BIC Bullion Investment Corporation

The **gold** standard in precious metals acquisition

Special Report

1-888-GOLD-150

[888-465-3150]

Special Report

How to Own Silver

By Bullion Investment Corporation

Introduction

You’ve no doubt been told many, many times about how a portion of your wealth should be invested in precious metals as a hedge against inflation.

But like many Americans, you probably don’t own a significant amount of gold and silver.

Oh, you may have some coins passed along by your dad or a favorite uncle. But you don’t hold much in the way of actual gold and silver bars.

In this short report, we cover the highlights of why you should be buying gold and silver, why silver may be the right metal for you, and the many ways to own silver – from bags to bars to leveraged purchases.

The flight to Precious Metals

The U.S. is in the midst of the greatest financial crisis since the Great Depression

This crisis, in turn, weakens the U.S. dollar.

When the dollar weakens, investors look to move their wealth into hard assets such as gold and silver, driving up the price of metals. When the government prints or spends too much money, the dollar is also devalued. The $700 billion federal bail-out program is just one example of the federal government spending money it doesn’t have.

Recently, Bloomberg calculated that U.S. government takeover of the private sector – as loans, guarantees, and other commitments – has already saddled taxpayers with an additional $12.8 trillion in debt.

These federal bailouts equal 90.14% of America’s annual gross domestic income. That means for every one dollar you make, brand new federal bailouts now have a claim to more than 90% of your hard-earned money.

Warren Buffett, arguably the world’s most successful investor, said: “Just as unchecked carbon emissions will likely cause icebergs to melt, unchecked greenback emissions will certainly cause the purchasing power of currency to melt.”

He notes that excessive government spending has created an annual deficit more than twice the size of any since 1920 aside from the war-impacted years of 1942-1946.

In 2008, more than a million Americans filed for personal bankruptcy. That’s a 30% increase over 2007. The unemployment rate in the U.S. is a whopping 9.7%, its highest level in 26 years.

All of this contributes to the flight away from U.S. dollars and dollar-backed investments and toward hard assets like silver and gold.

Why Silver?

With gold at already lofty prices, most investors can afford only a tiny position in the yellow metal – a small collection of gold coins or a couple of bars.

Silver, selling at a small fraction of the price of gold, allows you to hold many thousands of ounces of the white metal in your portfolio.

In addition, gold is selling near its all-time record high. So it will have to set new records to return much of a profit.

Silver, on the other hand, has a record high near $50 an ounce. So if silver returns to that high (as gold has already hit its high), silver investors will nearly triple their money.

While gold is mainly ornamental, silver is an in-demand industrial metal. Most of the silver that has been mined is already in use. The world consumes 1.5 ounces of silver for every 1 ounce the mines are producing.

Silver is used in more industrial applications than any other metal. It is unsurpassed for electrical conduction, heat transfer, reflectivity, and as a biocide.

Silver moves in tandem with gold. Since 2000, silver has gained 132%. Year-to-date, gold is up 6% and this white metal is up 26%.

There's every sign that the price of silver is going to continue to rise over the next 12 months. One is the dwindling supply: in the last 60 years, the amount of silver above ground has dropped by 90%, from ten billion ounces to only one billion.

Meanwhile, demand has increased, because the white metal is used in all kinds of electronic devices, where it is a better conductor of electricity than copper.

Industrial use accounts for half of all silver demand. According to CMP Group, industrial demand for silver should rise by 5.8% this year. Investment demand is solid, with 474 million ounces held by global silver exchange-traded funds.

