SA BULLION

Investor Presentation: July 2016

T +27 21 447 3240 F +27 86 504 7857 business@sabullion.co.za
Unit 3, The Old Castle Brewery, 6 Beach Road, Woodstock, Cape Town 7925, RSA

SA BULLION

Introduction

1. Only licensed bullion investment manager in South Africa
2. FSB and SARB regulated
3. Founded 2005
4. Owner managed, 2 families
5. Head office in Woodstock

SA BULLION
CASE FOR GOLD

T +27 21 447 3240 F +27 86 504 7857 business@sabullion.co.za
Unit 3, The Old Castle Brewery, 6 Beach Road, Woodstock, Cape Town 7925, RSA

SA BULLION

4 Key Points - Why to invest in Gold

1.

"WE BELIEVE IN A FOUNDATION OF BEDROCK-INVESTING."

A
Where you own your home.

B
And store a portion of your wealth in physical gold.

4 Key Points - Why to invest in Gold

2.

"WE SEE GOLD AS
A COMPETITOR
TO CASH IN THE BANK."

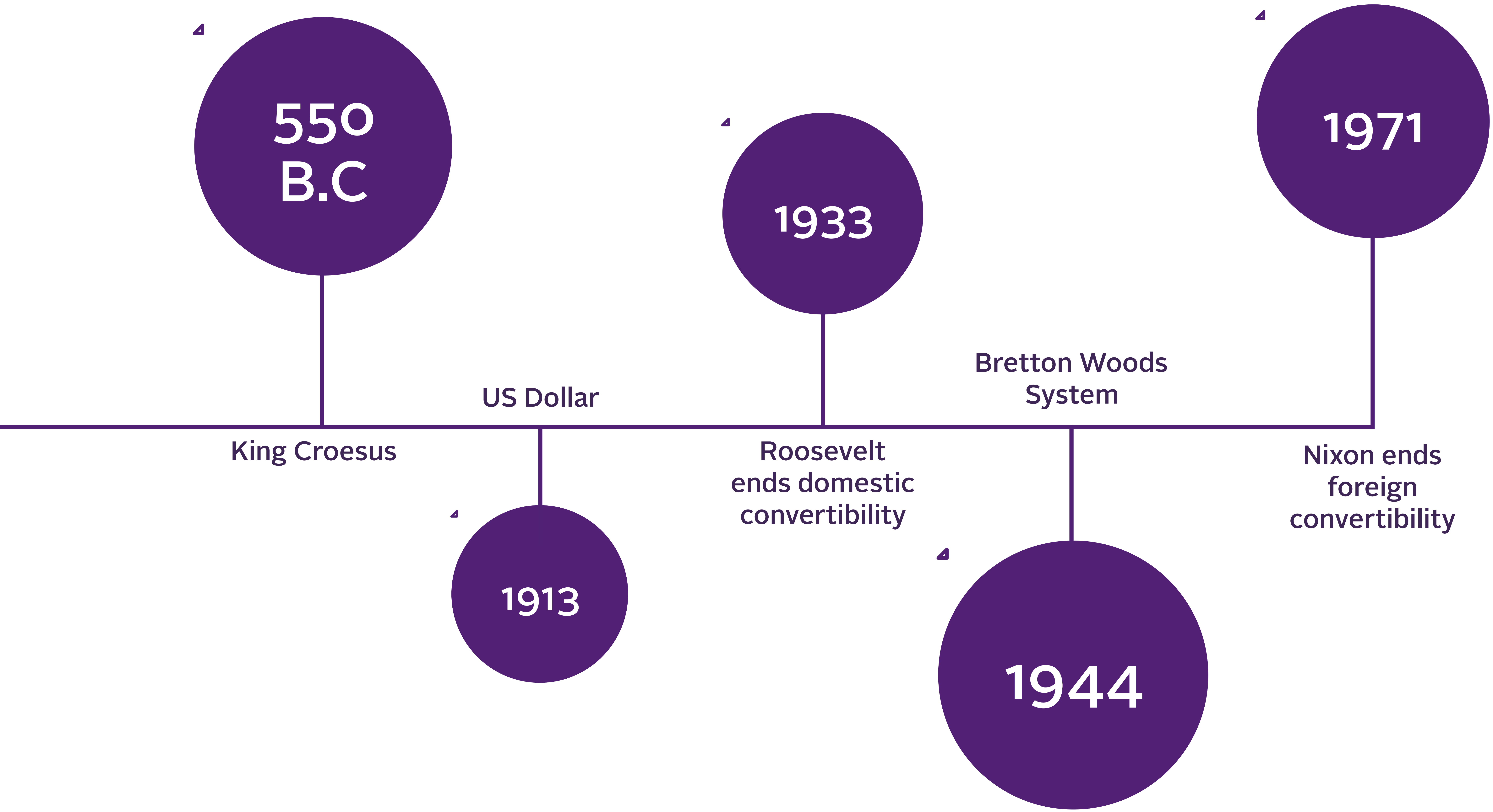
3.

"POOR FINANCIAL MANAGEMENT OF THE ADVANCED ECONOMIES IS LEADING TO INCREASING CURRENCY AND BANK RISK, WORLDWIDE.”

4.

"WE SEE GOLD AS THE ONLY CURRENCY WHERE YOU DO NOT HAVE TO RELY ON GOVERNMENTS AND BANKS TO DO THE RIGHT THING."

Historical Timeline of Gold



1971

An Era of Unbacked Currencies

Closing of the Gold Window

The quantity of money had been restricted by the quantity of gold reserves

1971

The quantity of money had become unrestricted

Fiat Currencies

1. No Physical Backing
2. Notionally backed by faith and confidence
3. Ultimately priced by economic fundamentals
4. All referenced to the US Dollar ($)

Two layers of trust required:

In the US government to do the right thing
In own government to do the right thing

The Implications for an Unbacked Dollar

- ‘full faith and credit of the US government’
- Financial discipline
- Budget deficits
- Public debt : GDP
- Poor economic fundamentals
- Deterioration in ‘faith and credit’

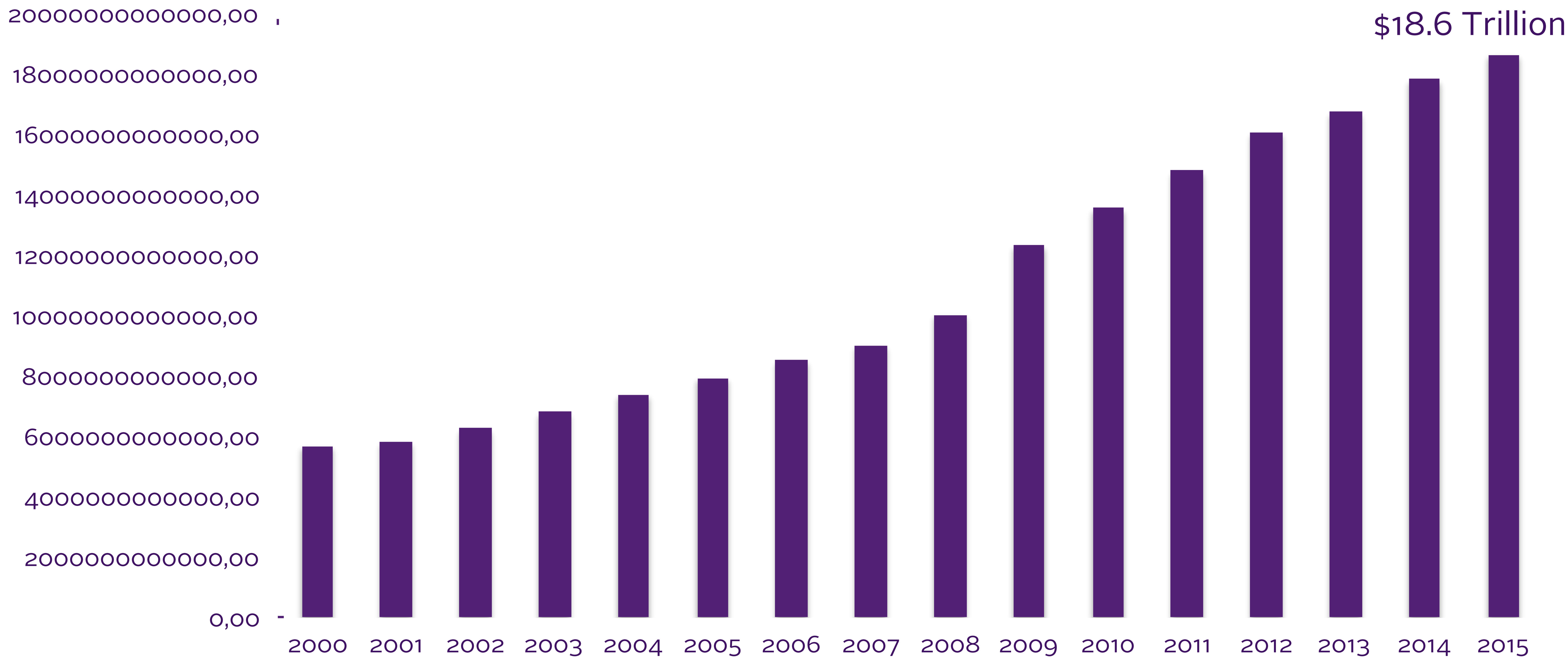
KEY FINANCIAL MANAGEMENT ISSUES OF THE U.S

