask prices for Gold, Silver, Platinum and Palladium are updated continuously on the APMEX website whenever the trading markets are open.



APMEX®

A LEADING PROVIDER OF PRECIOUS METALS PRODUCTS

- **Gold American Eagle** coins have been in high demand by investors & collectors worldwide.
- **Silver American Eagle** coins are America's only official investment grade silver bullion coin.

APMEX is dedicated to helping individuals and families protect their hard-earned assets and increase their wealth by providing information, education and access to Precious Metals. Our goal is to enable investors to affordably diversify their portfolios with Gold, Silver, Platinum and Palladium.

APMEX is an active buyer and seller of most Precious Metals, including bars, wafers and coins. We carry all U.S. Mint bullion products (Gold, Silver and Platinum American Eagles), as well as all Royal Canadian Mint products (Gold, Silver, and Platinum Maple Leafs) and Gold Krugerrands of South Africa. Additionally, we offer most Gold and Silver bullion coins as issued by any other foreign country such as Austria, Australia, New Zealand and more.

APMEX offers you a number of advantages:

- **Competitive Pricing:** APMEX prices are consistently among the most competitive in the industry, and we offer special promotional pricing on select sought-after pieces almost every day of the week. Unlike many of our competitors, APMEX provides fully transparent pricing. We display both our buy and sell prices for most products directly on our website.
- **High Quality:** APMEX purchases only high-quality Precious Metals and has strong relationships with the world's leading mints and grading services. Our expert staff inspects every piece and only accepts those that meet our strict buying standards.
- **Broad Selection:** You'll find an assortment of more than 5,000 different products on our website, including Gold and Silver coins, bars and rounds, as well as Platinum and Palladium coins and bars. APMEX also stocks a selection of semi-numismatic items, such as U.S. Gold coins and Silver dollars, along with supplies to help protect and display coin collections.
- **Reliable Service:** At APMEX, we strive for prompt, helpful and courteous customer service. We process orders promptly, package them securely and deliver them safely. With a customer satisfaction rating of 98%, the Better Business Bureau has assigned APMEX an "A+" rating. It's no wonder APMEX is growing primarily through repeat business and referrals from our satisfied customers.
- **Convenient 24/7 Access:** Through our website (www.APMEX.com), you can make purchases 24 hours a day, seven days a week. Or call one of our knowledgeable Account Managers at 800.375.9006.
- **Education & Guidance:** APMEX is dedicated to providing news and information to help you stay informed about the Precious Metals markets through our Daily Gold and Silver Market Reports which are distributed three times a day, as well as our Weekly Market Report wrap up.

APMEX is an active member of the American Numismatic Association and the Industry Council on Tangible Assets. Both organizations help to protect the rights and serve the members of the numismatic profession and the investing public for coins and tangible assets. We are also active member-dealers of the Professional Coin Grading Service (PCGS) and the Numismatic Guarantee Corporation (NGC). These companies help to bring consistency in grading to the numismatic industry.

HOW TO GET STARTED


APMEX makes buying and selling Precious Metals easy and convenient.

1. **Create your account online:** Visit our website at www.APMEX.com and click the "Create Free Account" button. Fill in your name, email, and password information. Read the User Agreement and then click the "Create My Free Account" button.
2. **Shop Our Variety of Products:** APMEX runs specials on our website almost daily. Unless you opt out, you'll receive an email when we have special prices on bullion and numismatic items.
3. **Place Your Order Online or By Phone:** We accept online orders any time. Or, **call 800.375.9006** and speak with one of our knowledgeable Account Managers Monday through Friday, from 8 a.m. - 6 p.m. EST.
4. **Make Your Payment:** Your purchase price is locked in while you place your order. You can pay by personal check, bank wire, money order, cashier's check or credit card *.
5. **Watch Your Email For Confirmation & Shipping Details:** When we receive your payment, our customer service department will send you an email with an estimated shipping date. You'll receive another email with tracking information once your order has shipped *.

Gold and other Precious Metals can be a sound way to diversify your portfolio and help protect it from volatility and inflation. Call APMEX or visit our website today and get started.

** For important information about purchasing products from APMEX please be sure to read our Terms and Conditions which can be found at www.APMEX.COM.*

About Pricing & Shipping



APMEX has no hidden fees or commissions. The price posted on our website is the price you pay for the item. The only additional charges are shipping (see below) and, if your order is delivered in the state of Oklahoma, the states sales tax. We also post discounted pricing for volume purchases, as well as buy prices, indicating the price we'll pay if you sell the item to us.

If you pay by personal check, we require 10 business days for the check to clear and then ship your order 3 to 5 days later. For faster delivery, you can use a bank wire or credit card. If you pay with a money order or cashier's check, we will ship your order in 3 to 5 business days. All orders are sent insured with a signature required upon delivery. The shipping charges are:

- \$12.95 (USD) for orders of \$50.00 - \$249.99 (USD)
- \$19.95 (USD) for orders of \$250 - \$999.99 (USD)
- \$24.95 (USD) for orders of \$1,000.00 - \$ 24,999.99 (USD)
- Free for orders of \$25,000 (USD) and over

The background of the entire page is a deep blue gradient. It features several horizontal light blue lines in the upper half. The lower half is dominated by a complex, abstract pattern of overlapping, light blue lines that form a series of concentric, slightly irregular circles or ellipses. Scattered throughout this lower section are numerous white-outlined arrows of varying sizes, all pointing towards the left. The arrows are integrated into the swirling line pattern, creating a sense of dynamic movement and flow.

APMEX®

226 Dean A. McGee Avenue Oklahoma City, OK 73102 | 800.375.9006 | www.APMEX.com