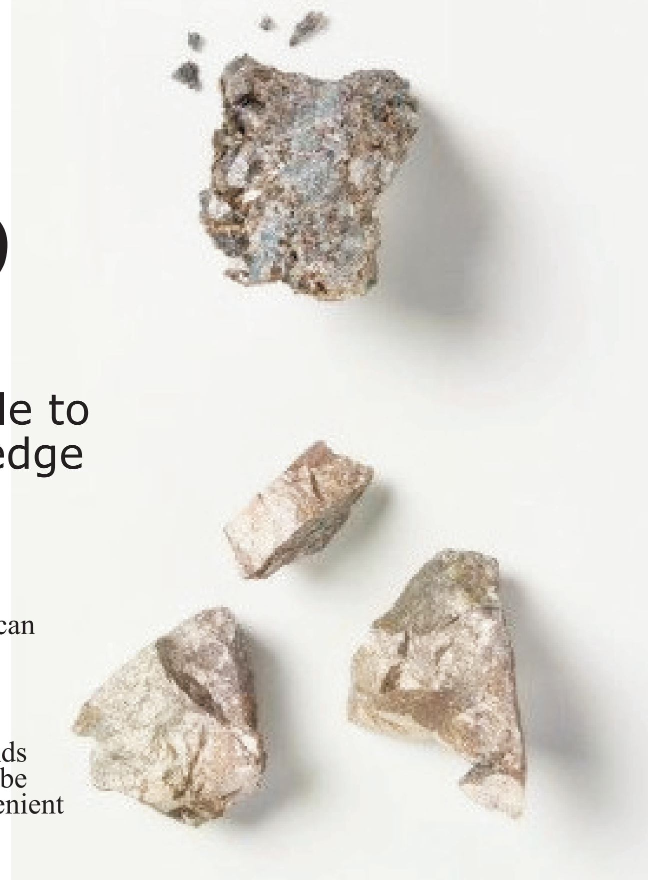
Silver is up 400%

over ten years while stocks are unchanged

Plus, the per-ounce cost of this white metal is significantly lower than gold, which means you can afford to hold many thousands of ounces.

For the last hundred years, the ratio of gold to silver prices has been about 45 to 1. The ratio is now at 65 to 1, suggesting a further upside to silver.

How To Buy Silver?



There are a number of options available to investors who want to diversify and hedge their portfolios by owning silver:

100-ounce bars

These are small bars of silver weighing less than 8 pounds each. You can keep these in a safe at home or a bank's safe deposit box.

1,000-ounce bars

Silver is also available in thousand ounce bars weighing over 60 pounds each. Too large for most safe deposit boxes, thousand-ounce bars can be stored in a bank vault for a fee. Liquidity is limited, since it is inconvenient and cumbersome to ship the bars to a buyer.

Numismatic silver

Many collectible coins are high in silver content. However, you are paying a high premium for the numismatic value above and beyond the silver. Coin collections are not that liquid and can be difficult to sell.

The value of collectible coins

The value of collectible coins is based mainly on the condition, mint mark, and rarity of the coin. Since these don't change much, the value is unlikely to appreciate significantly in the short term.

"Junk silver"

These are bags of silver coin in poor condition that you are buying for the silver content, not as collectible coins. Even if the price of silver falls to zero, the contents of the bags still have value as currency.

Silver stocks

You can own shares of precious metals mining companies that operate silver mines. Many of these are junior mining companies selling as penny stocks. This investment is highly speculative. You are not just buying the silver that the company owns. You are also buying management's ability to bring profits to the bottom line as well as the company's liabilities.

Futures and options

When you enter into a futures or options contract, you are buying the contractual right to purchase a specific amount of metal, over a given time period, at a specified price. However, as time passes with no major move in silver prices, you start to get what is known as time erosion in the value of the contract: the asset starts to decay in value. Statistics show that 80% to 85% of people who invest in futures wind up losing money.

Leveraged Trading

In leveraged investing, you buy & control an asset for a fraction of its actual value.

The most common example of leveraged investing is real estate. For $10,000 down, you can own a $100,000 house.

Let's say the home's value increases by $10,000 in a year. Based on an investment of $10,000, you have doubled your money. On the other hand, if you had bought the home for $100,000 cash, your return on investment would be only 10 percent.

You can invest in precious metals in a leveraged way, holding thousands of ounces of silver with a small cash down payment.

For example, a cash purchase of 1,000 ounces of silver at $18 per ounce would cost $18,000. If silver rises one dollar an ounce, the investor would earn $1,000, or a 5.5% return.

But by using the power of leverage, the same $18,000 would permit the purchase and control of 4,200 ounces of silver. If silver were to rise the same one dollar per ounce, the investor using leverage would earn $4,200, or a 23.3% return.

There is one big advantage in leveraged bullion purchases vs. leveraged real estate: Once you put down your deposit, there are no monthly mortgage payments to be made.

The deposit is sufficient to carry the debt. The interest on the borrowed money simply accrues and gets deducted upon the sale. The metal is kept in a sure repository and is totally liquid: it can be sold with a phone call.

Profiting From Silver?

Bullion Investment Corporation vigilantly monitors the precious metals markets. We will recommend to youat the appropriate times, strategies on markets we believe offer exceptional potential.

Silver prices are volatile, frequently rising or falling by a dollar an ounce or more. We will advise you when we believe the time is right to buy or sell silver.

While your Bullion Investment Corporation representative will assist you in trading silver, no trades are ever executed without your express authorization and consent.

Take the next step

For more information or to purchase silver bullion today,
call Bullion Investment Corporation toll-free:

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15715 South Dixie Highway
Suite 413
Miami, Florida 33157
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