1. Accumulated Surplus or Debt

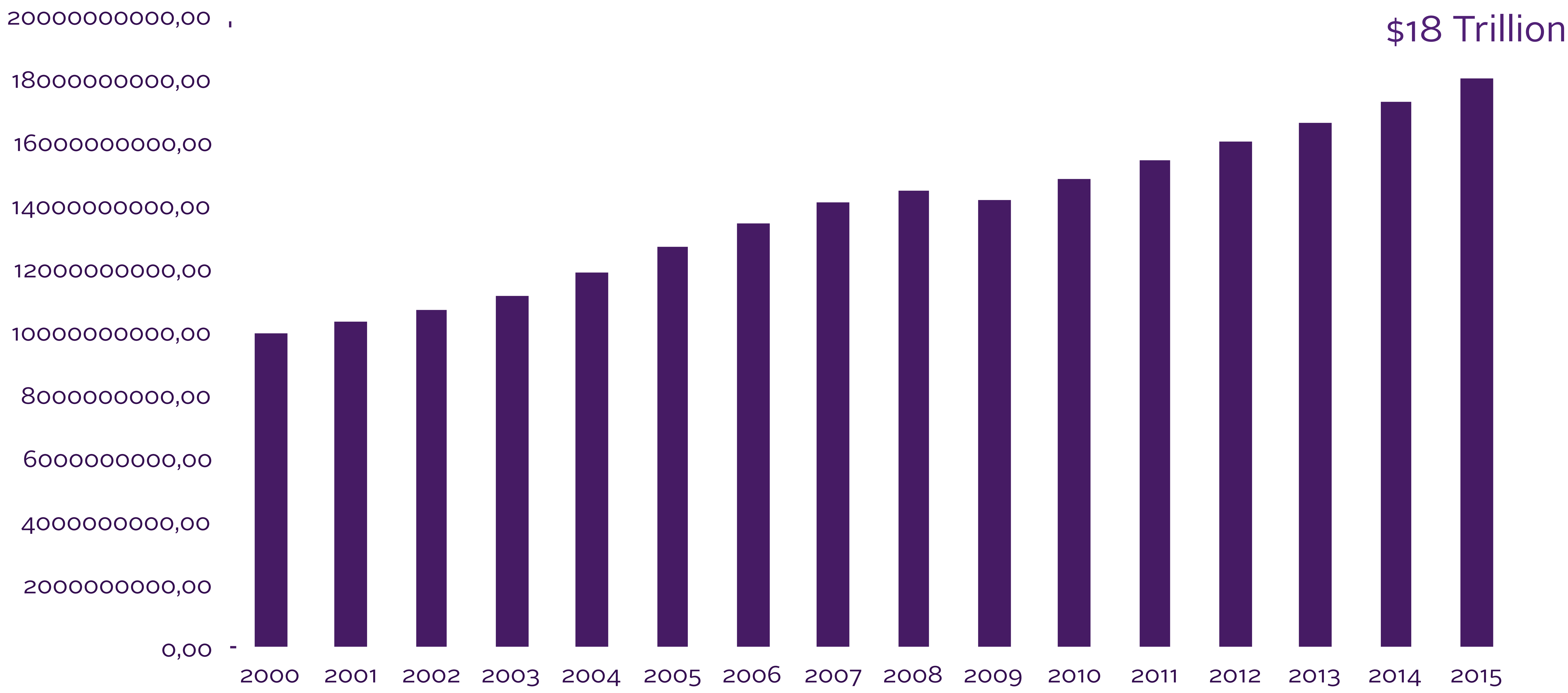
2. Debt:GDP Ratio

3. Monetary Policy

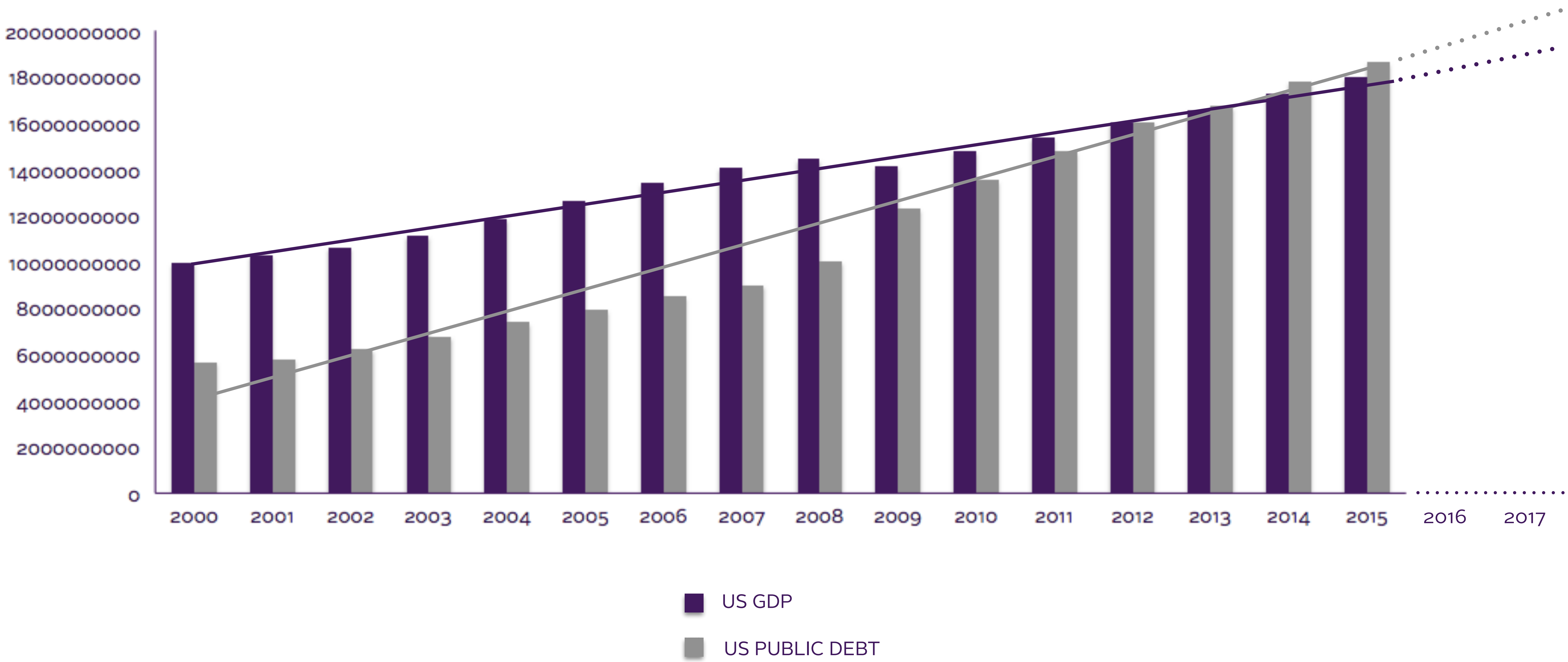
US Public Debt
Accumulated Value in Dollar
(2000 – 2015)



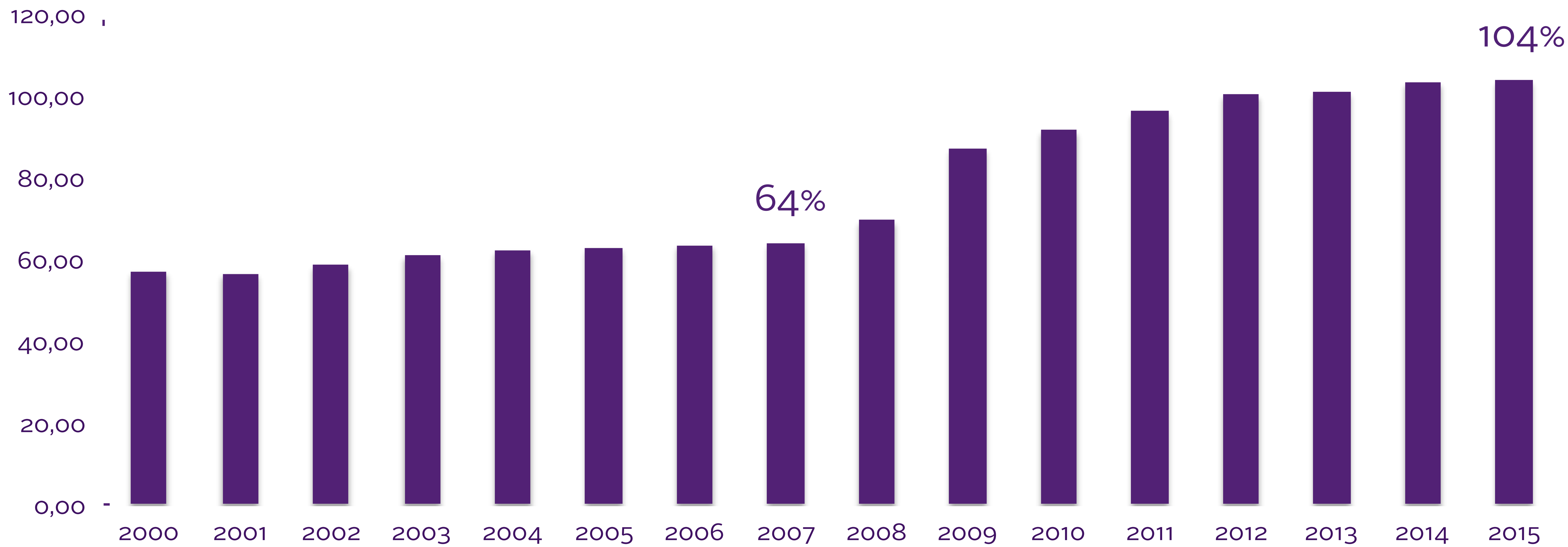
US Gross Domestic Product Value in Dollar (2000 – 2015)



US Public Debt vs. Gross Domestic Product Value in Dollar (2000 – 2015)



US Public Debt to GDP Ratio (2000 – 2015)

