



Silver
Bullion

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Protect your wealth with a solid portfolio

Savvy investors know that diversification is crucial to risk managing an investment portfolio. However, not everyone knows that besides hedging the risk of a loss should there be a market crash, precious metals like gold and silver are also a hedge against inflation, currency devaluation and market failure. Hence, one element in every well-diversified portfolio should be precious metals.

History has shown that real assets that you can hold, like physical gold and silver, have stood the test of time and can almost be regarded as money. During wars and political upheavals, they have been used directly to pay for goods and services. During an economic downturn, they will continue to find buyers as many industries still need them. The same cannot be said of stocks, bonds, bank accounts or paper money as the values of these items are dependent on the solvency and liquidity of the institutions that issue them.

Physical precious metals have intrinsic value, carry no credit risk and cannot be inflated because no one can simply *print* more of them. For the savvy investor who seeks protection against extreme economic uncertainties and market corrections, it makes sense to own some physical gold or silver, stored outside the banking system in a safe jurisdiction.

Protecting your assets, honoring your trust

Silver Bullion enables you to truly own silver, gold and platinum by protecting them against risks that traditional financial institutions will not be able to cover.

Set up in 2009, Silver Bullion was the first in Southeast Asia to retail bullion online with live prices and inventory on a 24/7 basis. We chose to establish Silver Bullion in Singapore as we believe that Singapore is jurisdictionally safe from the actions of financially distressed governments who, throughout history, have been known to nationalize or confiscate bullion when faced with a systemic collapse.

Motivated by our strong desire to protect the wealth of our customers, we built our very own vault in Singapore called The Safe House. As a fully-owned subsidiary of Silver Bullion, The Safe House has minimal direct legal exposure to unpredictable foreign jurisdictions, setting it apart from Western-headquartered vaulting companies. Best of all, you retain full legal ownership of your bullion stored at our vault. Going beyond the industry standard of what is known as 'Fully Allocated Storage', your bullion is uniquely identified at The Safe House as yours and never on our balance sheet. We believe that the promise of 'Fully Allocated Storage' is a little misleading because it effectively means that your bullion is held in the name of the storage provider and *owed* to you, not *owned* by you. With Silver Bullion, your precious metal assets are truly yours and isolated from any counterparty risk on us and available for you to take delivery at any time, in any circumstance.

In addition to a massive 630-ton storage capacity, The Safe House is better insured than many by one of the most comprehensive insurance policies in the industry – covering up to S\$200 million for any one loss. For customers who desire additional privacy without



sacrificing on security, we also offer safe deposit boxes with full liability protection at our vault.

All bullion transferred and stored at our vault is from internationally recognized refiners or mints accredited by the LBMA (The London Bullion Market Association) and at least 99.9% pure – earning it the Singapore Investment-Grade Precious Metal (IPM) classification and thus exempting it from taxation in Singapore. In ensuring that precious metal that arrives at our vault meets the IPM classification, we developed DUX testing –



Entrance to The Safe House, our fully-owned subsidiary in Singapore

a comprehensive triple testing methodology that reliably verifies bullion without damaging it.

To create liquidity for our customers, we offer services like our 24/7 bullion buyback scheme and the choice to participate in our bullion-secured peer-to-peer loan program.

At Silver Bullion, our goal is to continuously honor the trust of our customers by being totally transparent about our processes. At the same time, we are constantly

scanning and planning for worst-case scenarios, building and refining solutions to protect the wealth and interest of our customers and ourselves. With no debt, extensive employee share ownership and enough reserves to operate for over 10 years without sales, we are here for the long term.

Silver Bullion is a member of the Singapore Bullion Market Association (SBMA) and was amongst the elite 50 most entrepreneurial privately owned companies in Singapore (E50 by KPMG and The Business Times).

Insulating you from systemic risks

The global financial system is dominated by large, financially interdependent companies that are completely dependent on trust in each other and the system. If this trust fails, the whole system is under threat of collapse. This is what is called a systemic risk and it almost became a reality in the financial crisis of 2008. To avoid a full-blown systemic crisis, trillions of dollars were spent to bail out those institutions in trouble. The question now is whether any country can afford another bailout. In this era of financial turbulence and global financial fragility, a systemic event is a real possibility. Therefore it is prudent to protect some of your wealth through ownership of physical silver or gold, kept outside the financial system.

