

ABC BULLION SMSF TRUSTEES GUIDE

2020 EDITION



ABC[®]
BULLION

A PALLION COMPANY

WELCOME

Dear Investor,

Thank you for downloading the ABC Bullion SMSF Trustees Guide.

Over the last decade, there has been a huge increase in the number of Australians setting up Self-Managed Super Funds (SMSFs), taking personal control of this key financial asset.

Whilst transparent costs and legal control have been important considerations, investment flexibility has also been a major factor. The ability to buy into asset classes that traditional funds ignore being another driving force behind Australia's ever-growing SMSF community (which now numbers more than 1.1 million people and controls over \$746 billion in investable funds).

Whilst direct shares, property and term deposits are the major assets that SMSF trustees tend to invest in, physical gold and silver are also allowable investments inside a SMSF portfolio.

At ABC Bullion, we've seen a huge increase in the number of SMSF trustees opening accounts with us over the past decade, so that they can incorporate physical precious metals into their portfolio.

With the Reserve Bank committed to a low interest rate policy and with Australian economy facing a number of headwinds in the coming years, this is a trend we expect to continue.

In this guide, we list the top reasons why SMSF trustees have been investing in gold bullion and the benefits it offers to trustees putting together a robust and truly diversified investment portfolio. We have also included a case study highlighting why physical bullion is the best way of incorporating gold into a SMSF.



Janie Simpson

Janie Simpson
MANAGING DIRECTOR
ABC Bullion

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ABOUT ABC BULLION



ABC Bullion is **the** Australian Bullion Company.

Trading continuously since 1972, ABC Bullion is Australasia's largest independent bullion dealer, and our brand of precious metal is widely regarded as one of the cornerstones of the Australian physical gold trading system.

Through its network of offices and dealers in Australia and Hong Kong (SAR), ABC Bullion provides the following services:

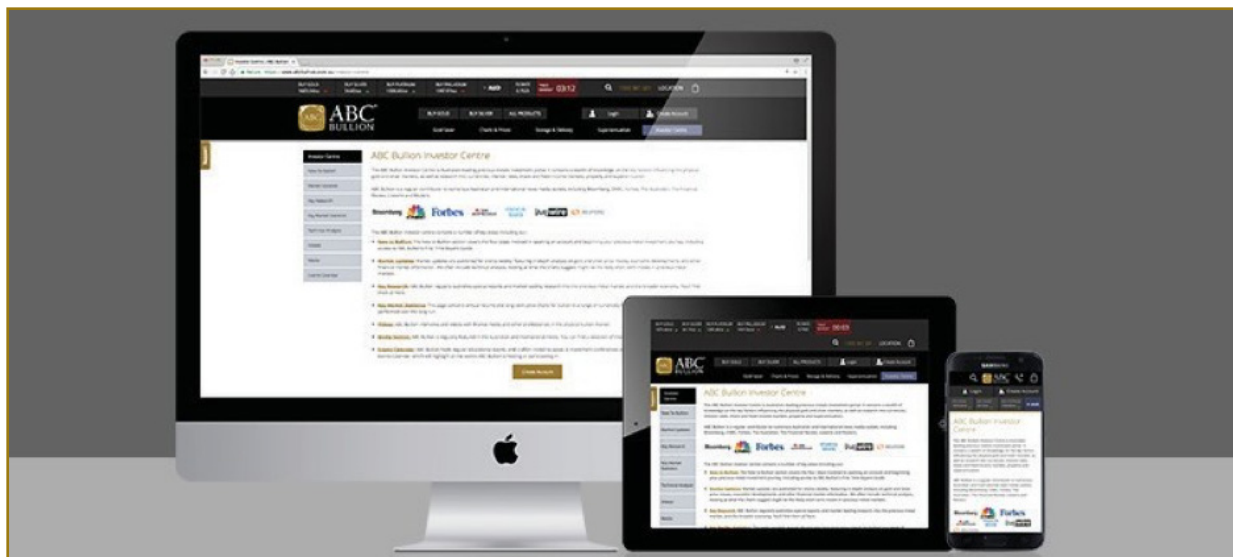
- Bullion Sales, Trading and Buy Backs
- Fully Insured Bullion Storage
- Pool Allocated Precious Metals
- Bullion for Self-Managed Superannuation Fund (SMSF) Investment
- Logistic Solutions for Global Delivery

All ABC Bullion products are proudly produced by ABC Refinery, Australia's only independent good delivery gold refiner accredited by both the London Bullion Market Association and the Shanghai Gold Exchange.

ABC Bullion is the official manufacturer of the Lexus Melbourne Cup, the Australian Open Norman Brookes Challenge Cup, and the ATP Cup trophy. ABC Bullion is also a distributor of the PAMP range of precious metal products and an official distributor for the Royal Canadian Mint.

ABC Bullion is a Pallion company.

ABC BULLION INVESTOR CENTRE



ABC Bullion's Investor Centre is Australia's leading precious metals, economics and investment portal. It contains a wealth of knowledge on the key factors influencing the physical gold and silver markets, as well as research into currencies, interest rates, share and fixed income markets, property and superannuation.

ABC Bullion is widely recognised as the leading precious metal educator in the SMSF sector, conducting regular webinars, seminars, training programs and investment sessions.

Contributing to ABC Bullion's Investor Centre are Sales and Business Development Manager, John Feeney, Senior Precious Metals Project Analyst, Bron Suchecki, and Global General Manager, Nick Frappell, who collectively have over to 60 years' experience in the financial sector, working internationally and in Australia for companies in the finance and bullion markets.

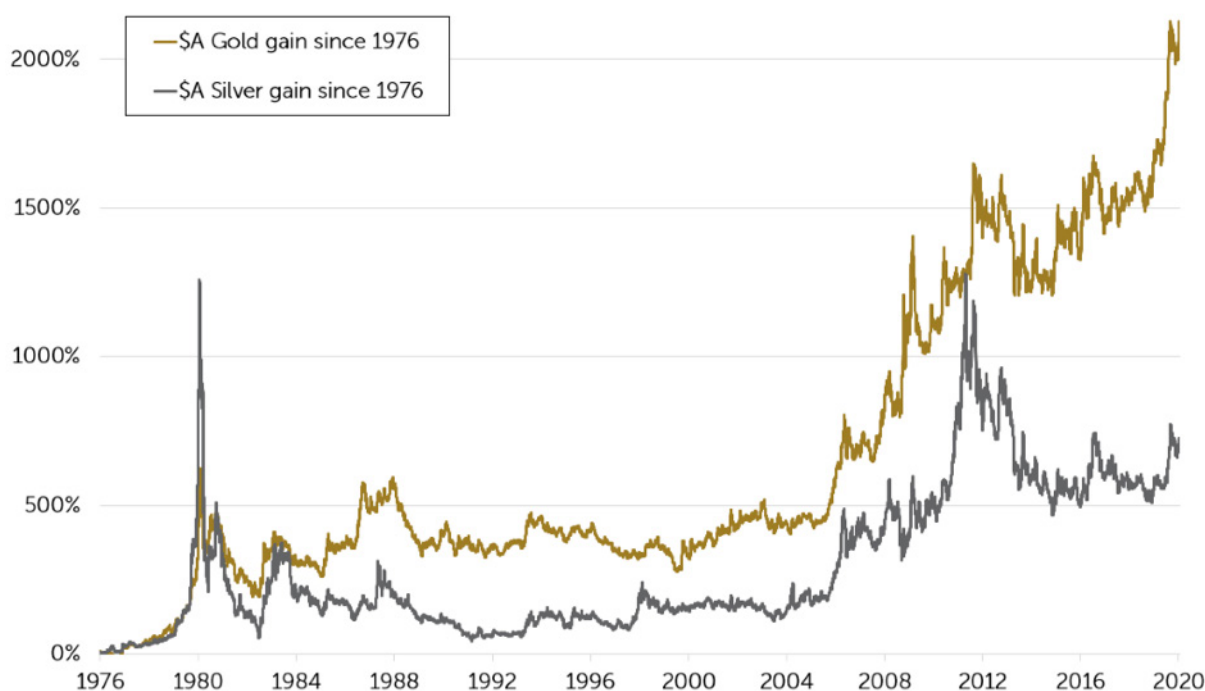
Join the ABC Bullion Investor centre by visiting abcbullion.com.au/investor-centre.