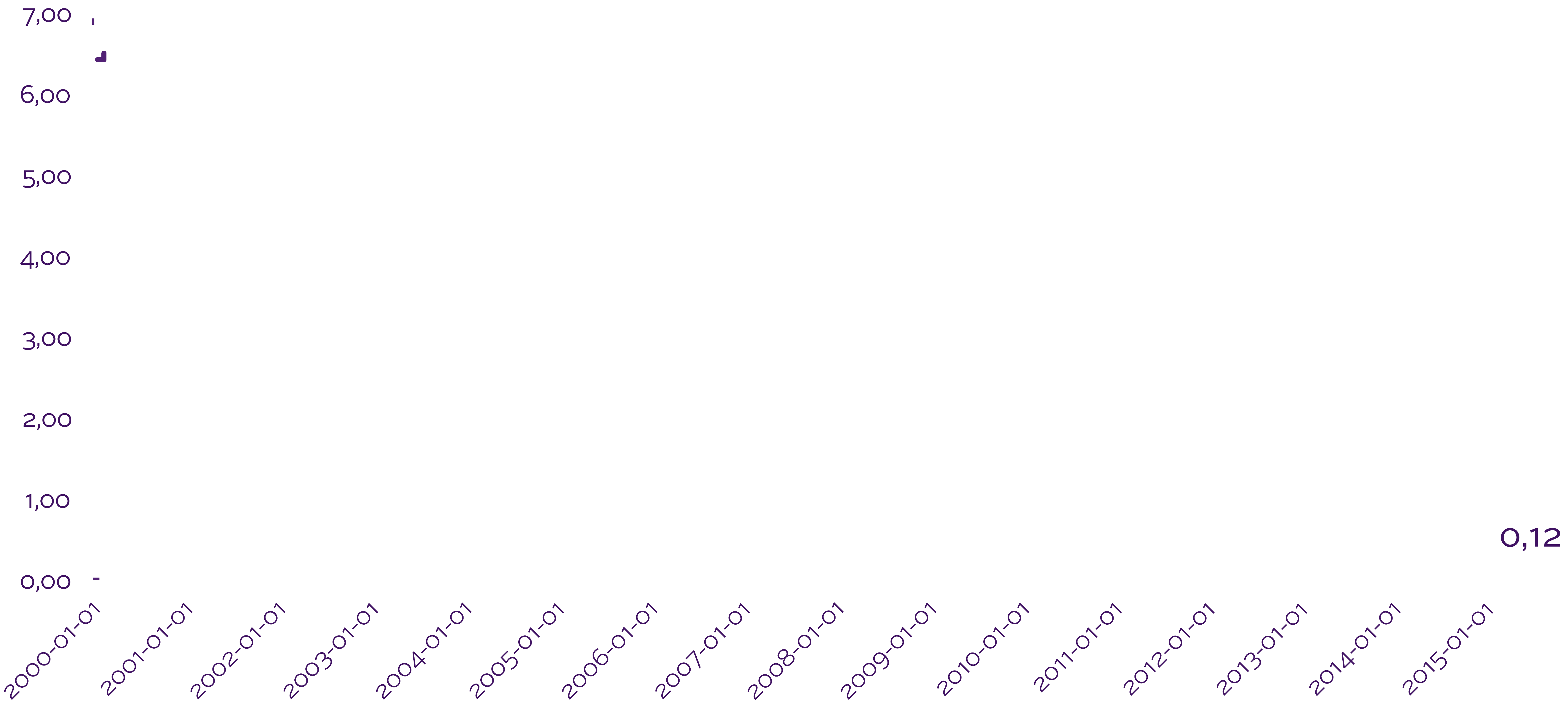


IMF research indicates:

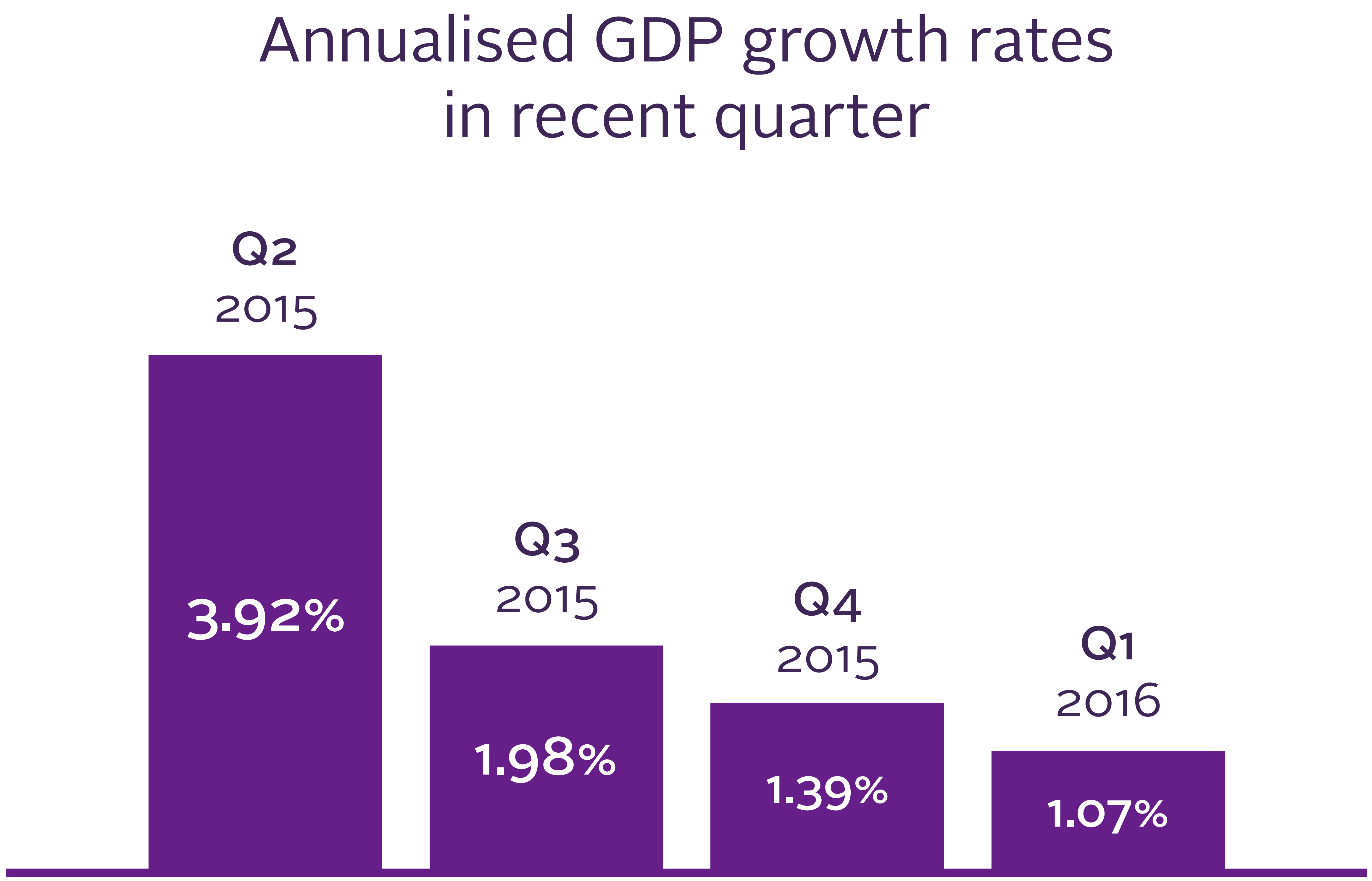
Increasing public debt leads to increasing long term interest rates. (0.05% per 1% for AEs; 0.04% per 1% for EMEs beyond 50% threshold)

US PDR transmits effects to AEs and EMEs beyond 75% threshold at (0.1% per 1%)

US Monetary Policy
Fed Funds Rate (2000 – 2015)



US Headline News
June 2016



Notwithstanding the massive stimulus efforts since 2008, the economy is on track for recession and QE4

US Headline News
June 2016

Unemployment

U3 Unemployment 4,9%
U6 Unemployment 9,6%
Shadowstats Alt Rate 22,9%

287,000 jobs created in June

The problem with overstated BLS numbers...

...is their ever declining Labour Force Participation Rate viz:

