EAGLE
EUROPEAN
CAPITAL, LLC

Why Own Gold?

1. **RETURN TO ROLE AS MONEY**
   Gold is a monetary metal that will reclaim its place as the fiat currencies in the world collapse. The value of gold has soared to new heights throughout the world. Historically, every fiat currency system collapsed eventually. Our nation and the entire world are headed down this road. Gold will reemerge as money.

2. **POTENTIAL RETURN TO GOLD STANDARD**
   In 1971, President Richard M. Nixon abolished the gold standard. Returning to the gold standard would stabilize the value of money. Unlike every fiat currency in history, gold has never failed in providing a stable value. A gold standard merely sets the ground rules for exchange. Paul Dykewicz writes, “A return to the gold standard by the United States within the next five years now seems likely, because that move would help the nation solve a variety of economic, fiscal, and monetary ills, Steve Forbes predicted during an exclusive interview this week with HUMAN EVENTS.”

3. **HEDGE AGAINST INFLATION AND HYPERINFLATION**
   Gold is known as a hedge against inflation. The most consistent factor affecting the price of gold has been inflation. Many factors today cause a perfect inflationary storm. These include the Federal Reserve’s monetary policy, bailouts for banks and corporations, devalued U.S. dollar, U.S. debt and our trade deficit. Ongoing quantitative easing (QE) will likely result in hyperinflation (very high or out of control inflation).

4. **MORE IMPACT OF DERIVATIVES**
   Derivatives have played a major role in our financial meltdown. Examples of derivatives include futures, options, stocks and commodities. Congressional committees attempted to regulate these ticking time bombs and financial weapons of mass destruction with much resistance. The books carry many worthless derivatives, marked to model, which leads to a very warped financial picture.

5. **SAFE HAVEN**
   Gold tends to outperform other investments during periods of political or economic tension. Many people call it the “crisis commodity” because of this. As governments, print more paper money to pay their insurmountable debt, the paper currencies become increasingly devalued. At the same time, this makes the price of gold rise. When the people’s confidence in government is at the lowest, gold prices increase more.

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6. HEDGE AGAINST A DECLINING U.S. DOLLAR

As the U.S. dollar declines in value, the price of gold rises. For now, the world's reserve currency (the primary medium for international exchanges and the primary reserve currency held by the world's central banks) is the U.S. dollar. However, the dollar is nothing more than a fancy piece of paper, which in reality represents U.S. debt. Gold serves as a hedge against the currency devaluation of paper money. While gold prices remain volatile short-term, gold has maintained its value long-term, particularly when currencies fail.

7. STORE OF VALUE

Gold, as an asset, has always maintained an intrinsic value. Gold will never become a worthless piece of paper like some fiat currencies or stock certificates.

8. SUPPLY AND DEMAND

The demand for gold is outpacing the supply. A new mine takes about seven years to open. So the supply side cannot be addressed quickly. Some industry leaders allude to "peak gold" by implying that production has reached levels that can't be exceeded. The demand side is rapidly growing with China and India purchasing extraordinary amounts of gold at the central bank level. In addition, they encourage their citizens to purchase bullion. China will likely divest itself of the declining U.S. dollars with additional gold purchases. Central banks have been net buyers of gold since 2009. Further, despite the fact that gold prices have risen steadily for over ten years, the average citizen possesses no idea of gold's value. According to the PFS group, of all the liquid assets globally owned, gold makes up 1.4% of the total. If just 1 to 2% of the world's liquid wealth moved into gold, the impact on gold prices would be astounding.

9. PORTFOLIO DIVERSIFIER

Many investment advisors utilize gold as a diversifier in investment portfolios to reduce risk. Gold provides a great way to diversify a stock portfolio, because gold negatively correlates with stocks. In fact, it falls among the most negatively correlated asset to stocks. This means when stocks go down, gold generally goes up in price and value.

10. MARKET EQUILBRIUM

Over the past fifteen years, western banks supplied vast amounts of gold to the market to meet increasing demand and suppress the price. This practice puts them in a position of operating dangerously short of gold. The central banks became net buyers of gold, which causes an extreme impact on gold price.

11. LARGE SHORT POSTIONS

A few bullion banks hold large concentrated short positions on the Comex. If the longs were to call for delivery, the shorts' position would face difficulty delivering since an increasing physical shortage of gold exists.

12. PRICE SUPPRESSION OF GOLD

Western governments, central banks and their bullion bank surrogates have suppressed gold prices. The work of the Gold Anti-Trust Action Committee (GATA) has been very accurate over the last ten years. Gold prices relative to the reported rate of inflation since the peak in 1980 should put gold in excess of $2,500 per troy ounce in 2011. The price suppression will ultimately cause an even greater rise in gold prices.

13. SMALL SIZE OF THE GOLD MARKET

Over the past ten years, gold went from $250 per troy ounce to over $1,555 in July 2011. With only 1.4% of global liquid assets in gold, a small increase in gold ownership impacts prices exponentially. Recognize that the media is largely owned and controlled by the very people interested in suppressing the prices of gold.

14. GOLD ENDURANCE

Gold is easy to store and transport, indestructible, with a high value to weight. It is an asset, not a liability and the investor can easily conceal it. Most notably, for centuries, gold provided protection against the destruction of wealth.

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