Dear Investor,

Thank you for downloading the ABC Bullion Superannuation & Precious Metals Guide. We are glad you have taken an interest in understanding how physical gold and silver can help you build wealth and enhance your superannuation fund.

This report is designed for Australian investors who want a professionally managed superannuation solution that includes exposure to physical gold bullion, as part of a diversified portfolio.

The report covers four key areas:

1. The benefits of including physical gold inside your superannuation
2. Gold in traditional superannuation funds
3. Self-Managed Super Funds
4. Frequently Asked Questions

Whilst we cannot provide financial advice at ABC Bullion, we are big believers in superannuation, and the importance of physical precious metal ownership as part of a well-balanced portfolio.

We trust that you will find this report full of useful information, which can help you maximise your retirement funds.

Janie Simpson
MANAGING DIRECTOR
ABC Bullion

To discuss this report, please contact our Client Service team on 1300 361 261 or email comms@abcbullion.com.au

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WHY INVESTING IN PRECIOUS METALS USING SUPERANNUATION MAKES SENSE

Used effectively, superannuation is the ultimate long-term savings vehicle, giving Australians the opportunity to build up a significant pool of funds, which they can enjoy in retirement.

Superannuation has many benefits, including significant tax advantages whilst you are working. Better yet, when you retire, all the assets accumulated to that date in your superannuation become tax-free. These tax advantages can be worth tens of thousands of dollars.

As physical gold and silver are ultimate long-term savings assets, many investors look to ensure their superannuation portfolio has a healthy allocation to precious metals as well as more traditional assets such as shares and bonds.

Some of the reasons to include gold and silver in your superannuation portfolio include:

- Capital growth returns
- Low interest rates
- Portfolio diversification
- Economic uncertainty and inflation
- Currency hedging
Capital Growth Returns

Gold returns have been very strong over the past 15 years, up 9.5% per annum, outperforming other major Australian asset classes, as you can see in the table below.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>1 year</th>
<th>5 years</th>
<th>10 years</th>
<th>15 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>19.1</td>
<td>8.0</td>
<td>6.0</td>
<td>9.5</td>
</tr>
<tr>
<td>Silver</td>
<td>17.7</td>
<td>5.5</td>
<td>3.2</td>
<td>7.4</td>
</tr>
<tr>
<td>Shares</td>
<td>23.8</td>
<td>9.1</td>
<td>7.8</td>
<td>7.9</td>
</tr>
<tr>
<td>Bonds</td>
<td>7.3</td>
<td>4.2</td>
<td>5.7</td>
<td>5.7</td>
</tr>
<tr>
<td>Listed Property</td>
<td>19.6</td>
<td>11.2</td>
<td>11.6</td>
<td>4.9</td>
</tr>
<tr>
<td>Cash</td>
<td>1.5</td>
<td>1.9</td>
<td>2.9</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Source: ABC Bullion and Chant West; compounding returns per annum

Precious metals perform well over the long run, with gold returning 5.0% per annum compounded over the past 30 years, and silver 4.9%. This is relevant as most people will have money invested in superannuation for more than 30 years.

Low Interest Rates

Historically, gold performs well in environments where interest rates are low and particularly when after inflation (“real”) returns are below 2% per annum. 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.

Source: Bloomberg, Reserve Bank of Australia
Portfolio Diversification

Gold and silver are uncorrelated to equity markets. This means that when the stock market (where most superannuation money is invested) falls, gold tends to rise, often substantially, as the chart below highlights.

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.

So a healthy mix of both stocks and gold often leads to better overall portfolio returns, with less risk of your portfolio falling along the way.
Economic Uncertainty and Inflation

Gold remains the best hedge and portfolio protection in today’s uncertain world of excessive debt, rising unemployment and global money printing.

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.

Currency Hedging

Gold acts as a natural currency hedge for the Australian investor. This is because any fall in the Australian dollar exchange rate will increase Australian gold prices as gold is primarily priced in US dollars.

Source: Reserve Bank of Australia

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.
Most workers have their superannuation with an employer, industry or retail super fund.

Unfortunately, despite gold posting strong returns compared to typical diversified superannuation funds over many different time periods, most Australian investment managers continue to ignore it as an asset class, which restricts the total returns investors can earn.

The difference in the return on gold, and the return on traditional superannuation funds can be visualised in the graph below.

<table>
<thead>
<tr>
<th>Investment Class</th>
<th>1 year</th>
<th>5 years</th>
<th>10 years</th>
<th>15 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>19.1</td>
<td>8.0</td>
<td>6.0</td>
<td>9.5</td>
</tr>
<tr>
<td>All Growth</td>
<td>20.8</td>
<td>9.5</td>
<td>8.9</td>
<td>7.7</td>
</tr>
<tr>
<td>High Growth</td>
<td>17.6</td>
<td>8.9</td>
<td>8.8</td>
<td>7.6</td>
</tr>
<tr>
<td>Growth</td>
<td>14.7</td>
<td>8.0</td>
<td>7.9</td>
<td>7.0</td>
</tr>
<tr>
<td>Balanced</td>
<td>11.4</td>
<td>6.2</td>
<td>6.6</td>
<td>6.0</td>
</tr>
<tr>
<td>Conservative</td>
<td>8.3</td>
<td>5.0</td>
<td>5.7</td>
<td>5.5</td>
</tr>
</tbody>
</table>

Source: ABC Bullion and Chant West; compounding returns per annum

The lack of gold exposure inside superannuation funds is an industry wide phenomenon, affecting the vast majority of funds that Australians invest their money into.

