



FIDELITRADE
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America's Premier Precious Metals Investment ResourceSM

Presents...



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The Refined Investor[®]

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FideliTrade Incorporated[®] is a full-service precious metals company specializing in the sales, trading, custody, and delivery of precious metals bullion products for individual, commercial, and institutional clients worldwide.

Precious Metals – Okay, You Made the Decision. Now, What's Your Choice?

Geo-political uncertainty, Wall Street skepticism, and growing discomfort with stocks and other "paper investments" generally, seem now to be a fact of our daily life. As a result, precious metals, if not at center stage, have certainly re-captured the attention of the investment community this past year.

To be sure, there is little question but that many more individuals have been adding precious metals to their investment portfolios since the events of 9-11. They seek diversification that will help preserve the value of their hard-earned financial assets and attenuate the volatility in their overall portfolios. Precious metals do just these things. In fact, investor activity is one factor that has propelled the price of gold higher by 25%, silver by 10%, and platinum by 34%, since the terrorist attacks of 9-11-01 (as of this writing).

(cont'd on next page)

The Precious Metals Industry – Refining

In our last issue of The Refined Investor, we featured "The Mining Industry" as the first of five articles intended to provide our readers with an overview of the precious metals industry -- how it is structured and who the participants are. We continue that series in this issue with a discussion of the industry's refining sector.

Part II: The Refining / Fabricating Sector —

So how does the raw ore extracted from Mother Earth by mining companies actually become a useful ingredient to the human race? Well, that's where precious metals refining and fabricating companies, including mints who specialize in investor coins and bars, come in.

A refining company is a highly specialized processing operation. Using a variety of sophisticated methods and techniques, the refiner transforms roughly refined material called dorè into a more highly refined, useable material. The refiner, molds this refined material into any number of forms (sheet, grain, ingot, wire, etc.). The fabricator then

fashions the actual form and purity (or fineness) of the end-product will depend on their customers' specified requirements or the ultimate use of the precious metal. For example, the standard industry minimum purity of investment grade products is 99.5% for gold, 99.9% for silver, and 999.5% for platinum; most gold investment products are now produced as 99.99% pure. On the other hand, the purity of precious metals products produced for reasons other than investment (e.g., catalytic converters, x-ray film, aerospace applications, jewelry, chemical production, etc.) can be more, or far less refined than investment bars or coins.

While the miners actually find and extract from Mother Earth the precious metal ore our world depends on for its modern way of life, the refiners transform the ore into material that is actually useful to our society. But how then does the refined material actually reach the many markets and manufacturers that enable it to ultimately, and cost-effectively, become a part of our everyday life? We'll explore that in our next issue.

Next Segment: The Wholesalers/Suppliers

(cont'd from page 1)

Once an investor decides to add a precious metals component to his/her portfolio, a fundamental question that needs to be addressed is: what does one buy? There are, after all, a number of choices and alternatives available. In addition to physical bullion in the form of bars and coins, one can choose many options. What does one do?

While there is no single right answer for all investors, each individual needs to consider his/her own circumstances, including investment objective, risk tolerance and need or desire for leverage/liquidity when making an investment in precious metals. To help our readers, we present a table that outlines the various precious metals investments available, and highlights various advantages and weaknesses of each.

Note that tangibility, inherent value, high liquidity, competitive pricing, and personal control are critical. When these attributes are coupled with the many benefits a precious metals component adds to one's investment portfolio, including diversification and stability, it is clear that bullion bars or coins, and statement accounts backed by physical bullion, offer the best advantages and the fewest disadvantages to most investors. However, your personal investment decisions are important; they need to be made with as much information available as possible. When considering a purchase of gold, silver or platinum in bar, coin or "statement account" form, be sure to call us. We can help you.