Eliminate counterparty default risk

Counterparty default risk is created when somebody owes you something, making you a creditor. For example, if you buy gold or silver via an exchange-traded fund or a 'Fully Allocated' system, you do not actually own the precious metals. The bullion, or sometimes its value, is merely owed to you. This is fine as long as there is no physical shortage of gold or silver.

If and when a systemic crisis occurs, demand will quickly outstrip physical supply of precious metals. Under such circumstances, the fund or the institution which you bought the bullion from may not be able to deliver the physical bullion that was owed to you as its suppliers cannot deliver the precious metals in time. This leaves you, the customer of such an allocated system, with a potentially worthless IOU. In summary, there is no guarantee that you can take delivery of precious metals in times of financial turmoil if you do not have direct ownership of your precious metals.

Conversely, when you own individually identified physical bullion whose ownership was transferred to you through an invoice specifying the sold parcels, there is no counterparty default risk because your bullion is no longer somebody else's liability. This is the practice at

Silver Bullion as we do not want you to worry about the issuing institution going bankrupt or defaulting on its obligations. We believe that your wealth is rightfully your personal property and should be protected as you are the direct asset owner.

Although individually managing and tracking tens of thousands of individual bullion parcels requires a lot of effort and a solid IT system, we make it a prerequisite to guarantee your legal ownership to the bullion you buy and store with us. As Silver Bullion does not outsource storage to outside parties, you also do not have an extended counterparty risk chain. Effectively, we act as an agent who tests, stores and provides liability protection for your property.

Minimize currency risk

As central banks devalue their currencies and print more money, the real purchasing power of fiat currencies is eroded. Over time, this can result in a loss of confidence by the public in the value of paper wealth. If a systemic crisis should occur, your bullion holdings can be a lifesaver. However, crisis or not, gold or silver is still a solid choice to protect your wealth as they have done for many over the last 6,000 years around the world. Consider it long-term insurance and a crisis hedge.



Choose the best jurisdiction to protect your wealth

Historically, financially distressed governments in a crisis have been known to nationalize or confiscate bullion. Perhaps the most cited case is the one which occurred in the United States in 1933 when President Franklin Roosevelt issued Executive Order 6102 requiring all privately owned gold to be delivered to the government within 25 days.

Silver Bullion understands that there is a great need for jurisdictionally safe storage. Hence, we have chosen to establish our storage facility, The Safe House, in Singapore. We believe that Singapore is the ideal jurisdiction for bullion storage because in addition to its stability, independence and defense capabilities, it's economic sustainability is greatly dependent on international investor confidence in its institutions and legislation. This implies that private property, including bullion, will be protected at all costs.

The Singapore jurisdictional protection ensures that your wealth in physical bullion is maximally protected should gold nationalization events in other countries ever occur again. Furthermore, as the bullion is your individually identified property, rather than property

merely owed to you, it would be illegal for us to accede to the request of some foreign government to ship your property without your consent.

We believe that Singapore is the ideal jurisdiction for bullion storage. Other benefits of being based in Singapore include:

- ▶ Singapore is a neutral, multicultural city-state with a majority of English and Chinese speakers.
- ▶ Singapore has the third highest per capita income in the world.
- ▶ Singapore is the only Asian country to be rated AAA by all credit rating agencies.
- ▶ Singapore has consistently recorded budget surpluses despite low taxes.
- ▶ Singapore is extremely well defended as it has a defense budget twice that of its neighbors, one of the world's most modern militaries and over 900,000 active reservists.
- ▶ Singapore has virtually no crime or corruption.
- ▶ Singapore does not categorize firms like Silver Bullion as a financial institution.

The safest place for your silver and gold

The Safe House is the vault facility we built and is fully owned by Silver Bullion. As a one-stop solution for testing and storage of bullion, The Safe House removes the risk of middlemen and subsequently, the inherent regulatory exposure that Western-headquartered vaulting companies can be exposed to.