TOP REASONS TO INVEST IN GOLD

1. Gold Has Delivered Strong Long-Term Returns

Anyone who has held a core position in physical gold or silver bullion for the last few decades has done well, seeing a substantial appreciation in the value of their investment. This is captured in the chart below, which highlights the increase in the Australian gold and silver price from January 1976 (when it became legal for Australians to own gold) through to January 2020.

AUSTRALIAN GOLD AND SILVER – RELATIVE PERFORMANCE



Source: Bloomberg. Percentage gain in Australian gold and silver prices since 30 January 1976, when gold ownership became legal.

Just how strong the return for gold has been over the past fifteen years, in both a relative and absolute basis is captured in the following table. It highlights both the short, medium and longer-term returns for gold, as well as a variety of other asset classes, including shares, cash and property where SMSF trustees tend to concentrate a large portion of their investment portfolio.

PERCENTAGE RETURNS TO DECEMBER 2019				
Asset Class	1 year	5 years	10 years	15 years
Gold	19.1	8.0	6.0	9.5
Silver	17.7	5.5	3.2	7.4
Shares	23.8	9.1	7.8	7.9
Bonds	7.3	4.2	5.7	5.7
Listed Property	19.6	11.2	11.6	4.9
Cash	1.5	1.9	2.9	3.9

Source: ABC Bullion and [Chant West](#); compounding returns per annum

Gold did not only perform well in 2019, returning 19.1% for the year, but also outperformed other major asset classes over the longer term, in some cases by a considerable margin. Over the 44 years from 1976, when it became legal for Australians to own gold, to 2019 the price of gold has increased by 7.0% per annum compounded.

Whilst more traditional assets like shares have rallied after the significant correction they experienced during the global financial crisis, gold has clearly been an asset that has benefited the portfolio of any trustees who have held a core position in the metal for many years.

Anyone devising an investment strategy for their SMSF should consider incorporating a physical gold allocation into their portfolio, given its medium to long term returns.

2. Gold Has a Better Track Record Than Cash

Gold has long been recognised as a monetary savings asset. Most people are aware of a time when the world operated under the 'gold standard', a period where money itself and physical gold were essentially interchangeable at a fixed price.

Whilst the economy doesn't operate based on a 'gold standard' anymore, gold is still used as money in many parts of the world, and indeed central banks continue to hold and buy vast quantities of the precious metal (see point 8). Gold is also recognisable and tradable internationally, making it a de-facto foreign currency and monetary savings asset for investors the world over.

Over the medium to long term, those who have chosen to keep a portion of their savings in precious metals rather than keeping it all in a bank account have been rewarded. This is because gold's capital appreciation has matched the income one would have earned keeping money in the bank, as the following table illustrates.

PERCENTAGE RETURNS TO DECEMBER 2019					
Asset Class	10 years	20 years	30 years	40 years	44 years
Gold	6.0	8.2	5.0	3.9	7.0
Cash	2.9	4.2	5.3	7.8	8.0

Source: ABC Bullion and [Chant West](#); compounding returns per annum

The gap between the return on cash and the return on gold has expanded significantly in the past few decades, owing to record low interest rates in Australia and around the world, and which look set to continue in the foreseeable future.

Note that the returns assume reinvestment of interest but exclude tax. Considering the tax advantages of gold's returns befitting from the capital gains tax discount versus paying income tax on interest earned annually, the long-term net return differential between gold and cash would be larger.

3. Gold Returns Are Strongest When 'Real' Interest Rates Are Low

Precious metal prices tend to do best in environments where 'real' interest rates (which are calculated by subtracting the inflation rate from the interest rate) are low, or even negative, like they are all around the world today.

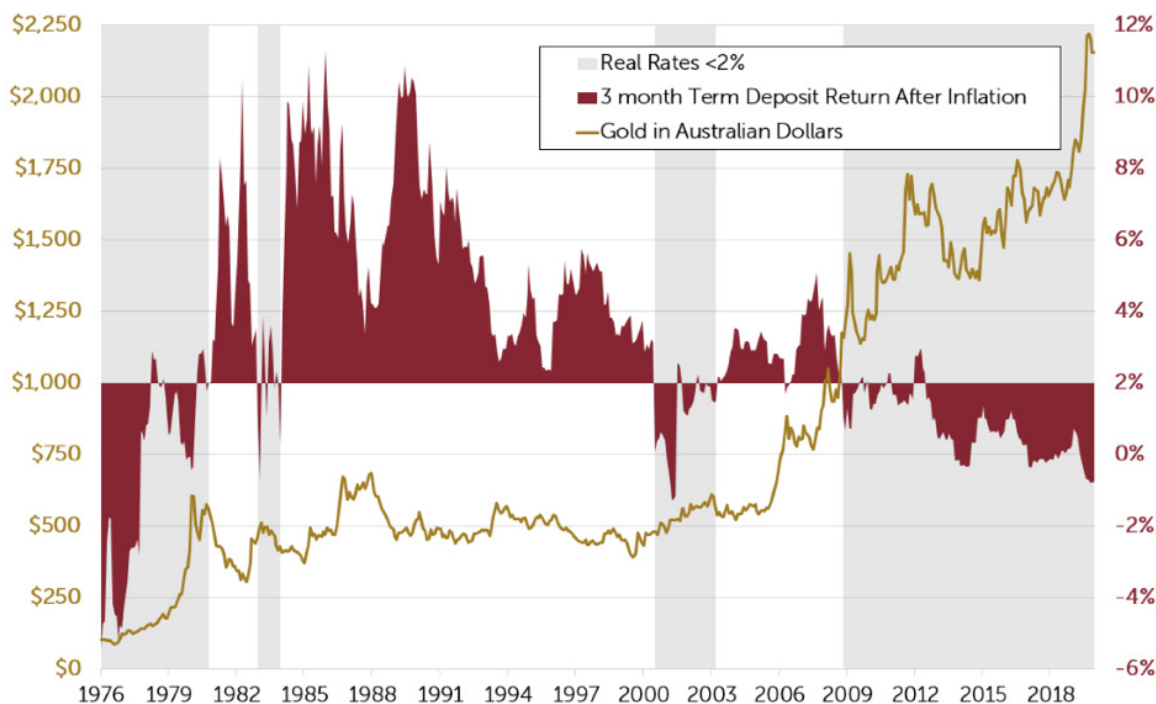
The higher the 'real' rate of return a bank will pay you for depositing money with them, the less attractive it is to own gold, which doesn't pay any income. Therefore, when 'real' interest rates are high, there is a larger 'opportunity cost' of investing in gold, in terms of interest foregone.

