



FIDELI TRADE
INCORPORATED

America's Premier Precious Metals Investment ResourceSM

Presents...



Summer 2004

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.



Liberty

American Twenty Dollar Gold Pieces



Saint-Gaudens

In the last issue of The Refined Investor, we announced the addition of the American Twenty-Dollar Gold Piece to our product line. Many of you acquired these beautiful specimens for your portfolio and, therefore, we wanted to update you on the current state of the coin market.

The rare coin market continues to show strength in all areas. The demand for classic numismatic rarities continues unabated, resulting in impressive gains across the board. The most important aspect of this market cycle is that it is broad based and not driven by one or two major influences.

Nowhere is this better demonstrated than in U.S. gold coins. The \$20 gold piece (both Liberty and Saint-Gaudens types) remain the most widely traded gold coins in the world of numismatics. Demand continues to outstrip supply. One reason for this strong demand is that the "Double Eagle" offers a dual benefit – the benefit of gold ownership and of numismatic potential.

In 1933, when the U.S. government recalled all circulating gold coins, vast amounts of these coins were shipped overseas and held in vaults. In 1975 gold ownership by U.S. citizens was legalized and, in the decades since, American gold has been repatriated from Europe and other areas of the world. Over the years, many rare dates and high quality specimens were rediscovered in this manner. However, in recent years and months, the quantity and quality of imported American coins has steadily declined.

Many collectors have incorrectly assumed that an "endless" supply of high-quality coins would be available. They are now realizing that remaining supplies are primarily of low quality. As supply and demand forces continue to exert upward pressure on the market, continuation of the current bull market appears likely.

Precious Metals – A Market Update

The precious metals markets have experienced increased price volatility over the past year. Since July 1, 2003 gold prices are up 10% to around \$386, silver up 26% to \$5.75, platinum up 24% to \$833 and palladium up

31% to \$241. During the month of April, prices peaked at \$427.25, \$8.29, \$937.00 and \$333.000 for gold, silver, platinum and palladium, respectively. The positive outlook for higher prices continues.

(cont'd on next page)

Gold

With gold finishing its second year of double-digit gains, the outlook continues to look bright. Producers (the mining companies) have reduced their hedging activities and investors have increased their commitment to gold -- both effectively increasing demand for the metal. At the same time, the US dollar has weakened and investors are viewing traditional investments, such as stocks and bonds, with skepticism. Mine output rose by just 0.1% last year and is unlikely to increase significantly in the short term. Given these factors, and the positive influence of relatively small flows of money out of the stock market and into alternative assets, gold appears well positioned to experience higher prices.

Silver

Relatively small flows of investment capital into the silver market have resulted in increased volatility this past year and higher prices. Total demand was boosted primarily by industrial fabrication, reduced producer hedging and investment. Mine supply actually decreased in 2003, while scrap and other sources of supply increased only slightly. Investors are now watching fabrication and investment demand, along with government sales to determine where prices may move next. Fabrication demand looks strong at this point. Government sales from China also appear to be in check given their recent reduction in sales; any decline in China's sales are likely to fuel higher prices. As in 2003, investors are again the wild card. If investors look to alternative assets, capital flows into the market may push prices higher.

Platinum

According to Johnson Matthey's annual review, platinum supply and demand are expected to be more or less in balance in 2004, ending five successive years of supply deficit. Demand continues to be supported by automobile manufacturers and the production of catalytic converters. Supply grew through mine expansions, primarily in South Africa. Prices were strongly influenced by investment and reached a 24-year high of \$937 in April. Investment will continue to be a driving force in platinum prices.

Palladium

Palladium prices have moved higher based on speculative interest. Demand was higher in 2003, supported mainly by the automobile industry. Supply increased significantly as a result of Russia's aggressive selling of its Norilsk mine production. As with the other precious metals, palladium's price performance will be greatly affected by investor sentiment and speculative activity.

Precious Metals Factoid

The Troy ounce is the traditional unit of weight for precious metals. It is equal to 1.097 Avoirdupois ounces, 31.1035 grams, 480 grains or 20 pennyweight. It is believed that the term originated at the annual fair at Troyes in France sometime in the Middle Ages.

"Food For Thought From FidelityTrade"

The commodity industry in general, and precious metals sector in particular, have developed a number of terms that are unique to their products and business. Some of these terms are straightforward, while some can be very ambiguous and confusing. Below is a short glossary of terms, routinely used by investors and dealers when executing precious metals trades.

Ask Price: The price at which a dealer offers to sell a particular product. Also known as the *offer price*.

Bid Price: The price at which a dealer will buy a particular product.

Discount: A downward adjustment in the bid or ask price of a particular product based on the particular demand factors for that product. For example, if a particular bullion bar is in very low demand, it may trade at a discount to the spot price.

Futures Contract: A contract between a buyer and seller, whereby the buyer is obligated to take delivery and the seller is obligated to provide future delivery of a fixed amount of a commodity at a predetermined price, at a specified location. These contracts are traded exclusively on regulated exchanges. On the New York Mercantile Exchange, the standard contract for gold is 100 ounces of gold with a minimum purity of 99.5%, the standard contract for silver is 5,000 ounces with a minimum purity of 99.9%, the standard contract for platinum is 50 ounces with a minimum purity of 99.95%, and the standard contract for palladium is 100 ounces with a minimum purity of 99.95%.

Premium: An upward adjustment in the bid or ask price of a particular product based on the particular demand factors for that product. For example, an American Gold Eagle bullion coin generally sells for a few percent over the spot price; this premium reflects the manufacturing, marketing, distribution, dealer profit and consumer demand for the coin.

Spot Price: Commonly used to refer to the intrinsic or benchmark price of a commodity to which premiums or discounts may be applied. (Not to be confused with the Bid or Ask price of a particular product.)

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SIL 5.90 ▲ 0.04 GOLD 395.60 ▲ 1.60 PLAT 812.00 ▲ 2.10 SIL 5.90 ▲ 0.04 GOLD

Notes from Our Trade Desk... GOLD 415.60 ▲ 3.80 PLAT 814.30

- *Group Ownership Customers: From now through September 30, 2004, FidelityTrade will waive commission on purchases over \$10,000.*
- *American Twenty Dollar Gold Pieces are currently available. No commission is added to the price of these coins. Call 800-223-1080 and place your order today!*