Aggregate Demand

But,

The US consumer has not recovered

Growth in real income is poor

The consumer is heavily stressed

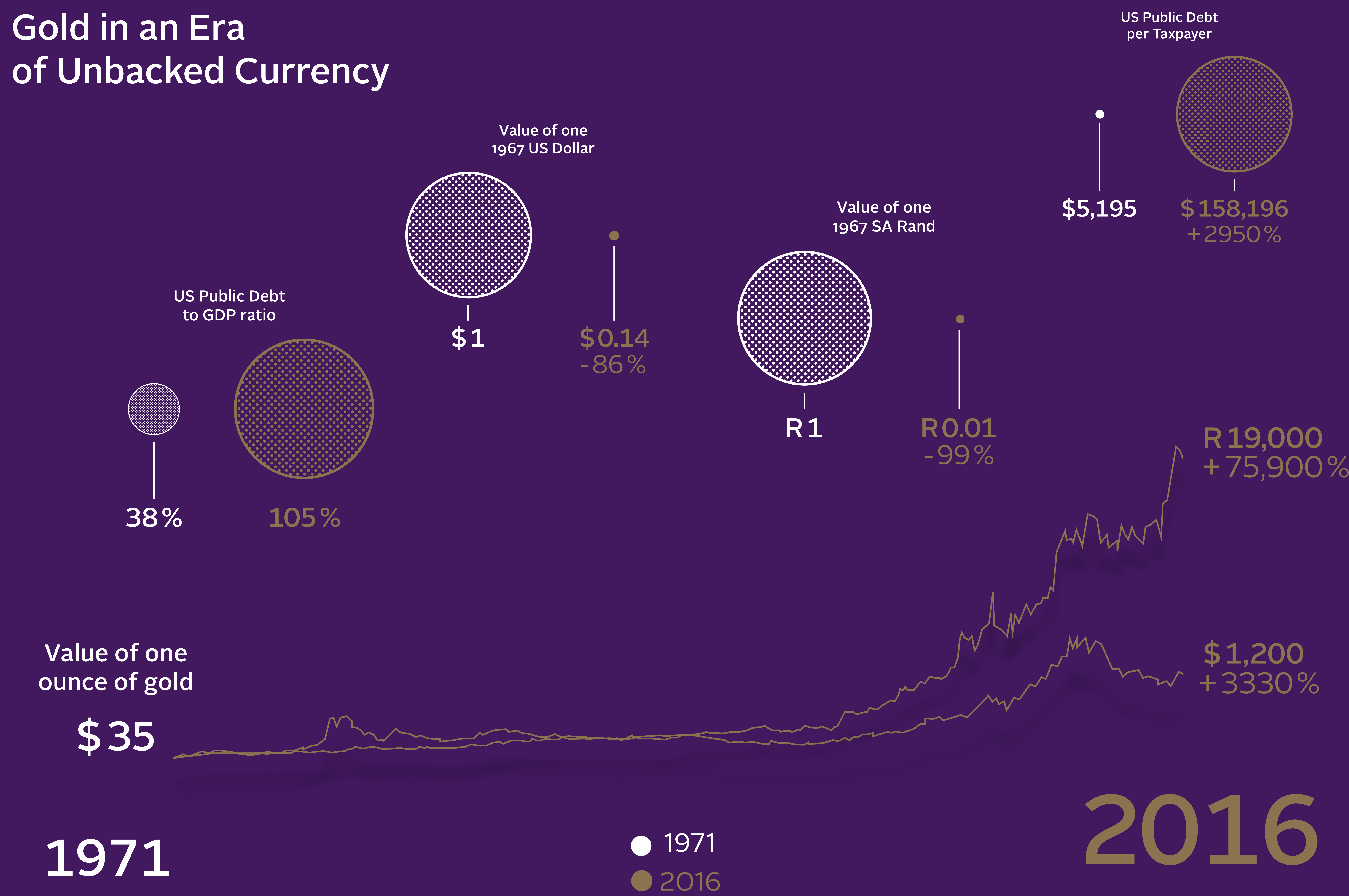
US Short-Term Future

Economic conditions look set to deteriorate towards recession

Fed unable to raise rates meaningfully

Movement towards QE4

Dollar to suffer setbacks


Gold in an Era
of Unbacked Currency
US Public Debt
to GDP ratio
38 %
105 %
Value of one
1967 US Dollar
$ 1
$ 0.14
-86 %
Value of one
1967 SA Rand
R 1
R 0.01
-99 %
US Public Debt
per Taxpayer
$5,195
$ 158,196
+2950 %
R 19,000
+75,900 %
$ 1,200
+3330 %
Value of one
ounce of gold
$ 35
1971
2016
1971
2016