The opposite is also true. If, like today, the bank is effectively paying you less than the rate of inflation on money you have deposited with them, then there is minimal 'opportunity cost' in holding gold.

Ultra-low 'real' interest rates encourage investors to place a portion of their money in gold instead, as it is an asset that has much better track record of protecting 'real' purchasing power over time, and as discussed above, it can outperform cash over the long run too.

The chart below shows physical gold priced in Australian dollars compared to periods when the return on a 3-month term deposit after inflation was below 2% per annum. Gold provided healthy returns during the high-inflation 1970s and post-2008 financial crisis when central banks artificially suppressed interest rates.

PERFORMANCE OF GOLD WHEN REAL INTEREST RATES ARE 2% OR LESS



Source: Bloomberg, Reserve Bank of Australia

A low to negative 'real' interest rate environment is exactly where we find ourselves today, all over the world. And with economic growth still weak, global debt levels even higher than when the global financial crisis hit, and central banks still providing extraordinary stimulus to financial markets, it's highly likely that we will be in a low to negative 'real' interest rate environment for many years to come.

These interest rate settings will continue to encourage investors such as SMSF trustees into the precious metal market and bodes well for higher gold prices over this period.

4. Gold Is Uncorrelated to Equity Markets

Most SMSF trustees have a sizeable allocation to Australian equities, with the latest ATO data suggesting that over 30% of the total pool of SMSF money is invested in equities.

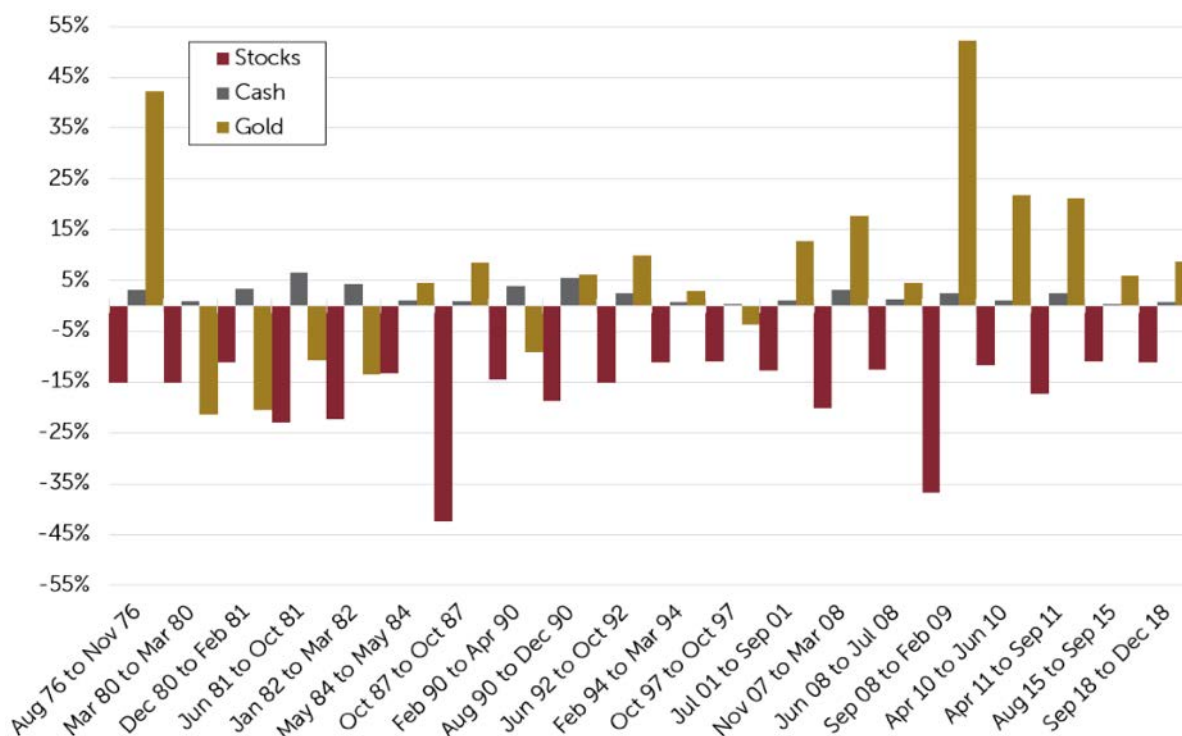
Despite the volatility witnessed throughout the global financial crisis, this strategy has worked well over the long-run, as there has been a significant appreciation in shares, particularly for reliable dividend paying companies.

But with cash rates at record lows (as discussed above), and likely to stay there for some time, many trustees are wondering what to do with the money they have sitting in cash and term deposits, with these holdings typically making up some 20% of SMSF portfolios. Whilst buying more shares in dividend paying companies is one option, this only further concentrates the risk in their portfolios, as they are already exposed to share market fluctuations.

Gold provides an attractive alternative, for the simple reason that it has a low correlation to the Australian stock market, unlike other assets such as real estate investment trusts and international shares, which tend to move in sync with the local stock market.

The chart below shows the return of gold and cash when the Australian stock market fell more than 10%.

GOLD AND CASH RETURNS WHEN STOCKS ARE DOWN MORE THAN 10%



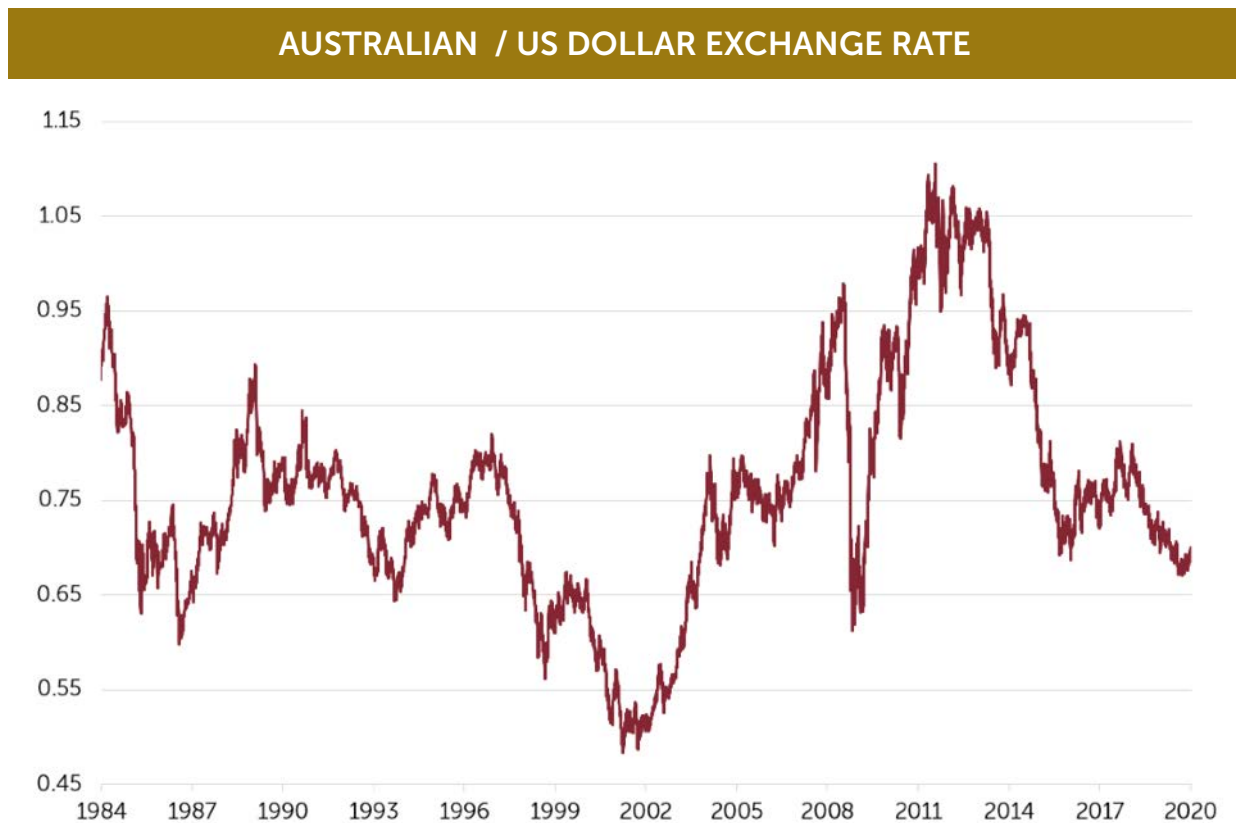
Source: Bloomberg. Periods when monthly consecutive returns of ASX All Ordinaries exceed negative 10%.

