HINDE CAPITAL

Wharton Business School Alumni
London, UK

Gold – The 5 Minute Version

January 2013



HINDE GOLD FUND

OR THE 5 SECOND VERSION:

‘The gold price is the inverse of paper money creation’

‘Gold is the hedge against political instability and government defaults’

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LOVE IT OR HATE IT?

East
Cultural Affinity: ‘Love it’



West:
‘Love it or Hate it’



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GOLD OR ‘PAPER’ AS MONEY - WHICH IS MORE STUPID?

Gold is scarce, potentially finite. Paper (fiat) money is not

“Gold gets dug out of the ground in Africa, or some place. Then we melt it down, dig another hole, bury it again and pay people to stand around guarding it. It has no utility. Anyone watching from Mars would be scratching their head.”

Warren Buffet (originally Keynes comment)

“A Martian would be equally puzzled to see humans cut down a hundred-dollar tree in order to pulp it, turn it into paper, print numbers on the paper, and pass it off as bills worth $1 billion.”

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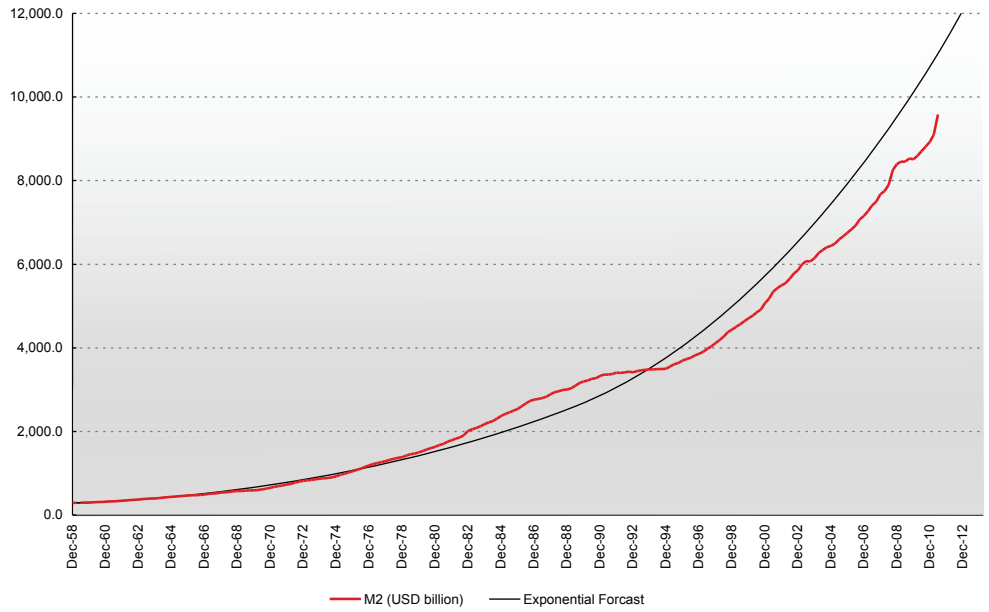
EXPONENTIAL TRENDS - DEBT, MONEY AND GOLD