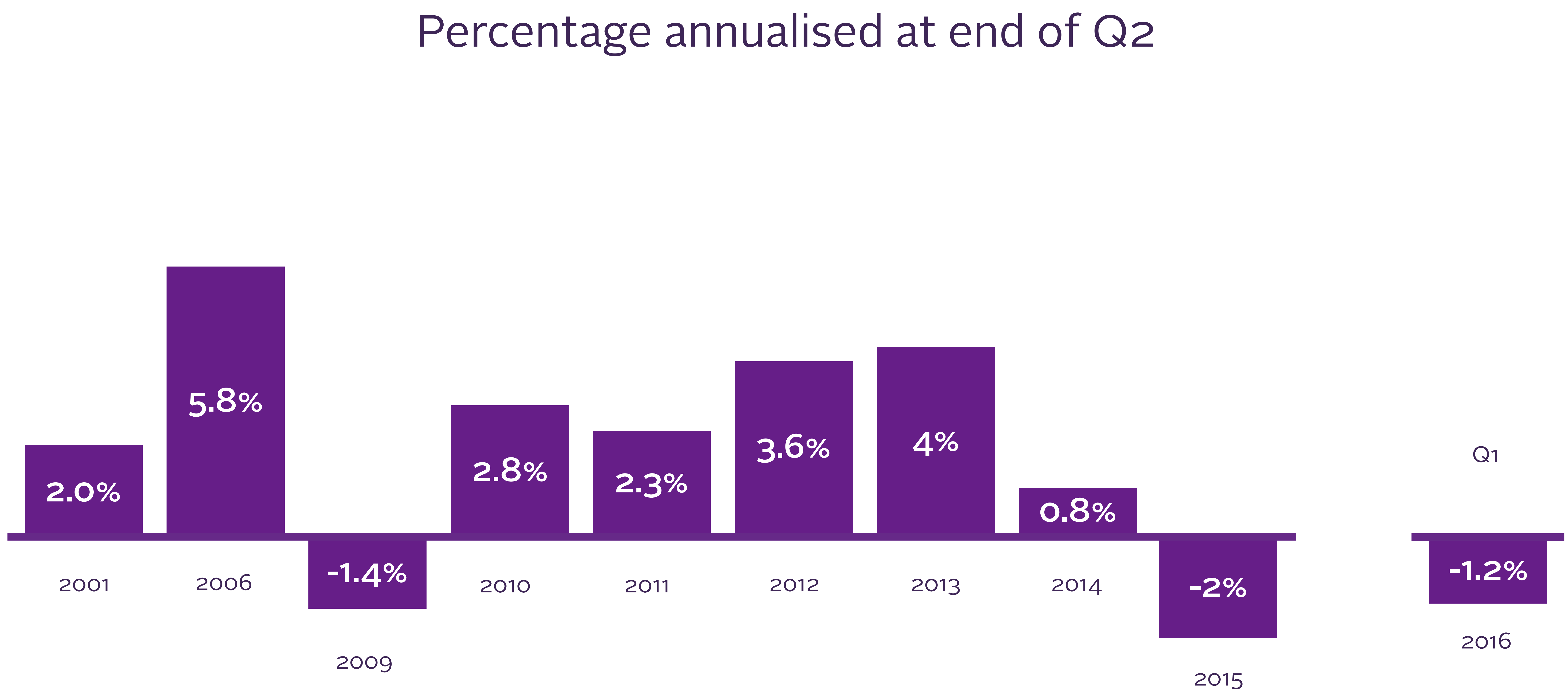
Key Drivers of the Rand in 2016

GDP

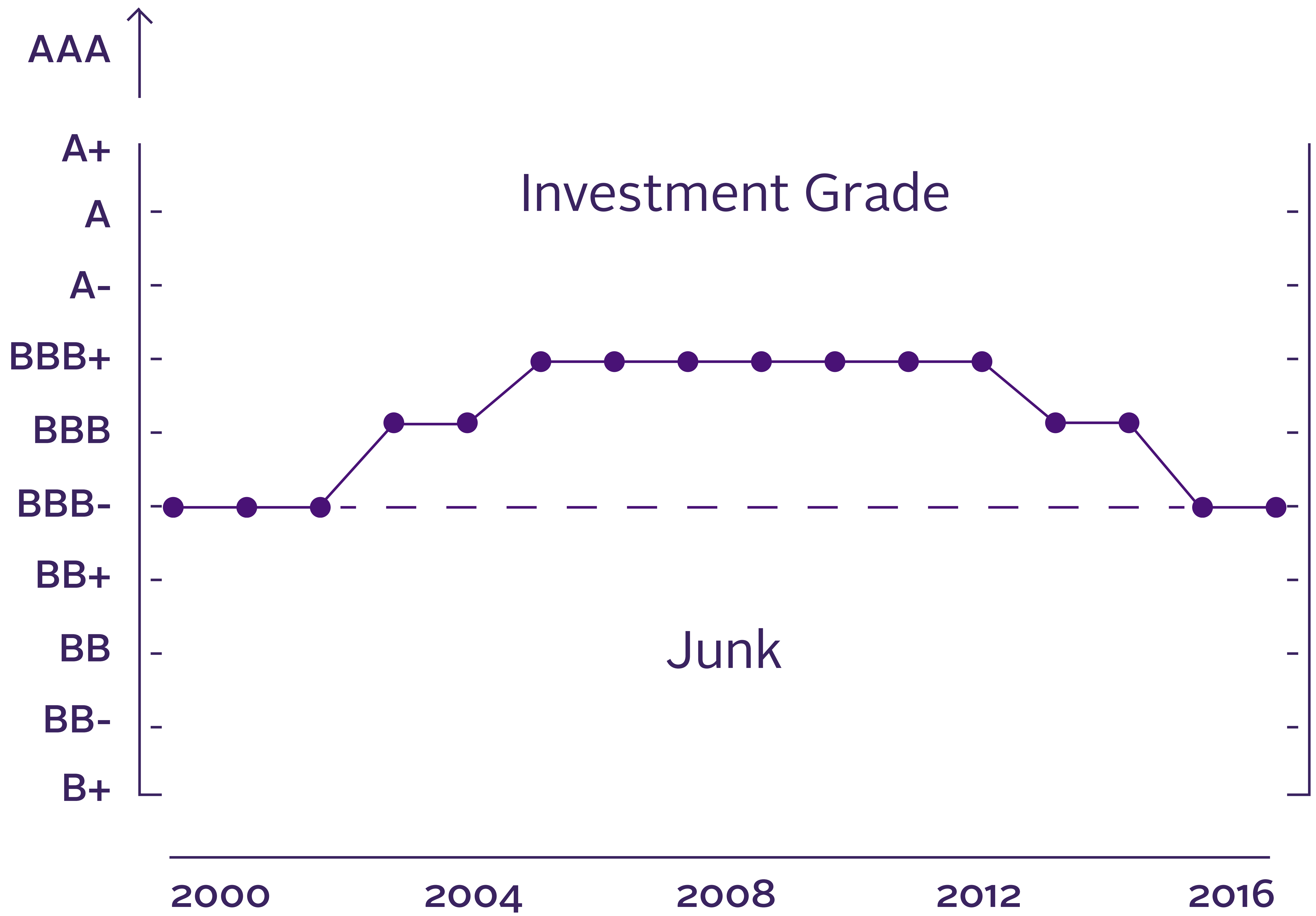
Credit Ratings

Government and Political Leadership

SA GDP Growth



S&P Credit Rating



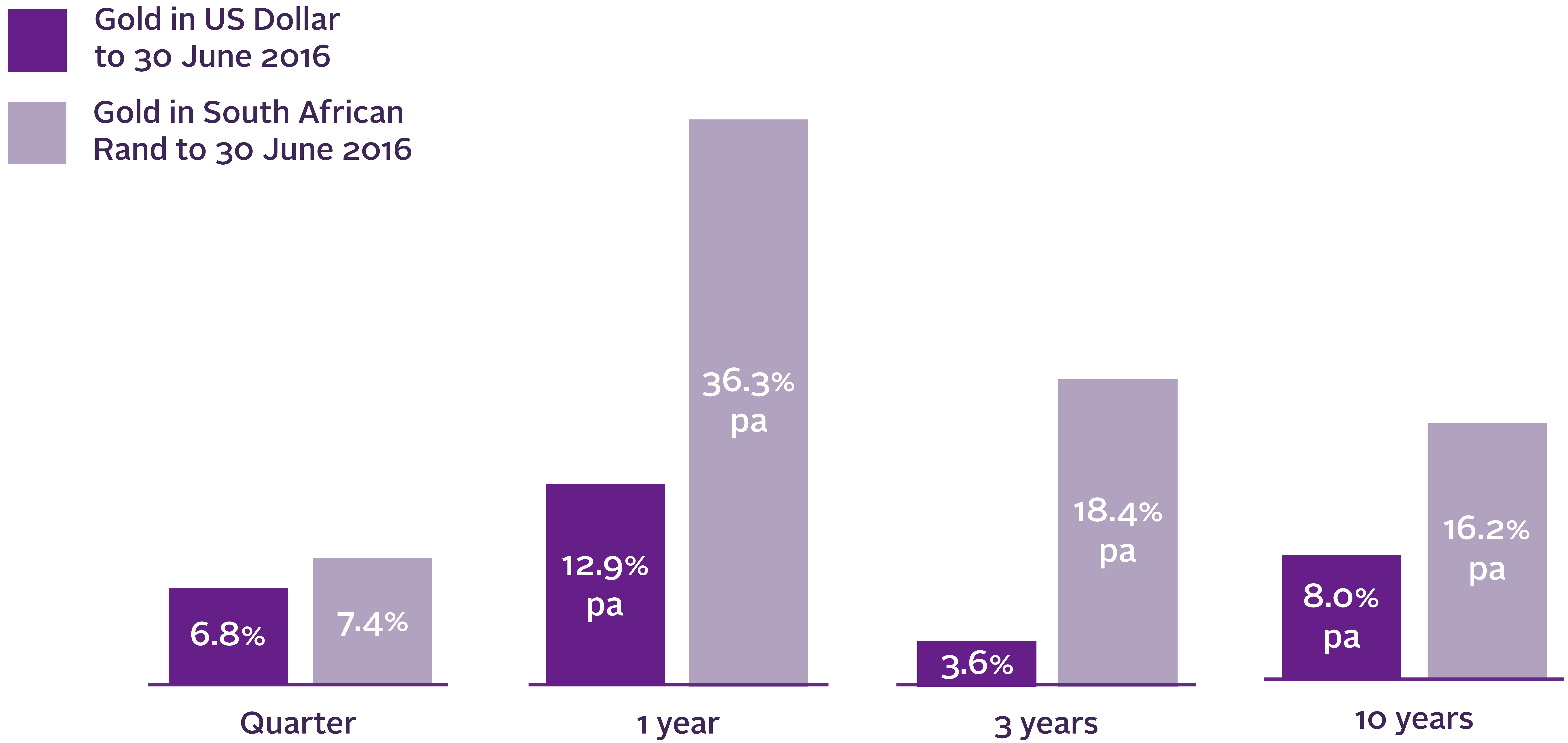
SA Short-Term Future

Economy under pressure

Looming ratings downgrade

Deteriorating Political Leadership

Gold Price Performance



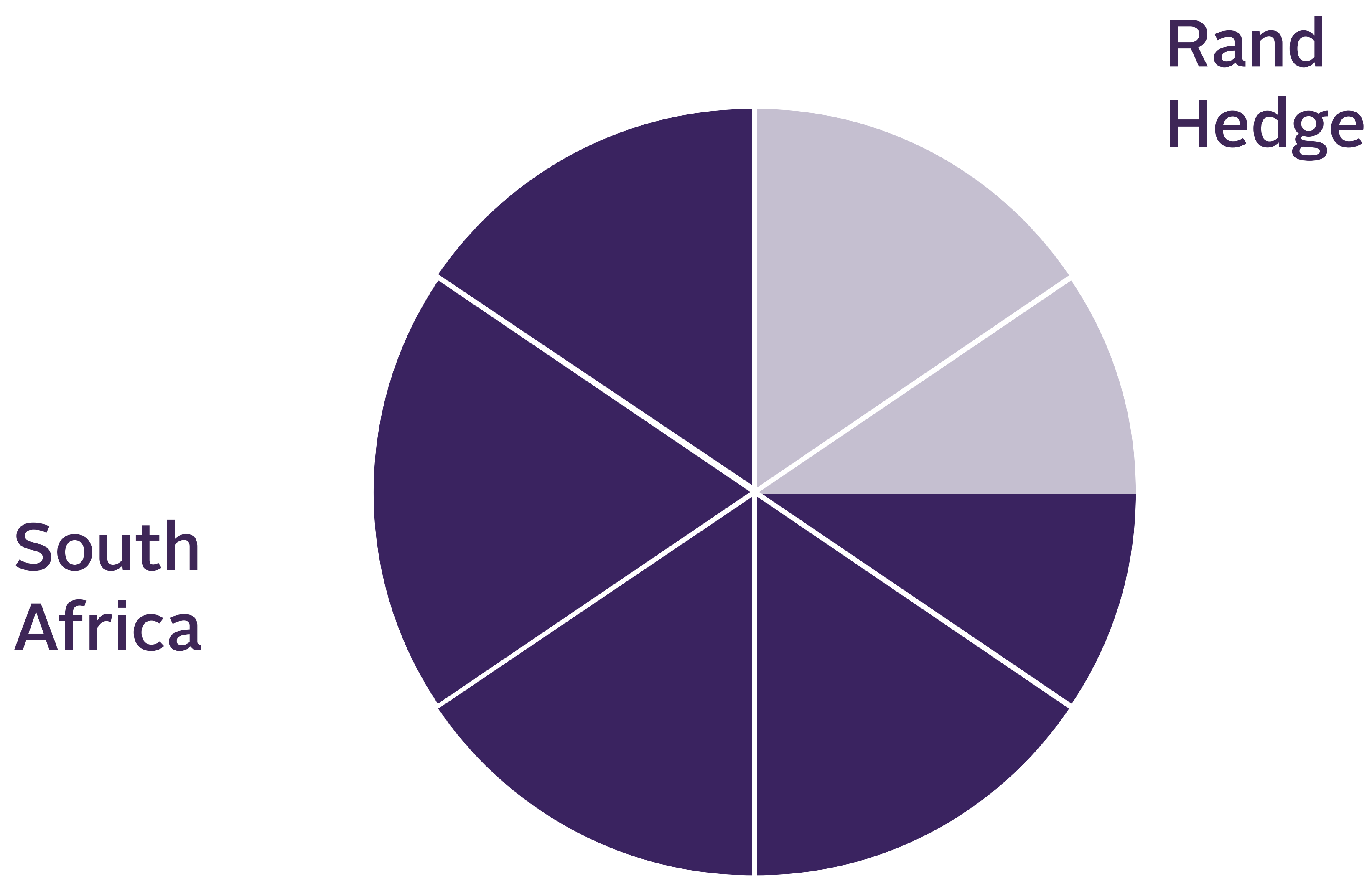
Versus performance on cash... ?