In periods where the stock market experienced major falls, gold has usually produced positive returns in addition to exceeding those of the traditional safe haven, cash – demonstrating that including gold in your investment portfolio typically helps balance out your investment returns.

The lack of correlation to financial assets, and its ability to perform strongly during extreme ‘risk off’ periods for the stock market are further evidence that as a defensive asset class, gold is a wealth protector without peer.

5. Gold Acts as a Hedge Against a Falling Australian Dollar

As gold is priced in US dollars, it acts as a natural currency hedge for an Australian investor, which is something many SMSF trustees are looking for in their portfolio today. As most Australians know, the mining boom saw the Australian dollar rise substantially, with the local currency at one point trading well above parity with the US dollar back in 2011. This is captured in the chart below, which plots the value of the Australian dollar exchange rate against the US dollar since it was floated.



Source: Reserve Bank of Australia

While the AUD has fallen since its peak in 2011, further weakness is possible due with the RBA determined to maintain low interest rates and consider quantitative easing as they attempt to get the Australian economy and inflation back on target.

The potential for gold prices to rise in US dollar terms combined with the likelihood of a lower AUD make physical gold a compelling investment for SMSF trustees. Not only do they stand to benefit from the possible underlying price appreciation of gold itself, but also from any further weakness in the local currency, which will magnify gains.

Just as importantly, from a risk management perspective, by investing in gold SMSF trustees are gaining a natural foreign currency exposure in their portfolio, one that will arguably do a far better job balancing out their portfolio than international shares would. With overseas equity markets at all-time highs, and a high correlation to the local stock market, they may not provide the sort of diversification investors require.

If you feel that the AUD is set to enter a period of decline, investing a portion of your investment portfolio in gold has the potential to generate good returns.

6. Gold Is Both an Inflation Hedge and a Crisis Hedge

Gold has long been recognised as a good crisis and inflation hedge, tending to perform strongly whenever geopolitical tensions rise or during periods of high inflation.

From 1973 to 1983 when annualised inflation rates never fell below 5% and were often in the double digits, gold and silver were highly liquid assets that protected real purchasing power. Seeking refuge, investor movement into gold during that period was so strong that Australian prices rose by 21.2% per annum compounded, not only protecting but actually enhancing the wealth of those who allocated a portion of their portfolio to precious metals. Since the turn of the century, gold has also come into its own again, partly due to rising geopolitical tension, as well as the additional volatility in financial markets, with the global financial crisis and two share market crashes in the past two decade years still fresh in the minds of investors.

Prudent investors are aware that the primary cause of the global financial crisis - excessive debt burdens globally - remains unresolved, with global debt levels substantially higher now than they were back in 2007.

The Institute of International Finance has warned about the elevated (and continually rising) debt levels holding back the global economy. They report that global debt levels have risen from USD \$144 trillion in 2006 to USD \$253 trillion by September 2019 - a staggering 322% of global GDP. Clearly, the ratio between what we owe, and what we produce, is still heading in the wrong direction.

On the inflation front, whilst CPI figures are currently quite low, central banks have made it clear they will continue providing monetary stimulation for years to come, whilst any interest rate rises will be exercised gradually. As such, low to negative 'real' interest rates will likely be part of the economic landscape until the debt issue is resolved even though both the Bank for International Settlements and the International Monetary Fund have been warning about the risks of continued monetary stimulus.

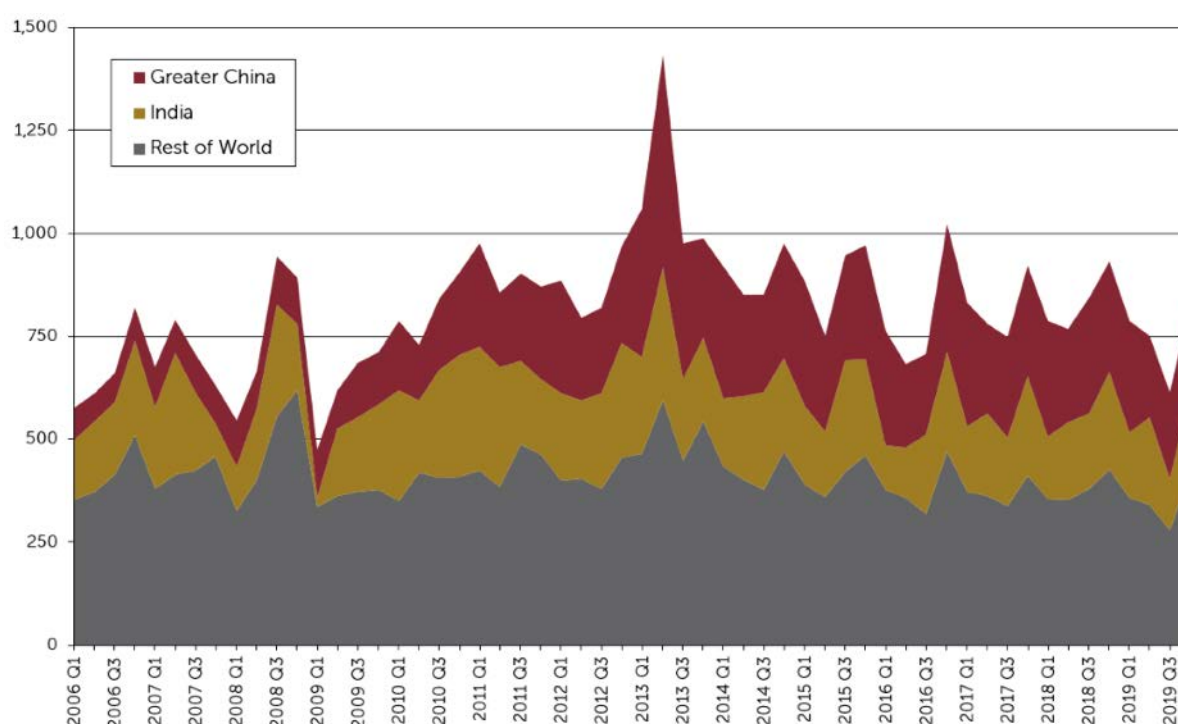
SMSF trustees, who tend to be cautious in their outlook, naturally want to protect their portfolio against the types of corrections and volatility we have seen in financial markets the past few years. They are also looking to protect their portfolios from the almost inevitable decrease in the 'real' purchasing power of dollar denominated assets that we will see in the coming years.

