INFORMATION LINE

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Perspective

The precious metals and foreign currency markets confused a lot of people in 2006. There were moments of intense bullishness as well as moments of intense bearishness. There were 20-year highs and major corrections. There was euphoria, and there was panic.

Michael Checkan

As we close the books on 2006, many investors are scratching their heads, wondering what to make of it all. The U.S. dollar surged at the end of the year. The Dow hit new all-time highs. The major stock indices were up. With all this positive news, who needs alternatives to the U.S. dollar?

Everyone.

Glen O. Kirsch

The start of 2007 is a good time to put all these numbers and indices into, for lack of a better word, "perspective."

To that end, here are a few numbers worth considering…

	31 Dec 2005	31 Dec 2006	Change
DJIA	10,717.50	12,463.15	16 %
S&P 500	1,256.72	1,418.30	13 %
NASDAQ	2,226.89	2,415.29	8 %
Oil	$61.04	$61.05	0 %
EUR	$1.1844	$1.3203	11 %
CHF	$0.7602	$0.8205	8 %
GBP	$1.7208	$1.9591	14 %
Gold	$514.90	$636.90	24 %
Silver	$8.79	$12.92	47 %
Platinum	$962.00	$1,132.00	18 %
Palladium	$253.00	$330.00	30 %

Rich Checkan

There is plenty here to talk about, but we will only touch on a few of these numbers that jump out at us.

First up is oil.
In a year that saw oil trade over $77 a barrel, 2006 ended with a whimper…posting a penny gain over 2005.

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You're Convinced That Gold Ownership Makes Sense. What's Next?

By Jon Nadler

The fundamental reason for gold ownership is the long-term protection of your wealth. Gold functions as a *de facto* insurance policy against an unforeseen decline in the value of a conventional portfolio. Were one's CD's to erode due to a loss of purchasing power in the Dollar, or one's high-tech stocks undergo a melt-down, the gold one owns may be mobilized to mitigate such losses.

Gold, of course, also functions very well as a hedge against geopolitical and economic problems, as it has amply demonstrated for almost six thousand years. Frequently however, investors confuse the idea of gold ownership with various investment vehicles that may mimic bullion but clearly do not possess its intrinsic attributes. While we normally look at the *reasons* for buying gold, we will now focus on the *means* of doing so – an often overlooked detail.

When an investor allocates funds to gold, they typically demand three characteristics that are not always found with ownership of physical gold coins, mining shares, rare coins, gold ETF's, futures contracts or mutual funds. Namely, they are looking for good value for the money, a high degree of safety while the asset is owned, and most of all, instant liquidity when a sale eventually takes place.

Investors may be legitimately reluctant to pay up to 7% in premiums for a bullion coin when they are able to acquire the same ounce of gold in a storage account for as little as 1 to 3% above the spot gold price. They may also ponder just how safe a bank safe deposit box really is, as it carries no insurance coverage. Similarly, home storage presents daunting problems for most individual gold owners. Finally, investors should also consider that packing, shipping, and waiting for payment is not a process they need to subject themselves to when selling their gold to a distant coin dealer.

Years ago, if an investor wished to include gold bullion in a portfolio, they would simply acquire a handful of coins from a gold dealer and stash them away into a bank or home safe deposit box for that "rainy day." Times are rapidly changing in the physical gold bullion investment market. Today, investors have many more value-driven and sophisticated choices when it comes to protecting their hard-earned assets.

To better understand the nature of this shift in investment behavior let us consider that from the period of 1974 to 1984 the global retail gold market was largely dominated by a single product – the Krugerrand. Fueled by a staggering twenty-five fold gold price increase (from $35 per ounce to $875 per ounce in 1980) an estimated 15 million Krugerrands found their way into the pockets and safe deposit boxes of individual investors on the planet.

The Maple Leaf coin was introduced in 1979 and enjoyed solid sales success, while American Eagle coins followed them in 1986, with a phenomenal first-year debut of over 1.3 million coins sold. The gold market was still in a bear cycle that did not come to an end until 2001.

By the start of the new millennium, the Internet made value-conscious shopping a reality, and gold producers were trying their best to remind individual investors that they should acquire some of it at *any* price. Enter the re-invention of custodial products in bullion. While nothing really revolutionary (Swiss banks had offered gold accounts to their VIP private banking clients for years) so-called 'paper gold' or 'virtual gold' products quickly found a niche and resonated with savvy investors.

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In This Issue

Currency Corner

The View From Vancouver… Plenty of Upside in Metals and Mining

By Dr. Steve Sjuggerud

Just a few weeks ago, I hit the ground in Vancouver, Canada, the risk-taking capital of the world.