Irrespective of the risk profile of your fund (from conservative through to high growth), it’s highly likely you have minimal, if not zero exposure to direct physical gold if you are invested in traditional superannuation portfolios offered by most super funds.

If your super fund only offers a selection of pre-set portfolio choices like those in the table above, there are alternatives that offer the ability to invest directly into shares and ETFs, or a wide range of managed funds.

There are some key advantages to owning physical gold over ETFs, which include:
- direct ownership versus interposing of various entities between you and your gold;
- tradable 24 hours day online versus 10am-4pm ASX hours;
- physically redeemable versus cash only liquidations; and
- lower costs over medium to long term timeframes.

If setting up a Self-Managed Super Fund (SMSF) is not an option, then we consider achieving exposure via a gold ETF better than having none.

We would also suggest investigating the strategy of the fund managers your super offers, as there are a few that do include gold in their investments.
If you have a more substantial super account balance, the easiest way to get physical gold exposure is through a Self-Managed Super Fund (SMSF). With the help of a SMSF service provider, running your own super fund is easy, cost effective, and brings a wealth of advantages. It is no surprise then that there are 598,582 SMSFs with over $746 billion invested on behalf of 1.1 million members. You will be in good company if you join this group.

Major Advantages of a SMSF

- **Investment Flexibility**: Traditional superannuation funds are limited with what they will let you invest in. For example, you cannot own physical gold and silver and also other investments like boutique share funds, property, and art. Having a SMSF gives you the flexibility to invest in a much wider range of assets, which can help boost returns and manage risks.

- **Cost Savings**: According to Rainmaker Research, employer workplace funds charge an average of 1.24% in fees, whereas personal funds charge 1.49%. There are many online services that can make running your own SMSF easy at a cost below $2,000 a year. Such fixed costs compared to percentage fees can amount to substantial savings over an average Australian’s working life.

- **Control**: In a traditional superannuation fund, the company managing the money is the trustee, meaning they, not you, have legal control of your assets. With a SMSF, legal control lies in your hands.

- **Tailored Insurance**: Holding insurance inside superannuation can be a great way to free up cash flow. The problem is that insurance within traditional superannuation is not tailored to your specific needs. With a SMSF, you can customise an insurance solution that works best for you and your family.

- **Involving the Family**: One of the biggest advantages of a SMSF is the opportunity to have up to four members. This means that you and your partner can combine your assets into one fund, and potentially your children or siblings as well. This allows for even greater fee savings over time and gives you a larger pool of assets to invest with.

Superannuation is by far the largest financial asset most Australians will build over their working lives. Having your own SMSF, controlled by you, and built for your specific needs (rather than just being one of hundreds of thousands of members of a larger fund) can be a great way of maximising this key asset.
Setting Up a SMSF

Setting up a Self-Managed Super Fund involves a few key steps.

Firstly, you need to decide on the trustee structure for your fund. You can either have an individual trustee structure or a corporate trustee structure. The former is the most common and is cheaper, though the latter is widely accepted by professionals and the ATO as superior. A SMSF service provider can provide you with information regarding the benefits of both options.

Once you have decided on the trustee structure, a SMSF service provider will then set up your SMSF for you. This will include providing you with:

- Full documentation for the fund including a trust deed, minutes/resolutions, membership application, trustee declaration, and other necessary documentation;
- Registration of the SMSF to be a regulated super fund, as well as obtaining the SMSF’s ABN and TFN.

Once you have an ABN and TFN, you can open a bank account in the name of your SMSF with any Australian bank.

This will be the account where you direct your existing superannuation fund to rollover your superannuation monies to, and where you can ask your employer to direct future contributions.

It is also the account that you will use to pay for any investments you make in the name of the SMSF, including bullion purchased through ABC Bullion.

The entire process, from engaging a SMSF service provider to create a SMSF for you, to having your money in your SMSF bank account, can take up to eight weeks.
DO I HAVE TO PREPAY FOR BULLION PURCHASES?
No. There is no need to prepay for bullion purchases. You can order your precious metals prior to paying, with orders able to be placed over the phone, in our showrooms in Sydney and Perth, or online, with our website open for trading 24 hours a day, 7 days a week. Once you have made 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 is as easy as buying. It can be done with a phone call or in our offices (during trading hours), or via our website (24 hours a day, 7 days a week). ABC Bullion will repurchase any metals stored with us instantly and will make payment to your designated bank account, with funds typically received within two business days of sale.

HOW DO I KNOW WHICH BULLION PRODUCTS TO INVEST IN?
Investors typically choose 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. There is no benefit for a SMSF to invest in coins, as these will have the same re-sell value as bars in the end, despite costing more initially.

WHAT IS THE PURITY OF PHYSICAL GOLD AND SILVER BARS?
Investment grade physical gold bars must be at least 99.95% pure. The minimum purity for silver 99.90%. You should only invest in investment grade products. All bullion products produced at ABC Refinery for ABC Bullion meet or exceed these purity standards. Our 1kg ABC Cast Bar Gold and 1kg ABC Cast Bar Silver are internationally recognised and come complete with unique serialisation and certification for added security and authenticity.

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

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.