Physical gold is an asset class that has an unmatched track record of protecting wealth against these risks, which is one of the reasons it is finding ever more favour as a strategic asset in well-diversified investors' portfolios.

7. Gold Will Continue to Benefit From Rising Asian Demand

Whilst New York and London respectively dominate the futures and over-the-counter bullion markets, the heart of the physical gold market itself has moved East with India, and increasingly China, now dominating the market. These two countries account for over to 50% of annual physical consumer demand, as can be seen in the chart below.

GLOBAL CONSUMER GOLD DEMAND



Source: World Gold Council

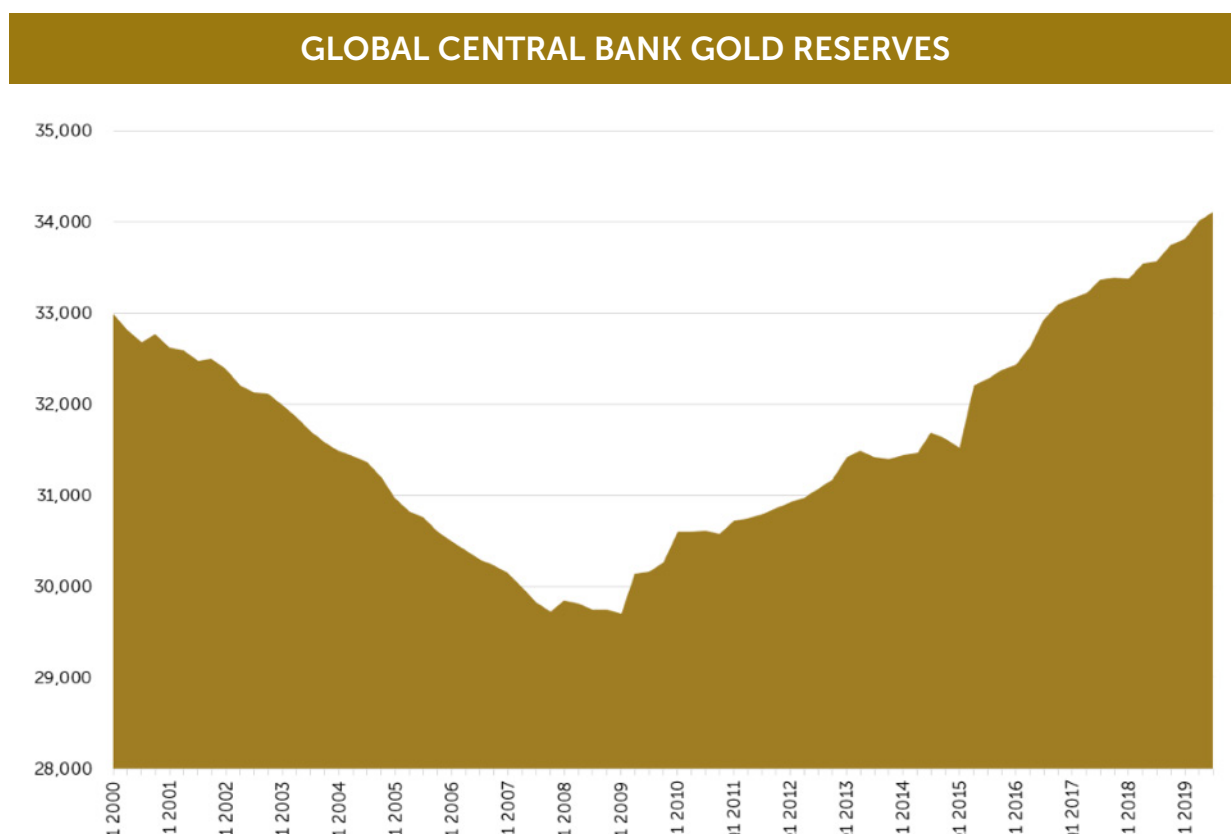
In India, gold has long been a favoured savings vehicle with the metal often used to collateralise loans. Liberalisation of the Chinese gold market over the past decade has unleashed pent up demand driven by a long standing cultural affinity for gold. Demand from these countries will most likely strengthen in the coming years, in no small part due to favourable demographics (especially in India), rising incomes and high savings rates.

As such, when trustees choose to invest in physical gold, not only do they protect and hedge their portfolio against some of the risks in western economies and financial markets, but they're also including an asset in their portfolio that will benefit from the rising prosperity of the world's most populated nations.

8. Gold Is a Strategic Asset for Central Banks

Physical gold has long been a strategic reserve asset held by more than 100 the world's leading central banks, including the Reserve Bank of Australia. Collectively, central banks own over 34,000 tonnes, or \$1.7 trillion worth, of the precious metal. Indeed, for some developed market nations like the United States and Germany, gold remains by far the largest component of their foreign exchange reserves.

A major change occurred in central bank attitudes towards gold following the global financial crisis. Central banks turned into net buyers of gold, adding over 4,400 tonnes to their holdings, as captured in the chart below. Clearly central bankers do not think the global financial system has recovered and investors would be wise to follow their lead in acquiring the financial asset of last resort.



Source: World Gold Council

The majority of the central bank gold buying in the past few years has been carried out by emerging market nations, including China, Russia and India. Central banks in these countries are building up their national gold reserves as a way of diversifying their foreign exchange reserves away from US and Euro denominated sovereign bonds.

With the US and major European central banks holding at least 60% of their reserves in gold, we expect gold demand from emerging market central banks to remain elevated for years to come as they seek to narrow the gap of the amount of gold they hold compared to their developed market counterparts.

The fact that the most connected and sophisticated financial institutions on the planet are increasing their gold holdings is highly instructive for investors like SMSF trustees.

9. Gold Is Highly Liquid and Easy to Trade

When it comes to liquidity, SMSF trustees can be reassured that gold is one of the most liquid asset classes on the planet, with over US \$110 billion worth trading each day – comparable to the entire US stock market, which trades \$124 billion daily.

With [43% of the Australasian gold and silver refining market](#), ABC Refinery receives significant quantities of gold and silver from some of Australia’s largest gold miners, which it processes and supplies to jewellery and bullion markets across the region. This constant flow of gold and silver gives SMSF trustees comfort regarding the liquidity of the metals they trade through ABC Bullion, knowing they can buy and sell easily.

Trading can be done online twenty-four hours a day, over the phone, or in person at our showrooms in Sydney or Perth. Trustees also receive regular storage statements, showing both the quantity and the value of their metal holdings, and can request updates at any time. They can also track the value of their portfolio online, much like they can for their share portfolios.