The ISO 9001 certified vault at The Safe House can hold over 600 metric tons of silver, and 30 tons of gold and platinum. In addition to protection by armed auxiliary police, we have spared no efforts to ensure that the stored bullion will be safe legally, jurisdictionally and free from counterparty risks.





Secure storage

Our parcel ownership system at The Safe House ensures that you are the legal owner of your bullion under Singapore law. This method makes us merely a storage agent for your precious metal assets and makes it impossible for your bullion to be unknowingly claimed or sold to somebody else. In addition, random and scheduled audits are performed regularly to verify the presence and ownership of bullion by Bureau Veritas (London Bullion Market approved bullion inspectors) and PricewaterhouseCoopers, our financial auditors.

Bullion which is transferred in from other vaults or from personal storage will also enjoy all the benefits and controls of The Safe House when it is verified to be compliant via our ISO 9001 testing standards. In addition, all bullion parcels can always be sold online or requested for physical delivery. If you desire the highest degree of privacy, you may also choose to store your bullion in one of our safe deposit boxes.



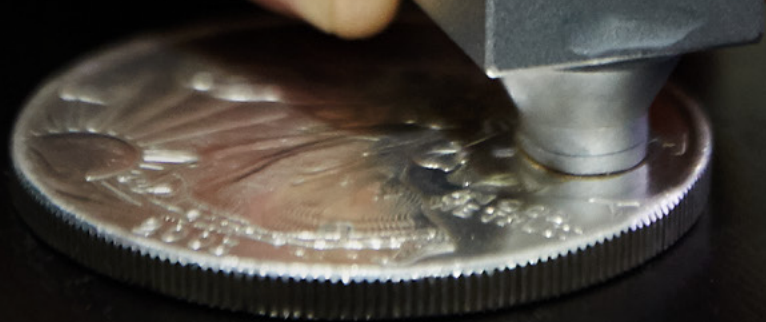
Beyond all-risk insurance

Most vault operators provide an 'all-risk insurance' for their service. However, not many people know that although the name is technically correct, it actually means that although the bullion stored is covered against all risks, it does not cover risks excluded on schedule to the policy. It is therefore important to satisfy yourself that sufficient cover is available.

At The Safe House, we have challenged our insurers and now have one of the most comprehensive insurance policies in the industry underwritten by Lloyd's of London. Our coverage includes theft, fire, building collapse, protection from inside jobs (infidelity insurance) and negligence (mysterious disappearance) – a liability not commonly available to other vaults as they do not meet the operational standards required by the insurer or cannot afford the premiums.

Assurance through certainty

One of the things that we do to maintain the integrity of our systems and processes is to ensure that all bullion that is transferred from other vaults or from personal storage to The Safe House is extensively tested before being parceled and stored. To enable us to test and verify bullion without causing any damage to it, we developed dux testing – our unique and proprietary non-destructive testing method which measures and compares the different physical characteristics of bullion to ensure that it is genuine. All the dux test data are uploaded to a bullion product tolerance database, which continuously records and evaluates the test data. Test results are then retrievable and linked to specific bars (parcels).



dux bullion testing

dux stands for Density, Ultrasound and X-ray Fluorescence testing. Each test measures and compares a different physical characteristic in such a way that counterfeit bullion might pass an individual test but not the dux trio of tests. In 2014 we added ECM or Electrical Conductivity testing to complement or substitute the Ultrasound test. Of particular concern to us are secondary market advanced counterfeits that include thickly gold-plated bars containing tungsten cores and ceramic alloy silver coins.



Density test

This is the first test because poorly made fake bullions deviate from the genuine ones by mass. Through precision weighing, we can quickly and reliably verify that the sample affirms its stated mass.



X-Ray Fluorescence test

This technology is used to quickly and reliably identify the metals present on a sample's surface as well as measure its purity. Though it merely analyzes the metal surface, it provides a detailed metal composition analysis.



Ultrasound test

We measure different physical characteristics. A fake is typically optimized for density but this will be easily detectable via ultrasound, which looks inside the bar (e.g. gold and tungsten have a 38% variance), therefore making ultrasonic testing an excellent complement to the density test.