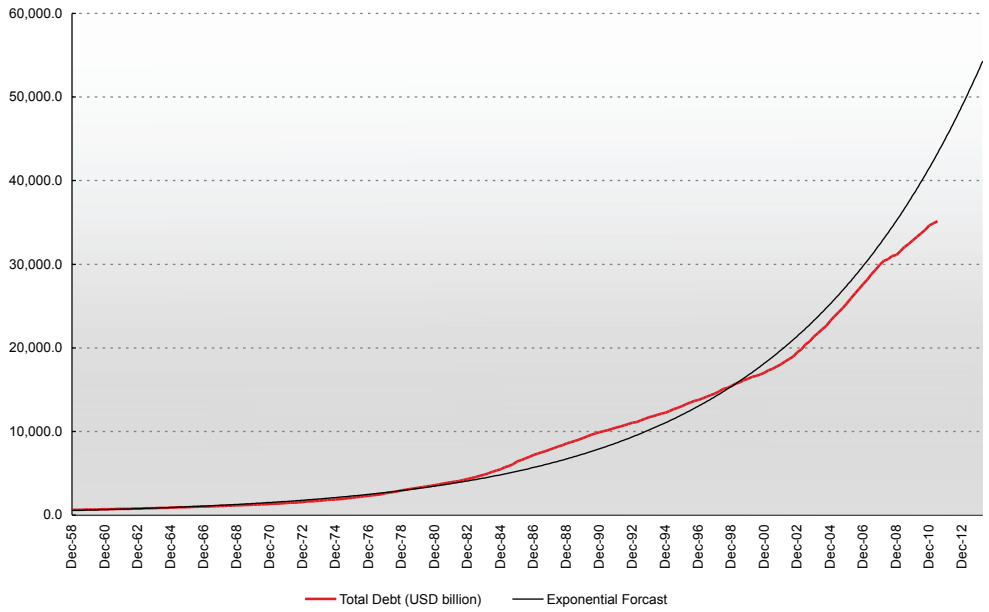
Debt is Money, Gold was Money, so Gold is a function of Debt

Gold has intrinsic value, paper money has value based on faith that debts will be repaid

THE US M2 FITTED TO AN EXPONENTIAL TREND



THE US TOTAL DEBT (IN USD BILLION) FITTED TO AN EXPONENTIAL TREND



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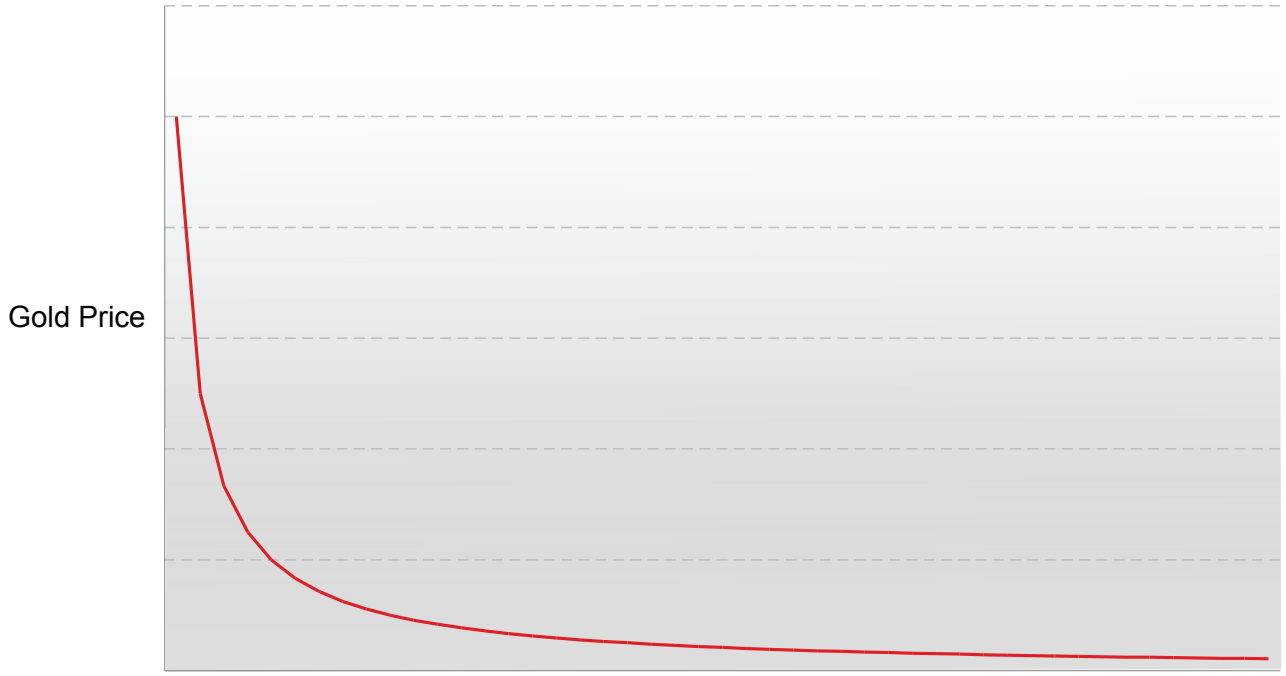
SINGULARITY - COMMODITY VS FIAT PAPER MONEY