The simplicity, transparency and liquidity of the gold market, plus the fact that it can be stored so affordably, either with ABC Bullion or via our private vaulting partner Custodian Vaults, is an attractive quality encouraging precious metal investment by SMSF trustees.



HOW ABOUT SILVER?

Like gold, physical silver can also provide an excellent investment opportunity. Over the 15 years from 2004 to December 2019, silver prices rose by 7.4% per annum compounded in Australian dollar terms.

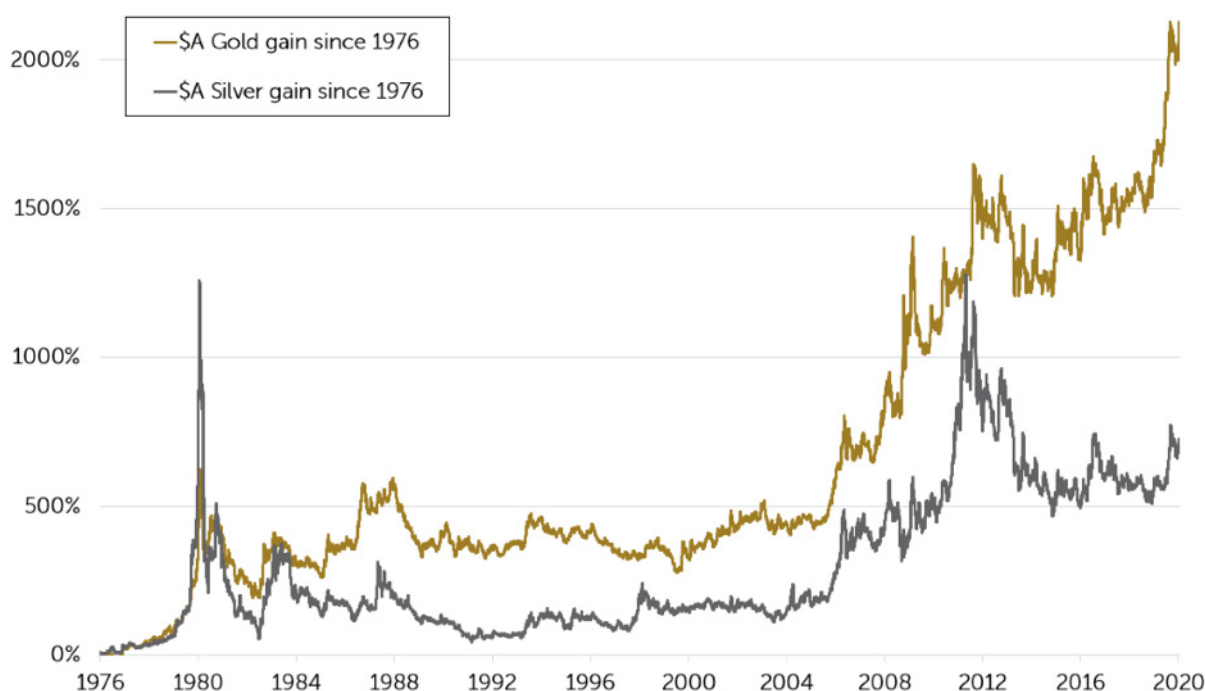
Unlike gold (which is mostly seen as a pure monetary metal and safe haven asset), silver is also a highly sought-after industrial metal. Well over 50% of the silver that is mined in any given year is used in industry, in a diverse range of areas including photography, electronic and medical appliances, as well as solar panels and batteries, with growing demand from green and nanotechnologies.

This quasi-industrial status will add to the upside potential in the years ahead, though investment demand for silver has also grown noticeably in the past decade, as it has for gold.

The affordability of silver compared to gold makes it an excellent option for investors to begin their precious metal investment portfolio. And although silver prices are relatively low at the moment, silver can outperform gold, especially in environments where both metals are rising in price.

During the first precious metals bull market in the 1970s, Australian gold prices increased by 635% whereas the Australian silver price increased by just over 1,200%. In the recent bull market from 2000 to 2011, gold rose by 617% while silver peaked at 779%.

AUSTRALIAN GOLD AND SILVER – RELATIVE PERFORMANCE



Source: Bloomberg. Percentage gain in Australian gold and silver prices since 30 January 1976, when gold ownership became legal.

HOW ABOUT SILVER? (cont.)

Since 2011, gold has outperformed silver, but the chart below highlights just how profitable an investment in silver can be in certain environments.

PERCENTAGE RETURNS TO DECEMBER 2019		
Year Ending	Gold	Silver
2019	19.1	17.7
2018	10.1	0.9
2017	4.3	-3.6
2016	8.6	19.1
2015	-1.1	-4.1
2014	9.5	-9.7
2013	-15.7	-25.2
2012	6.9	7.1
2011	8.9	-9.8
2010	13.4	59.9
2009	-3.1	20.4

Source: Bloomberg; per annum returns to 31 December

With gold and silver having different market dynamics, and thus periods of relative outperformance, diversifying across gold and silver and rebalancing regularly can provide superior returns compared to solely investing in gold or silver.



SUMMARY

Physical precious metals represent a highly liquid, uncorrelated alternative to financial assets. They provide balance and diversification to traditional SMSF trustee investment portfolios, as well as potential upside in the coming years as a profitable investment opportunity in their own right.

The secular bull market in precious metals that began at the turn of the century remains intact today. Gold and silver have a number of tailwinds supporting them that combined, should see demand rise in the coming years as investors seek a tangible hedge against unresolved economic risks, extreme monetary policy and expensive financial markets.

Given physical gold allocations still represent less than 1% of institutional wealth portfolios in developed markets, that increase in demand, and its impact on prices, could be substantial.

For SMSF trustees interested in wealth preservation, and achieving true diversification within their portfolio, the case for including an allocation to physical precious metals in a portfolio today remains a compelling one.

CASE STUDY

Bill and Margaret are 55 years old. They currently have AUD \$1 million in their Self-Managed Super Fund (SMSF), the majority of which is invested in ASX listed stocks and term deposits.

They have sat down with their financial adviser and accountant, and they have decided that they would like to allocate 10% of their SMSF to gold. They see this as a strategic investment they will likely hold for a decade, as they are aware of the qualities that precious metals bring to a portfolio.

Bill and Margaret are trying to work out what is the best way for them to invest in gold and are weighing up whether it's better to buy the GOLD ETF on the ASX or real physical gold from a bullion dealer like ABC Bullion.



There are a number of factors for them to weigh up, which include:

- Liquidity
- Security of holdings
- The ability to take physical delivery
- Costs

(Continued on next page.)

LIQUIDITY

GOLD ETF

Can only be bought and sold 10am to 4pm Monday to Friday when the ASX is trading.

PHYSICAL GOLD

Can be purchased from ABC Bullion online 24 hours a day, 7 days a week, or over the phone from 9am to 5pm, Monday to Friday.

SECURITY OF HOLDINGS

GOLD ETF

GOLD stores its gold with JPMorgan Chase and other un-named “sub-custodians” in London. However, according to the GOLD PDS, JPMorgan “has no obligation to insure such Bullion against loss” and the responsible entity that issues the ETF “does not intend to insure against such risks”. Additionally, investors have to rely on Authorised Participants for liquidity and ensure that GOLD’s prices track the international gold market.