SA BULLION

11#2 **-! 2'- ,

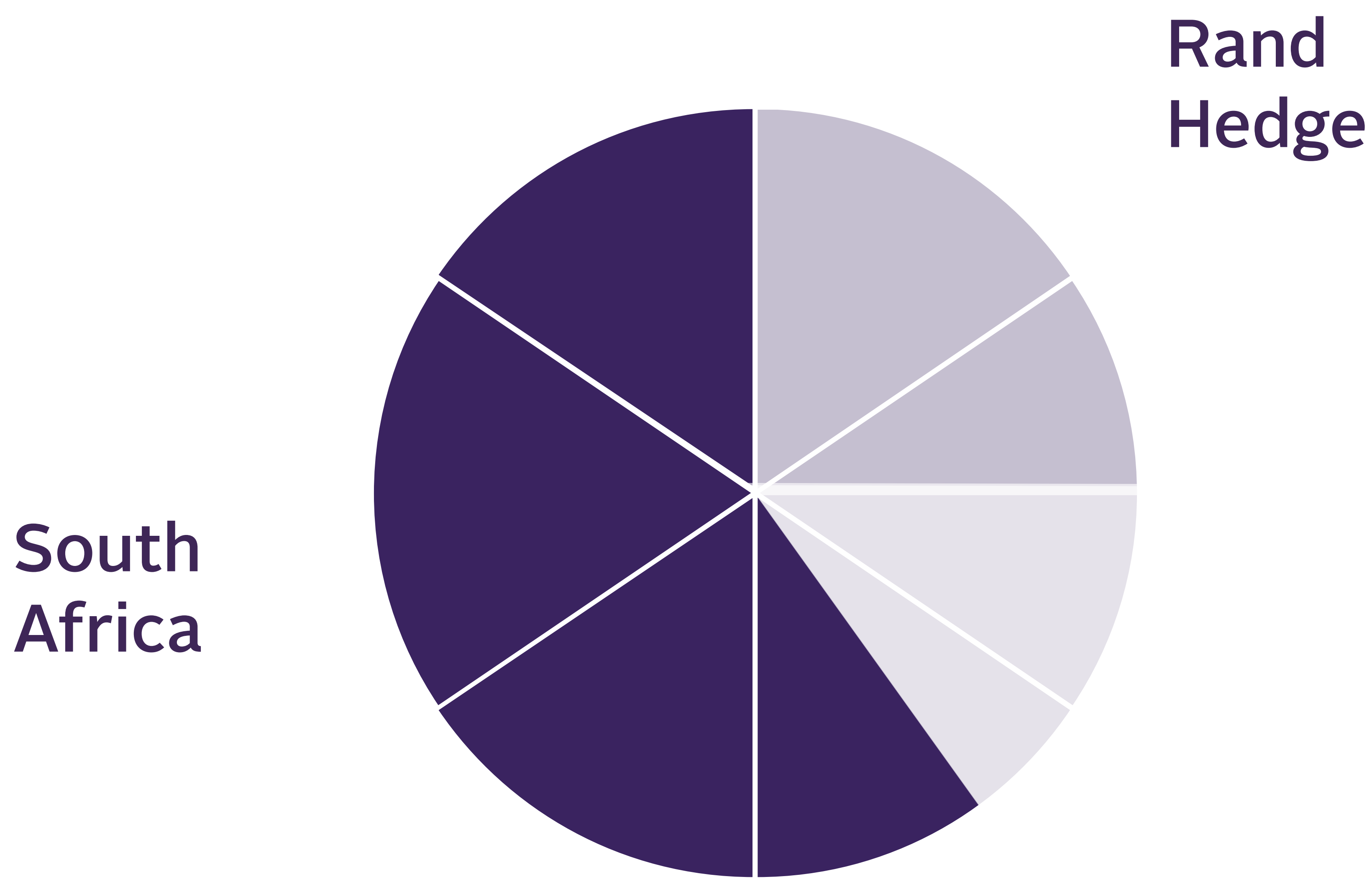
Asset Allocation

- Compulsory Assets
- Reg 28



Asset Allocation

- Discretionary Asset:
- Sweet Spot - Rand Hedge



THE KRUGERRAND

T +27 21 447 3240 F +27 86 504 7857 business@sabullion.co.za
Unit 3, The Old Castle Brewery, 6 Beach Road, Woodstock, Cape Town 7925, RSA

SA BULLION

Why the Krugerrand is the ideal form of gold ownership

1) Physical
2) Valued only for it's content
3) owned outright
4) legal tender (no VAT)
5) underwritten by the central bank
6) right to physical delivery

SA BULLION
THE FACILITIES

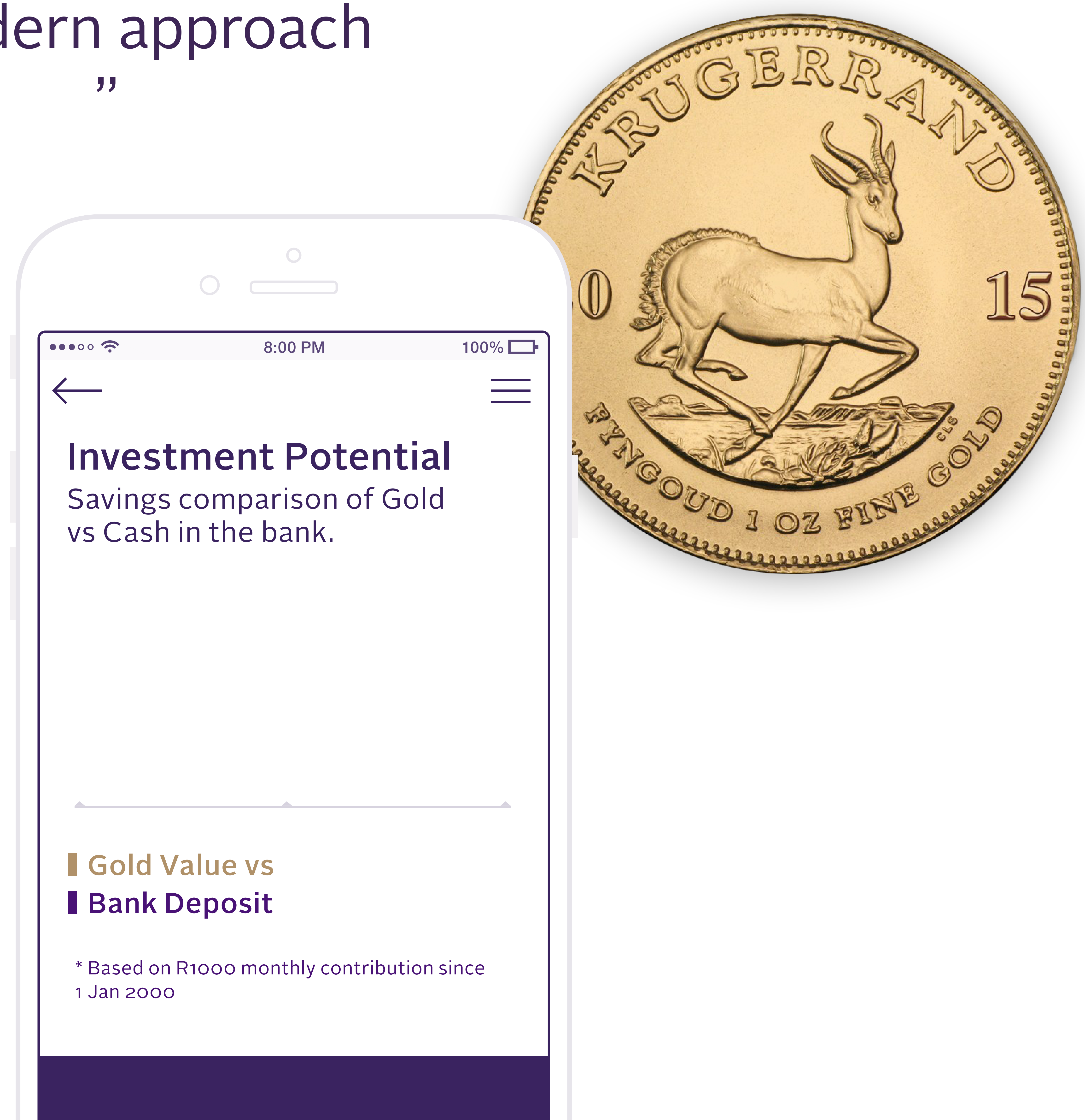
T +27 21 447 3240 F +27 86 504 7857 business@sabullion.co.za
Unit 3, The Old Castle Brewery, 6 Beach Road, Woodstock, Cape Town 7925, RSA

SA BULLION

“

bringing together
a traditional asset with
a modern approach

”