Gold price (y) or (1/x) is an inverse function of paper money (x)

Like a mathematical singularity: As x approaches zero (from right to left), 1/x or (y) approaches infinity, money becomes infinite, ie worthless

PURCHASING POWER OF FIAT MONEY AND THE GOLD PRICE



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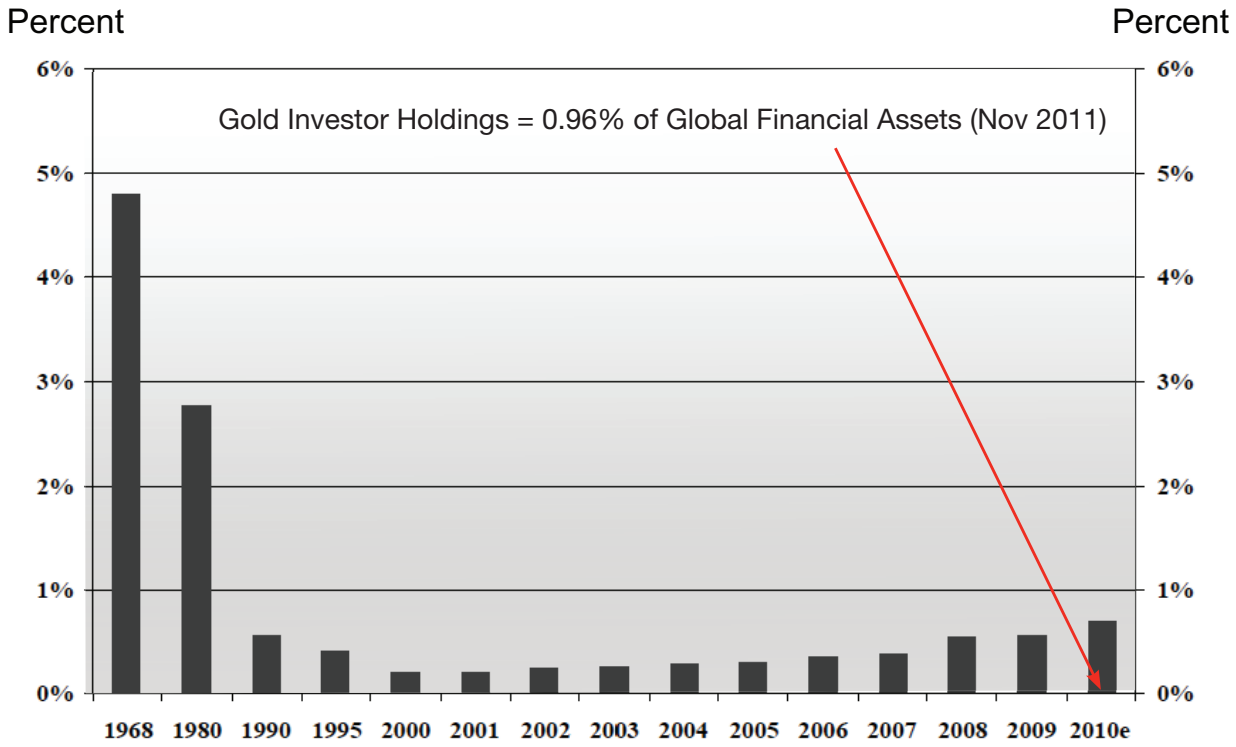
GOLD ADOPTION RATES LOW

Gold investor holdings stand at around 1% of Global Financial Assets. In 1970 this was 5%