PHYSICAL GOLD

Physical gold bought and stored through ABC Bullion belongs to the investor in their name, not via a trust deed. ABC Bullion also provides full metal replacement insurance through Lloyds of London, with the gold stored in non-bank, special purpose bullion vaults. All ABC Bullion products are manufactured at ABC Refinery - accredited by the London Bullion Market Association and the Shanghai Gold Exchange - that guarantees the purity and fineness of each bar.

By dealing direct with a globally recognised refinery, investors minimise counterparty risk.

PHYSICAL DELIVERY

GOLD ETF

GOLD can only be redeemed for unallocated gold into “an unallocated metal account with a bullion dealer in London or Zurich, who is a member of the LBMA”. In practical terms, for the average SMSF trustee, this means physical delivery is impossible.

PHYSICAL GOLD

If Bill and Margaret choose to invest in physical bullion bars, then those bars are physically allocated to them, and can be delivered at any time if they so desire. If they buy Pool Allocated bullion, they can also in the future choose to take delivery of physical metal, with a small fabrication fee charged.

COSTS

The typical costs a SMSF trustee would incur include:

- Management/storage fee – an ongoing annual fee charged by an ETF provider or the cost of storing gold directly with Custodian Vaults
- Bid/ask spread – the difference between the price paid when buying and that received when selling, representing the total entry and exit cost expressed as a percentage of the buying price
- Brokerage – the fee charged by a stockbroker to execute a trade on the ASX

The table below compares the costs* of buying and holding the GOLD ETF with the two typical gold choices SMSF trustees choose when buying from ABC Bullion.

	Pool Allocated	1kg Bars with Custodian Vaults	GOLD
Buy/Sell Spread	1.85%	1.89%	0.03%
Brokerage Fee	NA	NA	0.12%
Management/Storage Fee (p.a.)	0%	0.19%	0.40%

*Prices subject to change. Percentage figures based on purchase of \$150,000 worth of gold at AUD \$2,300 per ounce.

CONCLUSION

As direct investment in gold via ABC Bullion has higher trading costs but offers much lower ongoing fees, it favours SMSF trustees who have a medium to long term investment horizon.

POOL ALLOCATED

Bill and Margaret would be better off investing in ABC Bullion's Pool Allocated Gold if they are looking to hold gold for more than four years. This is because there is no storage fee with Pool Allocated, whereas after four years GOLD's 0.4% management fee would start to exceed Pool Allocated's buy/sell spread against GOLD.

Note that this conclusion is just looking at pure cost alone and ignores the additional value and flexibility that comes with being able to trade the Pool Allocated Gold product around the clock, rather than being restricted to exchange opening hours.

With gold being a global market with significant moves during US and UK hours, the inability to trade GOLD ETF outside of ASX hours could result in missed opportunities that would easily outweigh any buy/sell spread saving.

ONE KILOGRAM GOLD BARS

If Bill and Margaret take delivery and privately vault their 1kg ABC Bullion Gold Bars, they would be better off after eight years versus investing in the GOLD ETF. If they stored the bars privately, storage costs would be minimal and reduce the payback to four to five years.

As with Pool Allocated, this analysis ignores the benefit of 24 hour trading as well as the additional comfort and security that comes with having your own physical gold bars privately held in close to home in Australia, a feature that is valued by many SMSF trustees.

CASE STUDY SUMMARY

No matter which ABC Bullion physical gold solution Bill and Margaret choose, they will save money compared to investing in a gold ETF over the medium to long term. Physical metal investment brings with it a number of other benefits, including greater liquidity and flexibility of trading, fully insured secure ownership, and the ability to take delivery, should trustees so choose.

For SMSF trustees looking to hold a core position in gold, and for advisers and accountants wanting to help their clients get the best exposure, physical metal is the superior choice.

BULLION PRODUCTS FOR SMSF TRUSTEES

POOL ALLOCATED BULLION

ABC Bullion's Pool Allocated product range is the perfect choice for SMSF trustees looking to include physical bullion in their portfolio.

Rather than buying a specific bar that is assigned to them, investors buy a 'share' in a pool of gold, silver, platinum or palladium, which is managed ABC Bullion and backed by externally audited metal positions held by ABC Bullion and its related bodies corporate.

There are a number of key benefits to our Pool Allocated products, including:

- Free storage
- Lowest trading premiums
- Highly liquid and easy to trade
- Fully insured for its replacement value through underwriters at Lloyd's of London
- Can be converted to physical bars



ABC BULLION CAST BAR RANGE



1KG ABC CAST BAR GOLD

Purity	999.9+
Origin	Australia
Length	115.00 mm
Width	51.00 mm
Thickness	7.50 mm
Net weight	1,000 g / 32.15 t oz
Premium	1% of metal value

1KG ABC CAST BAR SILVER

Purity	999.5+
Origin	Australia
Length	114.00 mm
Width	50.50 mm
Thickness	14.00 mm
Net weight	1,000 g / 32.15 t oz
Premium	AUD \$35 per kg*

Investment grade cast bars are the perfect products for SMSF trustees, owing to their liquidity and low trading margins. SMSF trustees that would like to own their own physical bars typically purchase cast bars, which range in size from ½ ounce right up to the signature 1kg ABC Bullion Cast Bar Gold and 1kg ABC Bullion Cast Bar Silver, both of which come with their own serial numbers and certificates of authenticity.

All investment grade cast bars are produced at ABC Refinery, the only independent gold refinery in Australia accredited by both the London Bullion Market Association and the Shanghai Gold Exchange. ABC Refinery sources gold ethically from a number of Australia's leading gold mining companies.

All investment grade bars are produced in keeping with the strictest of international standards regarding purity, and are recognised as investment grade bullion in the global wholesale bullion market.

ABC BULLION GOLD SAVER

The ABC Bullion Gold Saver is a direct debit physical gold and silver accumulation plan, which allows any Australian to become a gold investor with as little as \$50 per month.

SMSF trustees are increasingly using the product as it allows them to dollar cost average into physical bullion, rather than investing in a lump sum.

Product features include:

- Option to build savings in physical gold, silver, or both
- Ability to invest in regular installments (weekly, fortnightly, or monthly)
- Transparent pricing - transactions occur at 5pm AEST on each business day
- No activation fees or cancellation fees
- No ongoing storage fees
- Ability to track the value of your gold and silver holdings online 24/7
- Option to make Top Up payments to accelerate your gold and silver holdings
- Easy to trade - you can sell your gold and silver back to ABC Bullion at any time
- 100% back by externally audited metal positions held by ABC Bullion and its related bodies corporate



STORAGE SOLUTIONS



SMSF trustees typically choose to store their physical precious metals with ABC Bullion, or with our sister company Custodian Vaults. The vault, located in Sydney, can be used by SMSF trustees irrespective of where they are located in Australia.

Apart from pool allocated metal, ABC Bullion offers:

- **Premium Storage:** Available for certain products that are stamped with a unique bar identity number and therefore can be allocated specifically to the client; for example, the 1kg ABC Bullion Gold Cast Bar, or a 15kg sealed box of ABC Bullion Silver Cast Bars.
- **Secure Storage:** Available for standard products, such as the smaller denominations of ABC Bullion Cast Bars, including the 1oz ABC Bullion Gold Cast Bar up to the 500g ABC Bullion Gold Cast Bar.
- **Safety Deposit Box Storage:** Store your bullion or any other valuables in your own safety box by leasing a safety deposit box from ABC Bullion's sister company Custodian Vaults.

