



FIDELITRADE
INCORPORATED

America's Premier Precious Metals Investment ResourceSM

Presents...



Winter 2004

The Refined Investor[®]

Table of Contents



American Twenty Dollar Gold Pieces



The Precious Metals Industry – The Financial and Industrial Markets



Food For Thought From FideliTrade



Notes From the Trade Desk

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

As America's Premier Precious Metals Investment Resource[®], FideliTrade is pleased to announce its exciting new offering of America's historic twenty-dollar gold pieces.

First minted in 1850, the \$20 gold piece, also known as the "Double Eagle," embodies the very spirit and essence of American society and culture. Last produced in 1933, the Double Eagle's 83-year production span encompassed the largest social and financial growth period in world history.

The \$20 Liberty and \$20 Saint-Gaudens represent a tremendous opportunity to own a genuine piece of American history. These

semi-numismatic coins offer a balance between truly rare coins and bullion coins. Each coin contains .9675 ounces of gold and is independently graded, encapsulated and certified by the Professional Coin Grading Service (PCGS) or Numismatic Guaranty Corporation (NGC). Graded Mint State 63 (on a 70-point scale), these coins offer the most gold for the money in high quality specimens. And since the coins are certified and encapsulated, investors can rest assured that their investment is protected against damage and inaccurate grading.

For more information or to place an order, simply call us at (800) 223-1080.

The Precious Metals Industry - The Financial and Industrial Markets

[This is the final in our series of articles intended to provide readers of The Refined Investor with an overview of the precious metals industry – how it works and who the players are. Our first installments covered the mining companies, refiners and wholesalers; this segment covers the financial and industrial markets.]

Part IV: The Financial and Industrial Markets

We've seen how miners extract the precious metals containing ore from the earth, process

it into dorè and deliver it to the refiners. The refiners further refine and process the dorè into a useable form. The wholesalers then take the refined product and start the distribution process. Finished products (such as bullion bars and coins) are sold into the financial markets and semi-finished products (such as gold sheet or wire) are sold into the industrial markets.

The vast majority of products we buy and use in modern society either have precious metals in them or require precious metals for their manufacture. Gold and silver are rolled into

(cont'd on next page)

(Continued from Front Page The Financial and Industrial Markets.)

sheets and tubes, and drawn into wire for use in jewelry, photographic film and nearly every electrical appliance we use, be it cell phone or toaster, solar panel or laser. Platinum and palladium are dissolved into solutions and processed into pastes and films, drawn into wire and fabricated into laboratory apparatus. Platinum and palladium are critical components in the refining and production of petroleum products, chemicals and pharmaceuticals. They also are used in catalytic converters and fuel cells.

In addition to industrial applications, gold and, to a lesser extent, silver have been part of international banking and trade for thousands of years. Central banks have been major holders of gold for more than 100 years and are expected to retain large stocks. They currently account for about 20% of above-ground stocks. The United States owns the single largest reserve of over 261 million ounces.

Along with central banks, many large financial institutions also deal in precious metals. The trading desks of these companies make markets for other, lower tier dealers such as brokerage houses, banks and coin dealers, as well as institutional and private investors.

Institutional investors include hedge funds and mutual funds. Hedge funds are perhaps the largest players because, unlike mutual funds, their investments are not limited primarily to equities; they may invest, unencumbered by regulation, in commodities, derivatives and other financial instruments. Private investors not only include individuals, but also limited partnerships, small businesses, and individual trusts.

It is investors, both institutional and private, that drive the market. As political tensions increase, stock markets remain volatile, and the US dollar remains weak, investors seek alternative forms of investment. Despite the weak economy and lower industrial demand, precious metals prices have provided handsome returns, clear evidence of investors pushing the market prices higher.

The structure of the precious metals marketplace has many similarities to other industries' production and distribution chains. Raw materials are extracted from the earth, refined and manufactured into a useful form, and distributed through a wholesale and retail network to the ultimate consumer. However, the metals markets have one major difference that makes them unique – they are indestructible. Unlike most other consumer products that eventually lose their utility and end up in the garbage dump, precious metals are either resold to a dealer or recycled. Precious metals containing scrap from automobile catalytic converters, electronics and jewelry, to name just a few, are re-refined, manufactured and redistributed to serve society in another form, perpetually recycled. This is why most of the gold, silver and platinum ever mined continue to exist in some usable form.

Precious Metals Factoid

The average grade of gold bearing ore depends on many factors. However, rough estimates range from 0.125 ounces per ton in marginal mines to .322 ounces per ton in high quality mines. Stated differently, it takes approximately 3 to 8 tons of raw ore to produce just one ounce of pure gold.

“Food For Thought From FidelityTrade”

Precious metals prices have been extraordinarily strong over the past few years; gold prices are up more than 60%, silver over 35%, and platinum a staggering 125%. Are we in the early, middle or late stages of a bull market? What should we do next?

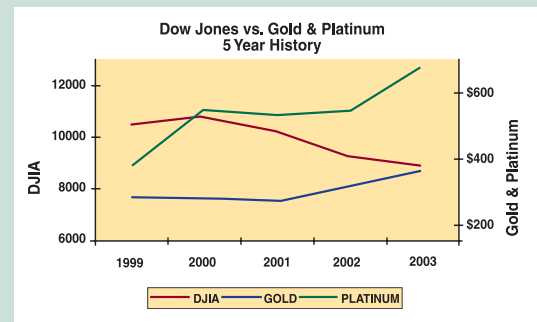
It is difficult to say if prices will be higher tomorrow than they are today. Maybe a better way to address our dilemma is to look at the historical role precious metals have played in investment portfolios.

In the short run, precious metals have clearly outperformed stocks during the past three years. They have fulfilled their role as a safe haven in these times of economic uncertainty and international political unrest. But, perhaps we should focus on their role as an effective portfolio diversifier.

We don't know, with certainty, where prices will go next. However we do know that:

- precious metals have proven, once again, that they provide a vital balance to traditional portfolios,
- precious metals prices are negatively correlated to those of stocks and bonds, and
- well diversified portfolios, in the long run, generally out perform portfolios with a narrow selection of asset classes.

Knowing these facts helps us make investment decisions based on prudent analysis. We should not attempt to pick the market tops and bottoms, but instead develop a balanced portfolio. By holding a variety of asset classes, including stocks, bonds, precious metals and other assets, we improve the probability of reducing volatility and improving overall returns.



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SIL 6.05 ▲ 0.14 GOLD 415.60 ▲ 3.80 PLAT 814.30 ▲ 5.10 SIL 6.05 ▲ 0.14 GOLD

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

- 2004 Gold and Silver Eagle coins are now available. Purchase yours before March 1st and receive a free gift box. (Limit 3 boxes per order)
- Group Ownership Customers: From now until March 31, 2004, the maximum commission on buy transactions will be \$100.