Precious Metals Investment Alternatives

Investment	Advantages	Disadvantages
Bullion Bars/Coins	<ol style="list-style-type: none"> 1. Easy to buy/sell 2. Easily transported, stored, and highly liquid 3. Tangible asset/inherently valuable 4. Prices widely quoted 5. Competitively priced 	<ol style="list-style-type: none"> 1. Requires secure storage 2. Manufacturing premiums added to price 3. No dividend/interest yield
Statement Accounts	<ol style="list-style-type: none"> 1. Detailed confirmations/account statements 2. Invest by \$ or ounce amounts 4. Competitively priced/highly liquid 5. Insured, secure storage 	<ol style="list-style-type: none"> 1. No dividend/interest yield 2. Must be bought/sold through same company
Mining Stocks	<ol style="list-style-type: none"> 1. Current prices widely quoted 2. Highly liquid 3. May yield dividends 	<ol style="list-style-type: none"> 1. Industry knowledge required 2. Geopolitical/environment risk 3. Corporate governance risk 4. Price more volatile than bullion
Mutual Funds	<ol style="list-style-type: none"> 1. Prices widely quoted/highly liquid 2. Professional portfolio management 3. Dividend income possible 4. Diversity reduces stock risk 	<ol style="list-style-type: none"> 1. Geopolitical/environmental risk 2. Corporate governance risk 3. Portfolio management risk 4. Management/advisory fees apply
Futures Contracts	<ol style="list-style-type: none"> 1. Speculative appeal 2. Leverage reduces required capital 3. Prices widely quoted 	<ol style="list-style-type: none"> 1. Requires special market knowledge 2. Unlimited loss potential 3. High risk 4. Fixed contract sizes 5. Requires constant marketing monitoring
Options on Futures	<ol style="list-style-type: none"> 1. Speculative appeal 2. Leverage reduces required capital 3. Limited price risk 	<ol style="list-style-type: none"> 1. High risk 2. Requires special market knowledge 3. Fixed contract sizes 4. Requires constant market monitoring
Rare Coins	<ol style="list-style-type: none"> 1. Collector appeal 2. Sentimental value 3. Capital appreciation potential 	<ol style="list-style-type: none"> 1. Each coin unique /sold individually 2. Subjective market valuations 3. Requires special handling/storage 4. Thinly traded 5. Poor liquidity
Certificates	<ol style="list-style-type: none"> 1. No storage requirement 2. No manufacturing premium 3. Invest by \$ or ounce amounts 4. Competitive pricing 	<ol style="list-style-type: none"> 1. No dividend/interest yield 2. Sale can be time-consuming 3. Obligation on issuer's balance sheet 4. Must be bought/sold through same company

Food For Thought From FideliTrade

When investing in the precious metals sector, why would one choose physical bullion (gold, silver or platinum bars and coins) over mining shares? For one thing, the risk can be less. This stems from the fact that there are a multitude of risks associated with investing in mining companies, such as unpredictable management, environmental, currency, and political factors, which do not exist with bullion investments.

As one example, consider that when South Africa, home of the world's two largest platinum mines, was facing the threat of civil war in the 1980s, the resultant internal chaos could have very easily led to the shutdown of those mines. A prolonged disruption in their operations could have driven those companies into bankruptcy, thereby depriving the world market of nearly 80% of its platinum supply. Consequently, the price of platinum bullion could have increased many-fold while the value of the shares of those mining companies became virtually worthless. In such a scenario, the investor holding the shares would have lost most or all of his/her investment, while the owner of physical platinum would have been richly rewarded.

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SIL 4.84 ▲ 0.22 GOLD 346.20 ▲ 5.00 PLAT 606.50 ▲ 2.10 SIL 4.84 ▲ 0.22 GOLD

Notes from Our Trade Desk... GOLD 346.20 ▲ 5.00 PLAT 606.50

- 2003 Gold and Silver Eagle are now available through FideliTrade Incorporated. Call and place your order today!
- Did you know that you can include precious metals investments in your IRA as an effective way to reduce your year-end tax burden? April 15th is only three months away!