The Qualities of our Facilities

Store of Value

Currency Hedge

Outside of the banking system

The Perfect Facility

The Qualities of our Facilities

Store of Value

Financial Crisis

Too big to fail

Bailout

Great Recession

Liquidity Crisis

Fiscal Stimulus

Sovereign Debt Crisis

Credit Rating Agencies

Systemic Crisis

Bail in

Bank Crisis

Inappropriate Monetary Policies

Failed Regulations and Supervision

The Qualities of our Facilities

Store of Value

The intergenerational story

1 SEP, **1970**

R 25

$35

30 APR, **2016**

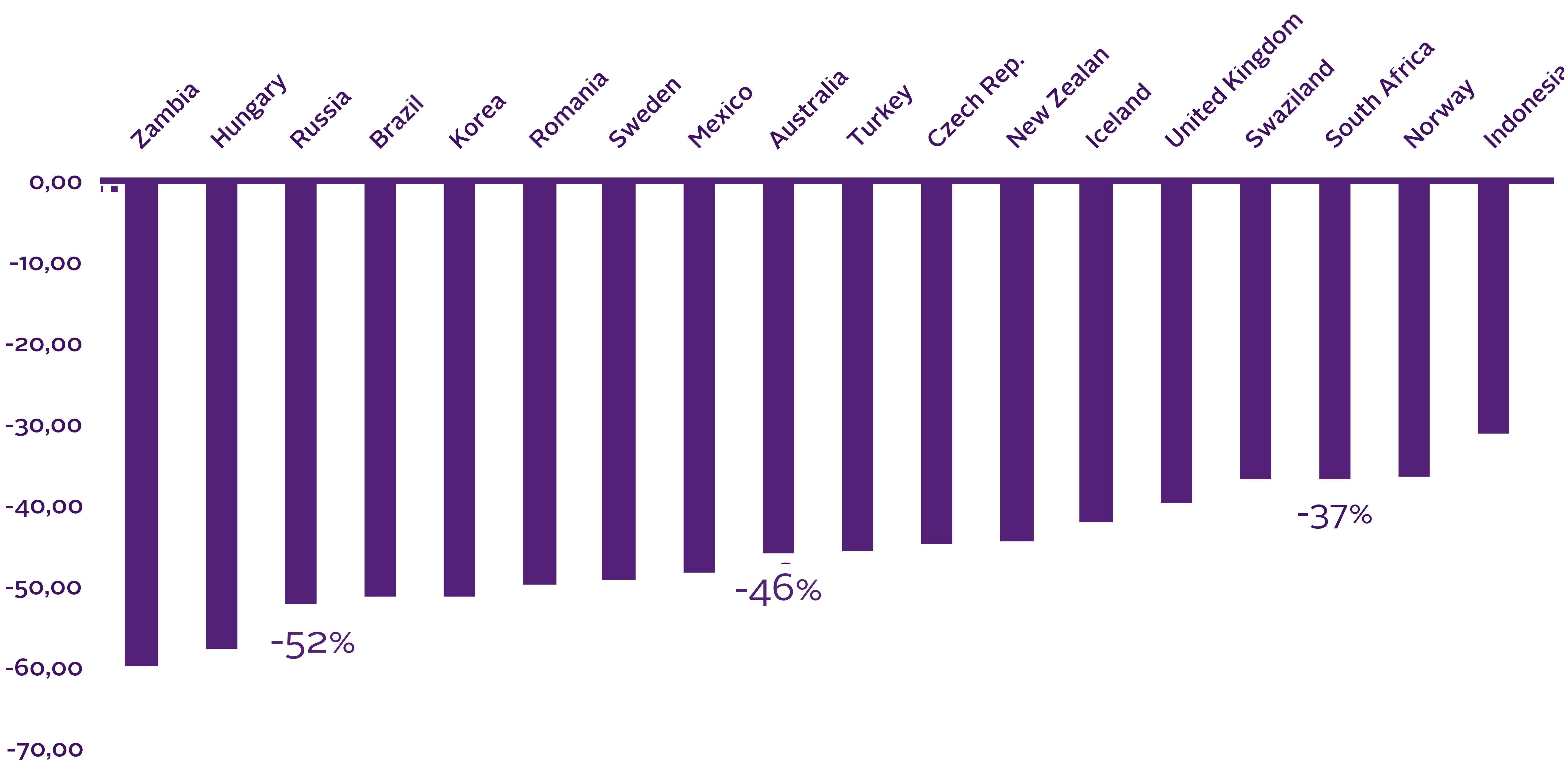
R 18,310

$1,286

The Qualities of our Facilities

Currency Hedge

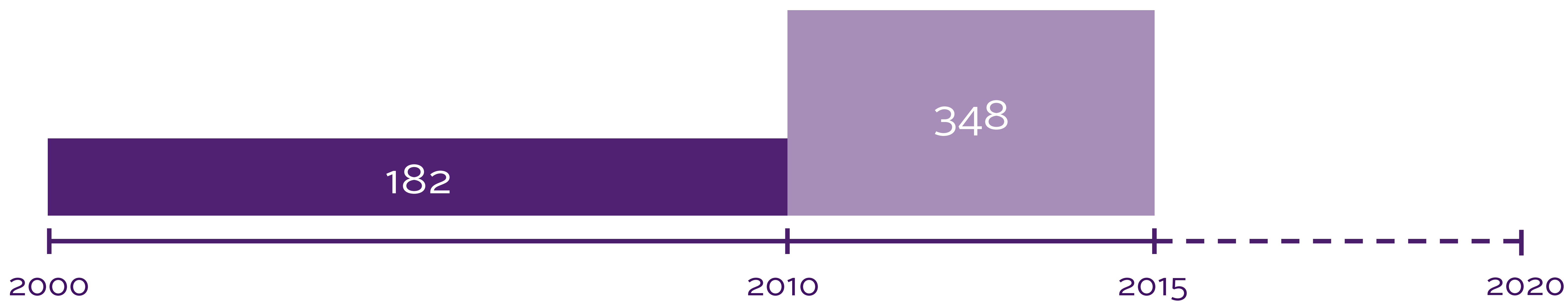
International Currency Crises
Currency devaluation relative to US Dollar
November, 2008 - May, 2009



The Qualities of our Facilities

Outside of the banking system

US Bank Failures
per decade



Largest US Bank Failures

Continental Illinois
$40 Billion (1984)

City Federal
$39 Billion (1989)

Washington Mutual
$307 Billion (2008)

The Qualities of our Facilities

Outside of the banking system

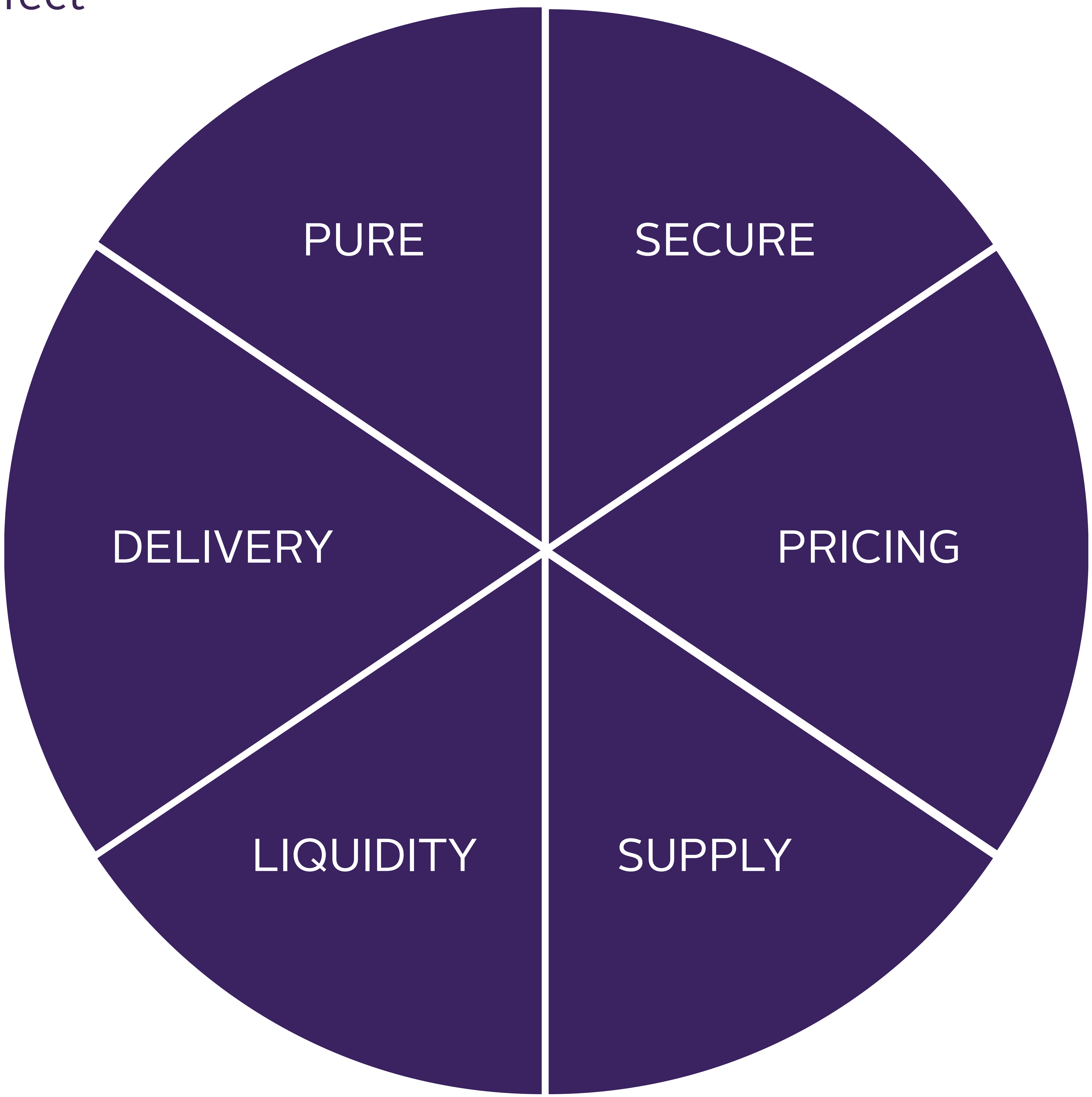
SA Bank Failures
since democracy

9

SA Banks
Standing today

The Qualities of our Facilities

The Perfect Facility



The Qualities of our Facilities

The Perfect
Facility

The
Perfect
Facility

How it works

1

CONTRIBUTE

Deposit cash

- Call account established in your name to hold your cash contributions
- Contribute via EFT or debit order
- Manage your contributions with our online management tool

A 1% initial fee is levied on cash contributions. Possible advice fees may be levied by your financial advisor.

2

BUY

Acquire gold

- Cash is immediately applied toward the purchase of brand new Krugerrands.
- Pricing occurs at the lowest cost in the world.

Krugerrands are priced at the previous day's LBMA Afternoon Fix converted to Rands + 3% refining and minting premium.

3

VAULT

Secure custody

- Directly owned gold
- Vaulting at Rand Refinery
- Insured by Lloyds of London
- Lowest vaulting and insurance cost
- Physical delivery always available *

Fees of 2% per annum are charged monthly in arrears.
* In the first 2 years, additional charges may apply.

How it works

4 INTERACT

Conveniently Manage

- Online access
- Secure instructions
- Real time portfolios
- Monthly statements
- Quarterly reports

Manage your facility both online or offline.

5 SELL OR BEQUEATH

Redeem gold / Leave to Heirs

- Perfectly liquid at full value
- Redeem any amount at anytime
- 24 hour notice required
- Guaranteed buy-back arrangement with South African Reserve Bank
- Transfer ownership to Heirs

No charges on redemption of gold.