While sizing up the market for speculative junior mining companies there, I encountered some of the smartest investors I've ever met in my life. In this town, you have to be smart… or you'll get taken to the cleaners all day long.

As the mining finance capital of the world, Vancouver is built on risk. "*Of the 4,000 mining companies out here, 3,900 are a pipe dream,*" someone told me. "*They are hope – and nothing more – trading on a stock exchange.*" The Lundin Group, among others I met here, is part of the small minority – brilliant risk-takers worth investing with.

Despite the solid performance of precious metals and base metals over the past few years, I was really surprised at the lack of big money in Vancouver right now. Sure, there's money here, but the big institutions are ignoring Vancouver – they're ignoring mining and metals right now as if they didn't even exist. The same is true of small investors.

Spending time in Vancouver, meeting with many small companies full of smart guys, I realized that we are nowhere near anything like a "dot-com" bubble in mining. The guys I met in Vancouver were the old geology guys that were smart enough and frugal enough to hang on. The place is not full of 25-year-old MBA investment bankers in fancy suits. Not yet… But I believe that day will come.

Gold rose from $500 a year ago to $625 today. But not many people care… not many small or large investors bought into it. And if they didn't buy gold, they sure didn't buy silver, palladium, zinc, copper or aluminum.

Nobody cares. Big investors and small investors alike are ignoring it. I think they're just hoping the bull market in commodities goes away.

I think in 2007, the prices of commodity stocks could actually rise… even if commodity prices are relatively flat. And I think speculative commodity plays and collectibles plays could have a particularly good year.

When I size up the first half of 2007, here's what I see: Investors are greedy right now in stocks and bonds. Government bond yields are less than 5% and stock investors are almost unanimously bullish. You don't make much money investing when investors are greedy.

It's true that, right now, the trend is still up in stocks and bonds. And it's tough to go against the trend. How long will the uptrend go on? I can't know. But on a risk-to-reward basis, it's

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	YEAR AGO	CURRENT	
Swiss Franc	.7822/Franc	.8042/Franc	▲
British Pound	$1.7603/Pound	$1.9367/Pound	▲
Japanese Yen	.0088/Yen	.0083/Yen	▼
Euro	1.2102/Euro	$1.2974/Euro	▲

The Hard Stuff

Is Silver's Bull Market Over?

By Rich Checkan

The honest answer is that we do not know. Our honest belief is that this bull market is far from over.

By definition, a bull market is a market in which the underlying asset continually makes new highs. In order for silver to be deemed in a bull market, we need to surpass the $15.05 per ounce high reached during the second week of May of last year.

Silver is presently in a range from $12.20 to $13.20 per ounce…up from the lows around $9.70 per ounce that were hit as the market corrected from $15.05 beginning in May 2006.

We have been in a consolidation phase since the major correction was completed in June 2006. This now prolonged consolidation is causing many investors and pundits alike to ask the question that entitles this article.

Of course, we have seen and heard this before. The same questions circulated during the first major correction of this bull market…when silver corrected from $8.30 per ounce to lows near $5.60 per ounce. At that time, we even heard one pundit refer to silver as a "dog!"

Well, this dog hunts!

In the end, short term market movements are caused by any number of factors – technical, event-driven, emotional. However, the stuff that trends are made of is the fundamentals. As long as the supply and demand fundamentals remain in place for silver, we believe we are in a bull market.

We believe silver is strong…and getting stronger.

Consider U.S. strategic reserves of silver. In 1986, legislation was passed that mandated the use of the U.S. Strategic Stockpile of silver as the source of the silver for the Silver Eagle coin program. If the reported figures are accurate, the reserves were depleted around 2004. Therefore, in order to provide the silver for the ongoing Eagle program, with an annual requirement of 8-12 million ounces per year, the U.S. Mint is today a net buyer of silver in the cash market.

Consider COMEX silver warehouse stocks. 100 million ounces is the low-water mark. Below this level, stocks are considered at critical levels. For several years, we have lived at or below this critical level. There simply isn't very much silver held in reserve above-ground. Unlike gold, Central Banks haven't hoarded silver over the years. Therefore, unlike gold, Central Banks cannot negatively influence the silver market by selling off large tranches to meet supply shortfalls.

Consider investor demand. According to the World Silver Survey 2006, net worldwide investment in 2005 exploded…up almost 23% from 2004. Part of this can be attributed to the successful launch of the silver Exchange Traded Fund (ETF).