All metals stored with ABC Bullion are fully insured for their metal replacement value through Lloyds of London. All metals stored with ABC Bullion are also subject to a bi-annual external audit, by a market leading, independent, full service national accounting firm.

Valuation statements for metals held with ABC Bullion are provided quarterly making it easy for trustees to keep an eye on the value of their holdings, as well as comply with their annual reporting requirements.

STORAGE SOLUTIONS (cont.)

Storage fees are charged on a quarterly basis and are calculated as a percentage of the value of your total metal holdings.

STORAGE TYPE	GOLD	SILVER
SECURE	0.75% p.a.	1.5% p.a.
PREMIUM	0.95% p.a.	1.8% p.a.

For amounts over \$1 million, please speak to our customer service staff regarding storage fees.



SMSF trustees can also choose to store their physical bullion in a private vault, which can be arranged via ABC Bullion's sister company, [Custodian Vaults](#).

Private vaults can be hired for as little as AUD \$278 per year*, with Custodian Vaults providing annual inventory statements to assist trustees in satisfying their reporting requirements.

Insurance and complimentary metal transfers are also available, ensuring the highest level of service and security for SMSF trustees.

**Prices subject to change without notice.*

FREQUENTLY ASKED QUESTIONS

DO I HAVE TO PREPAY FOR BULLION PURCHASES?

No, there is no need to prepay. You order your metal first, either online, over the phone, or in our showrooms in Sydney and Perth. Once you've locked in your order, you will receive an invoice which you can arrange payment for via EFT, BPAY, credit card, or cheque.

HOW EASY IS IT TO SELL BULLION AND HOW LONG DOES PAYMENT TAKE?

Selling can be done either online, via a phone call, or in our offices. ABC Bullion will repurchase any metals we store instantly. ABC Bullion will make payment to your designated bank account with funds typically received within two business days.

HOW DO I KNOW WHICH BULLION PRODUCTS TO INVEST IN?

Typically SMSF trustees tend to invest in either ABC Bullion Pool Allocated products, or our investment grade cast bar range, including our 1kg ABC Bullion Cast Gold and Silver Bars. These products come with the lowest trading margins and are the most efficient way of investing in physical precious metals.

WHAT IS THE PURITY OF PHYSICAL GOLD AND SILVER BARS AND COINS?

To be classified as an investment grade physical gold bar or coin, the product must be at least 99.95% pure. For silver, the minimum purity is 99.90%. All bullion products sold by ABC Bullion are sourced direct from our internationally accredited ABC Refinery and other accredited manufacturers, and either meet or exceed investment grade standards.

HOW OFTEN WILL MY BULLION BE VALUED?

Bullion valuations are available on a daily basis. ABC Bullion also issues a quarterly valuation to clients with precious metals in storage, so as a minimum, you will receive four updates a year. This includes a valuation at the end of the financial year, which you can use to help fulfil any tax or SMSF reporting requirements. You can also login to your account with ABC Bullion at any time for a live valuation update.

IS POOL ALLOCATED BULLION SAFE?

Yes. ABC Bullion's Pool Allocated products are 100% backed by externally audited metal positions held by ABC Bullion and its related bodies corporate.

IS BULLION STORED WITH ABC BULLION INSURED?

Yes. All precious metals stored with ABC Bullion, either in pool allocated metal or in secure or premium storage come with complimentary insurance. This is arranged through underwriters at Lloyd's of London. If you store your precious metals in a private box at Custodian Vaults, there is also the option of additional insurance to cover your holdings.

IS BULLION STORED WITH ABC BULLION INDEPENDENTLY AUDITED?

Yes. All precious metals stored with ABC Bullion, either in pool allocated metal or in secure or premium storage are externally audited. External audits occur on a bi-annual basis and are carried out independently by William Buck Chartered Accountants.

FREQUENTLY ASKED QUESTIONS (cont.)

CAN I PICK MY BULLION UP OR HAVE IT DELIVERED TO ME?

Yes. Any products purchased through ABC Bullion can either be collected from our offices nationally, or ABC Bullion can deliver metals anywhere in the country. Delivery charges apply.

CAN ABC BULLION WORK WITH MY FINANCIAL ADVISER OR MY ACCOUNTANT?

Yes. ABC Bullion works with a number of leading financial advisory and accounting groups. You can appoint your adviser and/or accountant as operating authorities on your accounts if you wish. ABC Bullion can then arrange payments, settlements and ongoing reporting with appointed advisers, streamlining the process for you.

CAN I STORE MY BULLION AT HOME?

Whilst there is no rule stating you can't store bullion at home, it is not without risk, is not as liquid and is more difficult to value for SMSF purposes. For these reasons, most investors prefer to keep their bullion stored with ABC Bullion, or with Custodian Vaults, our private vaulting arm. Bullion stored with ABC Bullion is insured, regularly valued, and able to be traded 24 hours a day. Storing at home can make the end of financial year auditing process much harder, so it's best to check with your auditor on their requirements.

SHOULD I PURCHASE COINS IN MY SMSF?

Bullion coins are very popular investments, but they are typically not best suited for SMSFs. This is because they come with higher trading premiums than cast bars (owing to the greater fabrication cost involved in manufacturing them), and because of the question mark surrounding the definition of collectables and the requirements involved when investing in coins. For these reasons, ABC Bullion considers it best practice for SMSF trustees to invest only in Pool Allocated metal and/or investment grade cast bars.



ABC REFINERY



ABC Refinery has been involved in the refining and processing of precious metals in Australia since 1978 and is the exclusive producer of the ABC Bullion product range.

ABC Refinery is Australia's most technologically advanced precious metal refining, assaying and minting facility featuring state of the art equipment and security.

ABC Refinery is accredited by both the London Bullion Market Association and the Shanghai Gold Exchange. ABC Refinery's appointment to these exclusive lists is a testament to its ability to refine and produce gold products to what is universally regarded as the two highest international standards bodies.

The ABC Refinery laboratory is the only Australian refinery laboratory to have been awarded National Association of Testing Authorities (NATA) accreditation for the laboratory analysis of gold, silver and their alloys.

The ABC Refinery laboratory is also accredited as a Public Testing Service compliant with ISO (International Organization for Standardization) and IEC (International Electrotechnical Commission) Standard 17025:2005 for the analysis of gold, silver and their alloys. In addition, ABC Refinery is accredited as compliant with Australian Standards (AS) and ILAC (International Laboratory Accreditation Cooperation).

PALLION



ABC Bullion is the bullion division of Pallion, Australasia's largest independent precious metal services group of companies. Pallion brings together a group of leading precious metal brands, each specialists in their field of expertise to form the premier precious metal services group in Australasia offering the following services:

- Bullion
- Refining & Minting
- Casting & Jewellery
- Fabricated Metals
- Findings
- Vaulting

Pallion offers the benefit of dealing directly with the manufacturer at every step along the value chain - from wholesale precious metal refining and jewellery production to retail bullion sale and trading, backed by Australasia's most experienced metallurgical team. Pallion products are conveniently available at Pallion offices throughout Australia, Hong Kong (SAR) and mainland China.

Pallion. From mine to market, your partner in precious metals.





A PALLION COMPANY



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