Electrical Conductivity test

Precious metals like gold and silver have characteristic electrical conductivity properties. A mere 1.6% of copper present in gold can cause its electrical conductivity to decrease by over 40%. Hence, impurities in fake precious metals can quickly be detected by measuring their bulk electrical conductivity.

Creating liquidity and a market

An often cited disadvantage of holding precious metal is a lack of liquidity. At Silver Bullion, we are going out of our way to ensure that your bullion holdings can provide liquidity when you need it. We do this by buying and selling bullion 24/7 and by facilitating peer-to-peer loans.

We sell bullion 24/7

- ▶ *We provide physical ownership of your bullion* – orders are closed only upon physical delivery and legal ownership has been transferred as evidenced by an invoice.
- ▶ *Enjoy transparency* – our bullion inventory is published online and transparently priced in near real-time.
- ▶ *Tax-free* – all bullion traded, transferred and stored is from internationally recognized refiners or mints and at least 99.9% pure, which means that they meet the Singapore Investment-Grade Precious Metal (IPM) classification and are exempted from taxation in Singapore.

We buy back bullion 24/7

- ▶ *Excellent buyback prices* – we always publish live tradable buy and offer rates online and have some of the highest buyback rates in the industry.
- ▶ *Providing deep liquidity* – we normally settle within two days.

We accept transfers of bullion

- ▶ *Expedited clearance* – we can issue import/export permits to expedite custom clearance for your bullion into or out of Singapore, whether it is shipped by the ton or carried personally.
- ▶ *Compliance control* – we ensure that your bullion meets Singapore's IPM (Investment-Grade Precious Metals) standards and remains tax- and duty-free in Singapore.

Collateralized peer-to-peer loans

We match bullion owning clients who want to take out a loan, using their bullion as collateral, directly with other clients that wish to act as lenders and who have available funds looking for a return with minimal risk. This enables lenders to obtain good returns while borrowers can obtain affordable credit by utilizing their bullion holdings.

With our online P2P (peer-to-peer) lending system, our customers can safely borrow and lend on their own terms using their bullion as collateral. This system enlivens bullion from 'dead capital' that does not provide interest to a valuable collateral which can be used to provide liquidity and help lower your borrowing costs.

Features of our P2P lending system

► **Set your own currency, tenure and interest rate**

Choose the currency (SGD or USD) and duration (1, 6, 12 or 24 months) to lend or borrow. Then publish how much, and at which interest rate, you are willing to lend or borrow. When bids and offers of lenders and borrowers match on terms, a contract is created only when both parties agree on the terms.

► **Loans are fully secured by up to 200%**

The lender's loans are secured at a 2 to 1 ratio by the borrower's gold, silver and platinum parcels, held at our fully controlled and owned vault, The Safe House.