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	YEAR AGO	CURRENT	
Gold	$545.00/oz.	$614.00/oz.	▲
Silver	$8.93/oz.	$12.45/oz.	▲
Platinum	$1,012.00/oz.	$1,136.00/oz.	▲
Palladium	$271.00/oz.	$330.00/oz.	▲

Attention Information Line Readers! A Simple Survey Can Increase Your Wealth, Health, and Buying Power

By Adriane Berg & Michael Checkan

Are you concerned that you might outlive your money? Is there danger that you may lose control over your financial and health care decisions, as you age? Might changes in international currencies and markets destroy your buying power, in the year's ahead? Have you signed important legal documents, like powers of attorneys or health care directives, without total assurance as to how they will work if ever needed? If so, we urge you to respond to the request we are about to make. It may provide you with the most important information you have ever received.

We know how hard you have worked to stay a successful, independent investor, always in control of your life decisions. We also know that such autonomy can disappear in a heartbeat, if you get a life threatening illness or a long-term care condition. But, illness is not the only thing that can rob you of control as you age. Money troubles can result from unbalanced investing at a time in life when you cannot outwait a market correction. Fortunately, we have important information that will allow you to stay independent no matter what the future brings.

For example, we have information regarding legal documents for iron clad control over assets and health decisions, globalizing buying power to keep up with any style of inflation, and, most importantly, maximizing the joys of aging whether at home, through travel, or enhanced family and community relations. In our long careers, we have seen too many people and their families suffer just because of a little lack of know-how. Managing successful aging takes just as much know-how as managing wealth, and how successfully you manage aging may very well be the difference between aging at home and in an institution.

We are anxious to transfer our know-how regarding successful aging to you, including:

- Dangerous Legal Documents that Can Rob you of Independence
- Globalizing Portfolios For Life-Long Buying Power
- Understanding Medicine Pitfalls (with top geriatric professionals)
- Buying and Designing Your Home for Life-Long Independence
- Avoiding Family Money Fights
- Life-Long Accessible Travel
- Maximizing the Equity in Your Home

And so much more, that will keep you independent of want, loss of control, and medical mistakes in the fabulous decades ahead.

We can deliver this information through audio, video, teleseminars, e-books, live seminars, even pod casts and on-line radio. But, we will undertake to do so only if you are interested.

Therefore, in the next issue of Information Line, we will ask you to spend a few minutes of your time completing a survey about what concerns you most about the years ahead, and how we can help. Because we know your time is precious, we have also created an immediate avenue to know your needs. Simply tell us. If issues like health care, burdening loved ones, making money last, travel, creative leisure, aging in place, and offshore living resonate with you, just e-mail Michael at assetsi@assetstrategies.com. Tell us your interests in your own words. In that way, we can craft the type of information, delivered in the proper form, that works best for you.

And we are not above a little bribery to get you to respond quickly. Visit www.longevityclubonline.com and get a FREE membership. You will get 125,000 free discounts on everything from travel, to movies, to food and entertainment, as well as access to trips and adventures. By registering there, you give us a signal that you are interested in the joys of longevity and living the life you love in the years ahead.

Read the mission of the longevityclubonline. Let's share it together.

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However, don't be fooled into thinking that oil will not make an impact on the world's economies. Remember, just 3 short years ago, oil traded below $25 per barrel. Nothing can awake the sleeping giant known as inflation like rising oil prices. This impact will be felt in the years ahead.

*Next, let's consider the major U.S. stock indices. All posted positive returns. Many investors were pleased to wake up on January 1st and see that they had made money in their portfolios…**in U.S. dollar terms.***

Don't be lulled to sleep here either. Even with the dollar's rally against the major currencies at year's end, the dollar fell against the Euro, Swiss franc, and British pound. In fact, by placing British pounds under your mattress for a year, you would have beaten 2 of the 3 major indices. If you put those pounds in a simple Certificate of Deposit (CD), you would have beaten all three indices.

What were the best performers in 2006? It should come as no surprise to our readers. The best performers in 2006 were precious metals. All four precious metals out-performed every other measuring stick despite the fact that the metals underwent the second major correction of this 5-year bull market!

The message for 2007 remains the same as the messages delivered at the beginning of 2001, 2002, 2003, 2004 & 2005. The fundamentals point to no change in the bull market trend. We continue to view dips as short-term buying opportunities.

Then again, why wouldn't we? The numbers simply do not lie!❐

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Recently, petition was made for the silver ETF to purchase another 160 million ounces to meet investor demand. That is significant.