6 CASH OUT

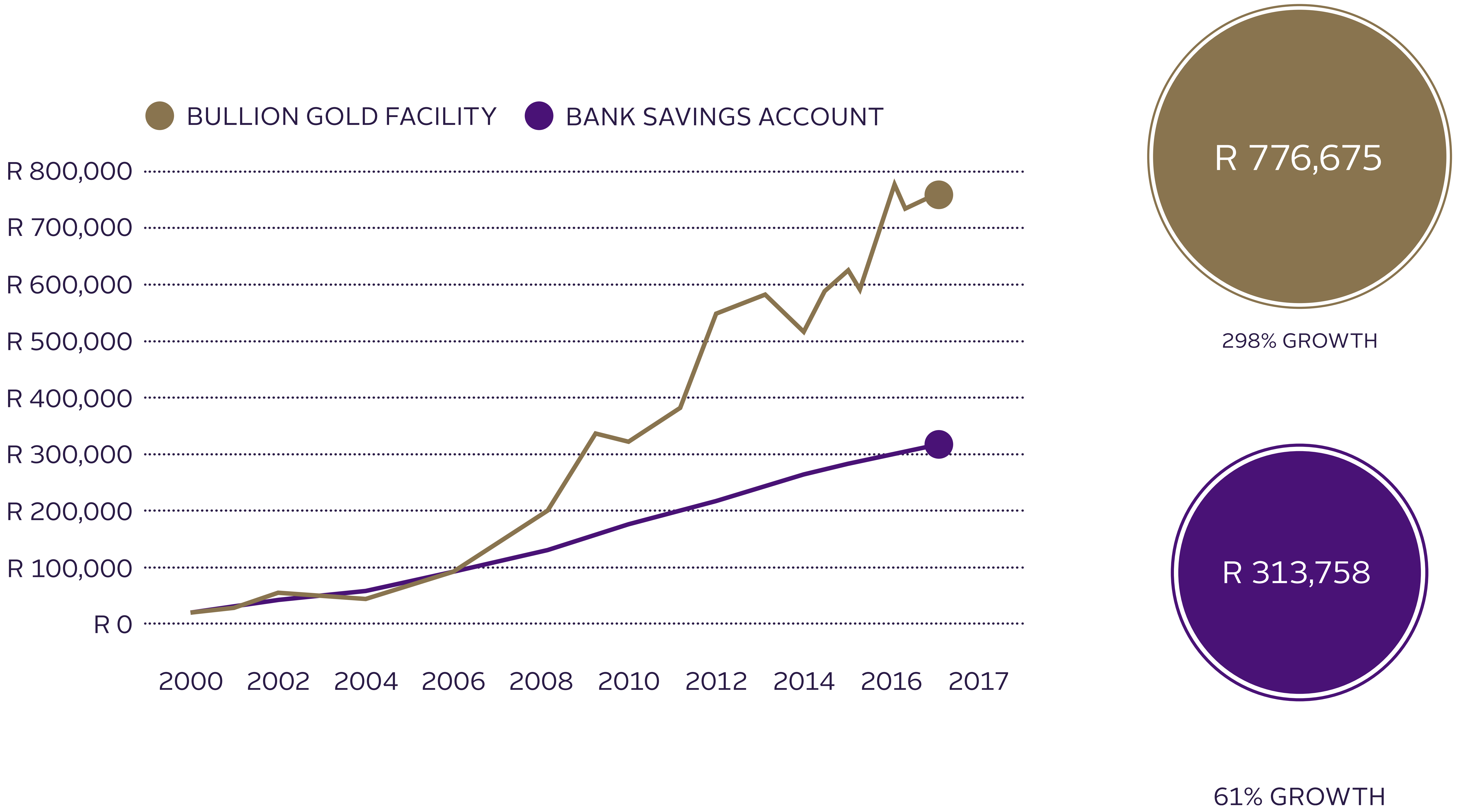
Payment to bank account

- Real time, secure transfers to bank account

No charges on transfers.

FOR SMART SAVERS

Savings Comparison of R 1000 per month from 1 Jan 2000 to 30 April 2016

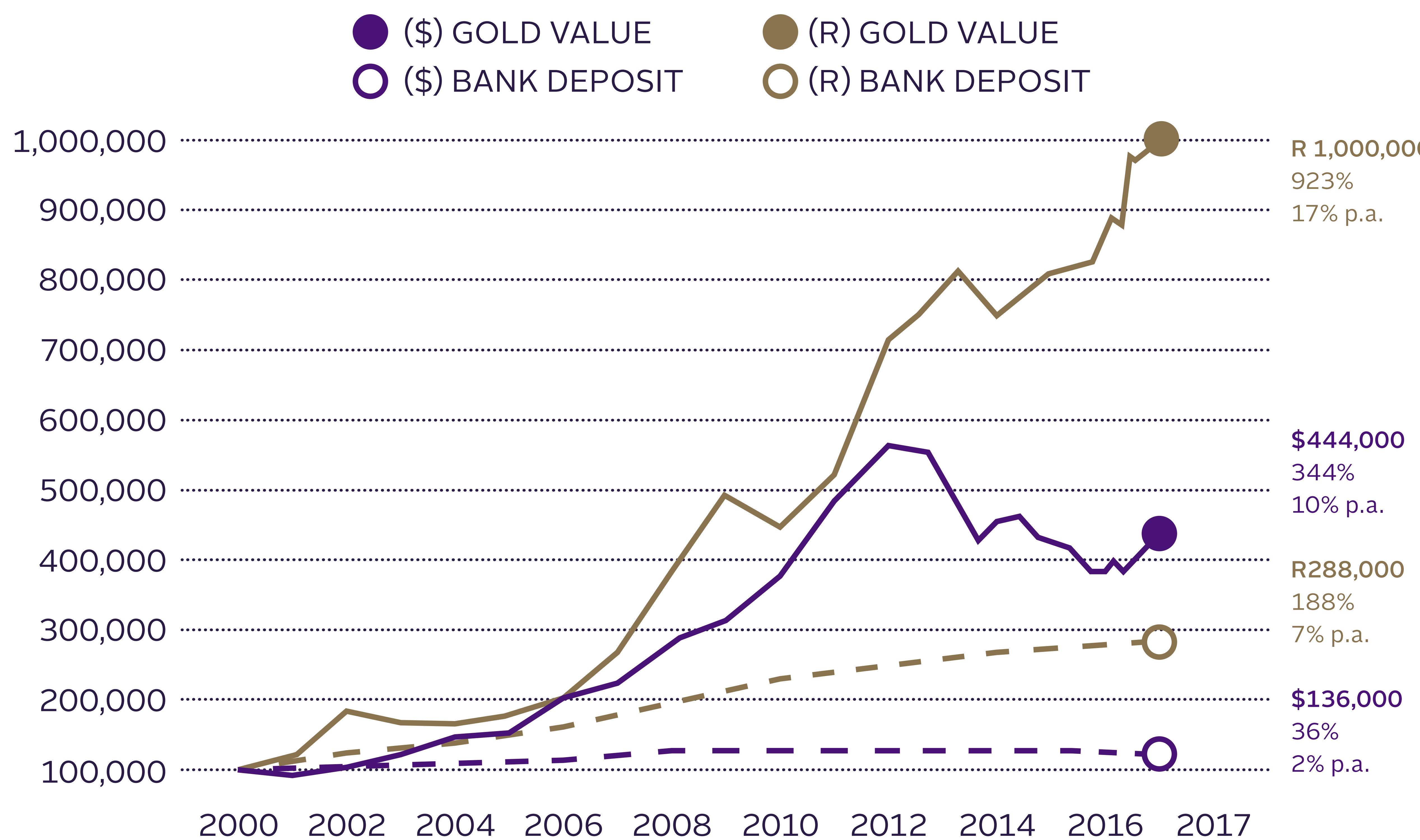


No fees or bank charges have been considered. The return on cash in the bank assumes monthly compounding of the FNB call rate. Past performance is not an indication of future performance. Source: Profiledata / SA Bullion Research

FOR BEDROCK INVESTORS

Gold vs cash in the bank, the modern story

The graph compares the investment performance of gold vs. cash in the bank for both USD ($) and ZAR (R) investors over the 15 year period since the turn of the century.



Data is based on an initial investment of $100,000 and R100,000 from 1 January 2000 to 30 April 2016. No fees or bank charges have been considered. The return on cash in the bank assumes monthly compounding of interest at the 1 month CD rate (US) and the FNB call rate (RSA). Past performance is not an indication of future performance.
Source: Profiledata / US Federal Reserve / SA Bullion Research

Introducing the BarakaGold Facility

BARAKAGOLD FACILITY

FOR HALAAL INVESTORS

Intrinsic Value · Riba-Free · Real Shari'ah

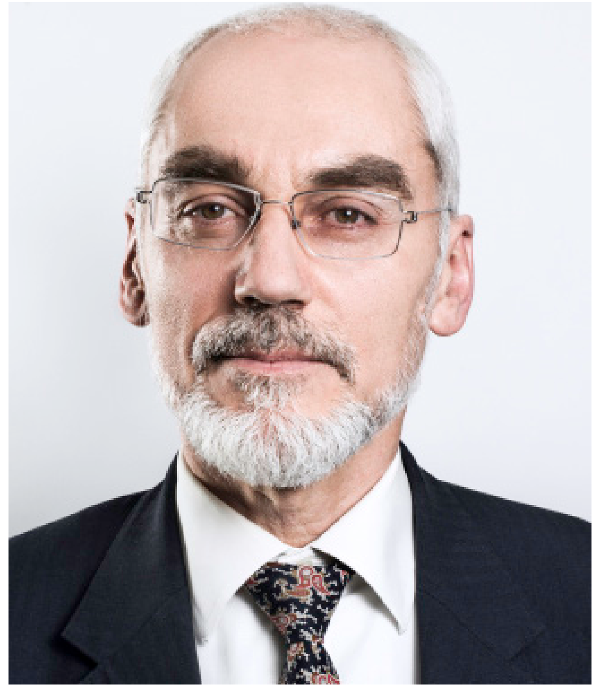
SA BULLION

The BarakaGold Facility

- Truly Shari’ah
- Perfectly Liquid
- Investors and Savers
- Proceeds - Gift of the Givers

BARAKA MEANS BLESSING

We aim to bring back blessings to your well-earned savings by converting them into a truly shari'ah compliant form – that of gold. Since the advent of Islam, Muslims have looked to gold and silver as an honest store of value and a universally recognised means of exchange. This still holds true today.



Associate Professor of Arabic Studies and Director of the School of Languages and Literatures, University of Cape Town.

Dr. Yasin Dutton

IT'S TIME TO START THINKING DIFFERENTLY ABOUT OUR FUTURE BY RECONNECTING WITH OUR PAST.

Thank you


A FUTURE
IN GOLD