► **No leasing**

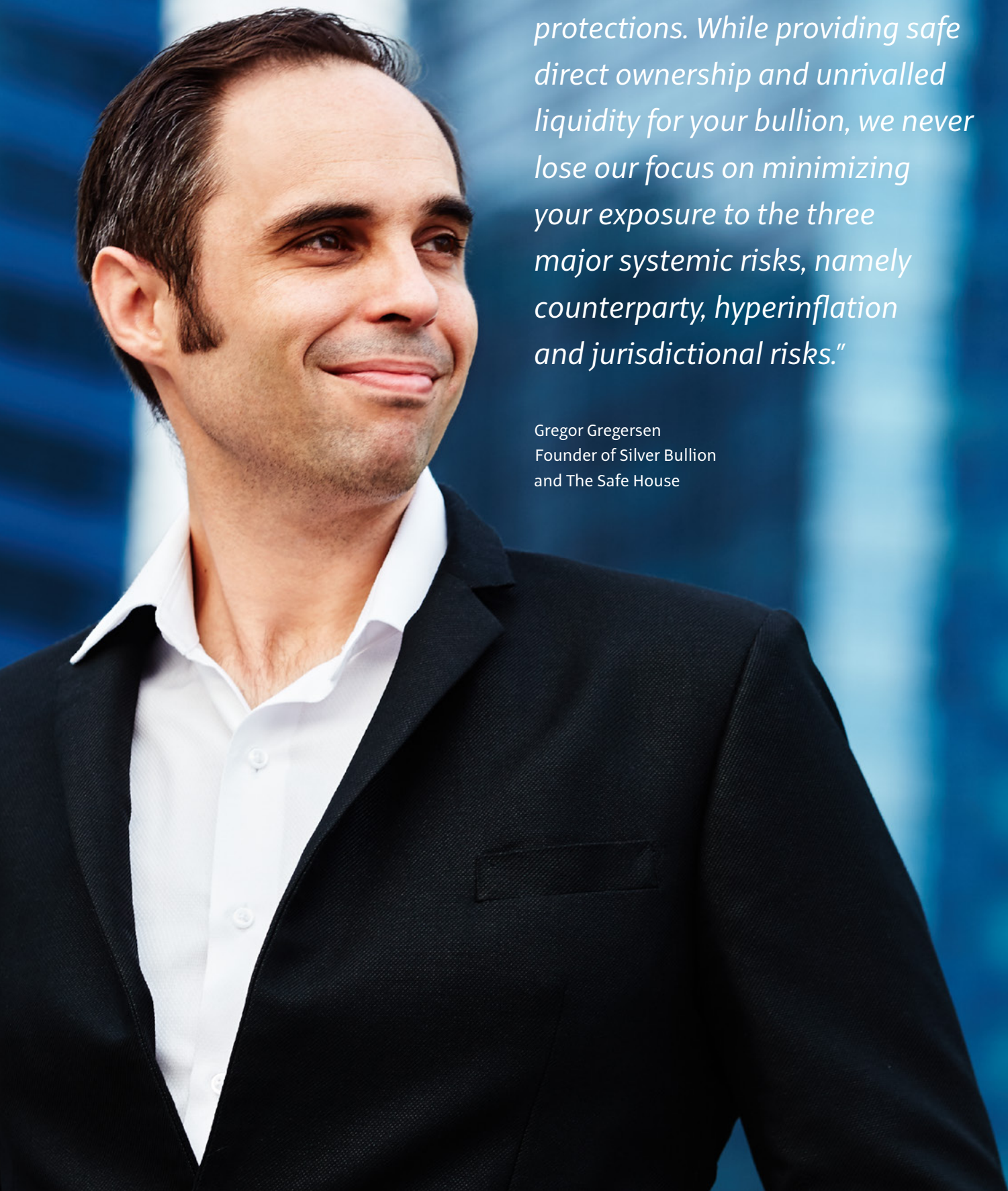
In order to avoid confusion it may be helpful to know that P2P lending has nothing to do with a practice known as 'bullion leasing', which is not entertained nor practiced by Silver Bullion.

► **Safe and reliable**

Lenders are assured of receiving payment because should the loan principal not be repaid on time, or should the value of the collateral securing your loan fall to 110% of principal, Silver Bullion will, after a margin call at 125%, liquidate (sell) the collateral to ensure the lender duly receives principal and interest. Should a scheduled loan payment be late, a sweeper fund will act as a buffer, given funds availability, to ensure timely payments.

► **Direct and convenient**

Contracts are made in minutes. Silver Bullion manages the collateralization, fund transfers and enforcement of contracts. We even make up for potential late payments through our sweeper fund.



"Silver Bullion was founded in Singapore to leverage the country's excellent jurisdictional protections. While providing safe direct ownership and unrivalled liquidity for your bullion, we never lose our focus on minimizing your exposure to the three major systemic risks, namely counterparty, hyperinflation and jurisdictional risks."

Gregor Gregersen
Founder of Silver Bullion
and The Safe House

Our commitment to clients

We are committed to the highest standards of integrity and are as transparent as practically possible. All products and solutions developed by Silver Bullion are and will be driven by the best interests of our clients. We will never seek to use clients' assets, information or property to generate additional undisclosed income.

www.silverbullion.com.sg

Silver Bullion Pte Ltd

Registration Nr: 200907537M
Floor #03-02A Certis CISCO Center II
20 Jalan Afifi, Singapore 409179
Singapore

Phone: (65) 6100 3040
Fax: (65) 6826 4022
Email: sales@silverbullion.com.sg

Concept, copy & design

Edenspiekermann Pte Ltd

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