Space does not allow for a mention of all the bullish fundamentals for silver – the precious metal that is both monetary and industrial. However, in our opinion, there are more than enough reasons to convince us that this silver bull is still running and the silver dog still hunts!

Call us now to take advantage of silver's consolidation…an extended opportunity to buy on a dip.❐

BITS & PIECES

'Tis the Season to Be Golden

By Rich Checkan

Last June, we saw the precious metals prices correct significantly. Gold fell from $730 per ounce to below $600. At the same time, silver fell from over $15 per ounce to below $10. This leaves investors scratching their heads and asking, "Is it safe to get back in the water?"

The truthful answer is that no one knows for sure.

However, we may be guided by history here. Although past performance is no guarantee of future performance, it can certainly be food for thought.

The months of September through February, historically, represent a period of appreciation for gold and other precious metals. Why?

- Investors and fund managers re-enter the markets…back from surf and sun.
- Chinese and Indian retail jewelry sales increase for wedding season purchases.
- Jewelry manufacturers are beginning to buy now for the fabrication of jewelry for the end-of-year holiday buying season.
- Lastly, this time of year traditionally brings updates of geological surveys.

The result…

Dating back to 1971, the average monthly highs for gold occurred between September and February 28 out of 35 years, or 80%. Since 1975, Gold has only declined in September 9 times.

Again, there are no guarantees, but this is certainly one historical trend worth considering.❒

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not worth hanging around to find out.

I think returns in the "traditional" asset classes of stocks and bonds will be ho-hum in the first half of 2007. We've got to burn off that investor greed.

Fortunately, there's plenty of opportunity out there in commodities, collectibles, and precious metals. When it comes to rare coins and precious metals, I always tell people to stick with my recommended dealers... like the folks at Asset Strategies, who I've known and worked with for many years.

Good investing — Steve Sjuggerud

Steve Sjuggerud is the editor of DailyWealth, a free daily e-letter focused on the world's best contrarian investment opportunities. DailyWealth is written with a simple belief in mind: You don't have to take big risks to make big money with your investments. For a free subscription, visit the following web site.

http://www.dailywealth.com/signups/SDW-affiliate2.asp?scode=X350GC11❒

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The type of gold sold to the new generation of investors is real, physical gold held in highly reputable vaults around the globe. However, its pricing, safety, and liquidity are far superior to those offered by conventional coins and bars. Gold coins will continue to chalk up consistent sales, as there will always be a core contingent of gold bugs for whom direct control over their bullion is vital.

One product that combines gold's best attributes as well meets all of an investor's critical requirements is the highly successful *Perth Mint Certificate*. When investing in a Certificate, one is not only able to realize significant savings on the purchase of precious metals, but also obtain a highly secure and government- guaranteed storage arrangement, and be assured of the highest degree of future liquidity possible. This unique and innovative precious metals investment vehicle also offers some equally compelling additional benefits: For instance, the PMC is the only government-guaranteed precious metals investment in existence today.

There exists no safer means of acquiring and storing precious metals for the long-term. In addition, the PMC offers investors the opportunity to hold their gold in one of the safest locations on earth, Perth, Australia. The Perth Mint, which is government-owned, has been in operation since 1899 and enjoys a global reputation for safety and quality. Finally, the PMC offers safety, affordability, flexibility and exclusivity in a distinct and highly convenient package.

Precious metals had a strong showing in 2006, and they appear ready to begin their assault on new, all-time high, price levels. Given this powerful potential, you are probably convinced that gold and other precious metals *do* belong in your portfolio for all the reasons mentioned above. Your next move should be to ensure that you own some. For medium to long-term precious metals holdings, there is no safer, more cost-effective or flexible means to own them than the Perth Mint Certificate. There simply is no other substitute and all it takes is a simple phone call or email to an Approved Dealer such as Asset Strategies International to get the ball rolling. I would suggest making that call today. Start your 2007 out right, with the peace of mind that only comes with gold ownership.

Jon Nadler is an independent metals analyst and consultant with an expertise in the area of consumer education in precious metals at the individual and institutional level. Mr. Nadler's insights on the gold market's fundamentals are quoted on an almost daily basis in the mainstream U.S., Canadian, and global financial media: Market Watch, ROBTV, CBC Radio, BBC UK Radio, CNBC, Forbes.com, TheStreet.com, Kitco.com, The Wall Street Journal Online, Investor's Business Daily, Bloomberg, and Reuters . He may be contacted by telephone at (877) 839- 8036 or (415) 462-6583, or by email at Auricman@Comcast.net.❒

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