To match 5% requires $10.4 trillion or 5.8 billion tr.oz Au at $1,800 or 1.2x gold ever produced…



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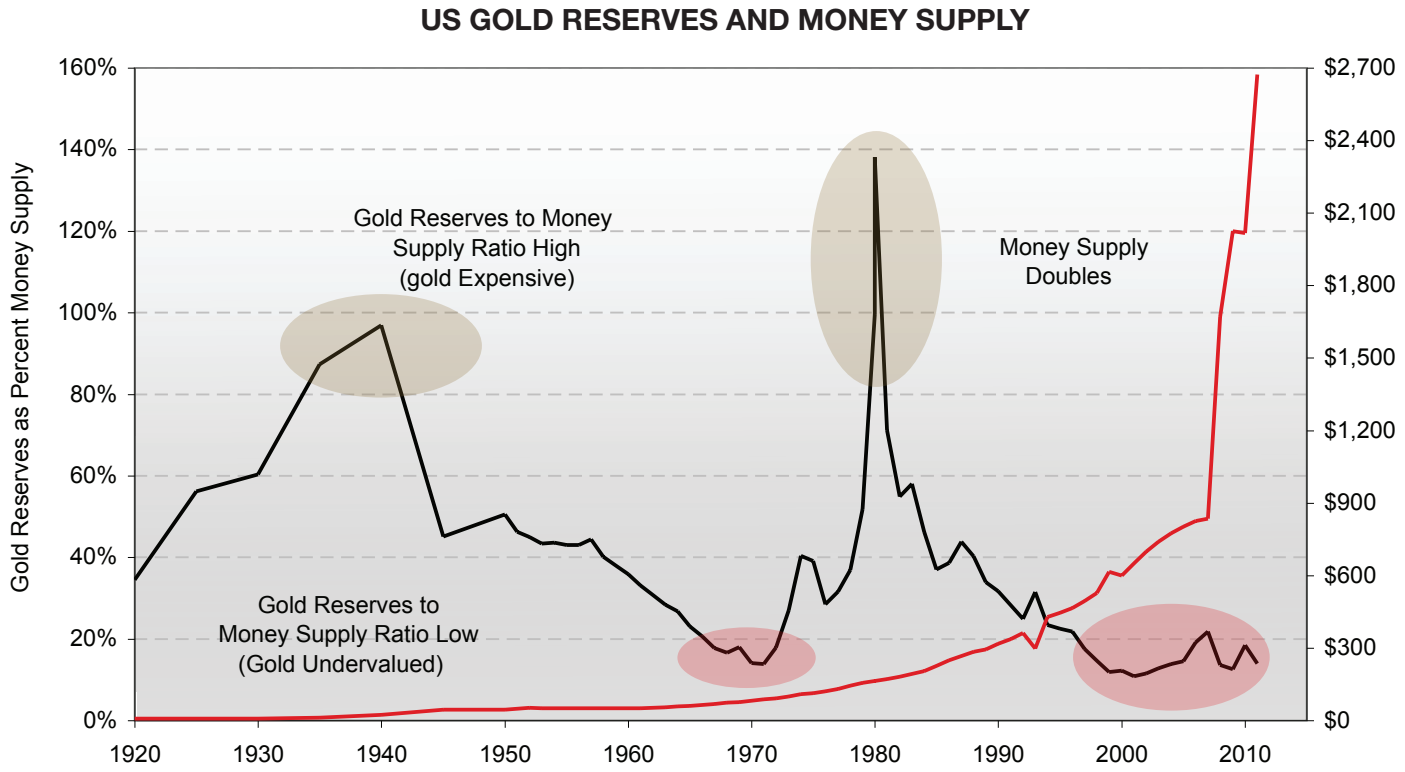
GOLD IS UNDERVALUED

The US Monetary Base is backed only 15% by gold, the same as in 1970

The fair value price of gold is over $4,000 based on a 40% backing of gold to the monetary base (include credit and this number runs into tens of thousand)



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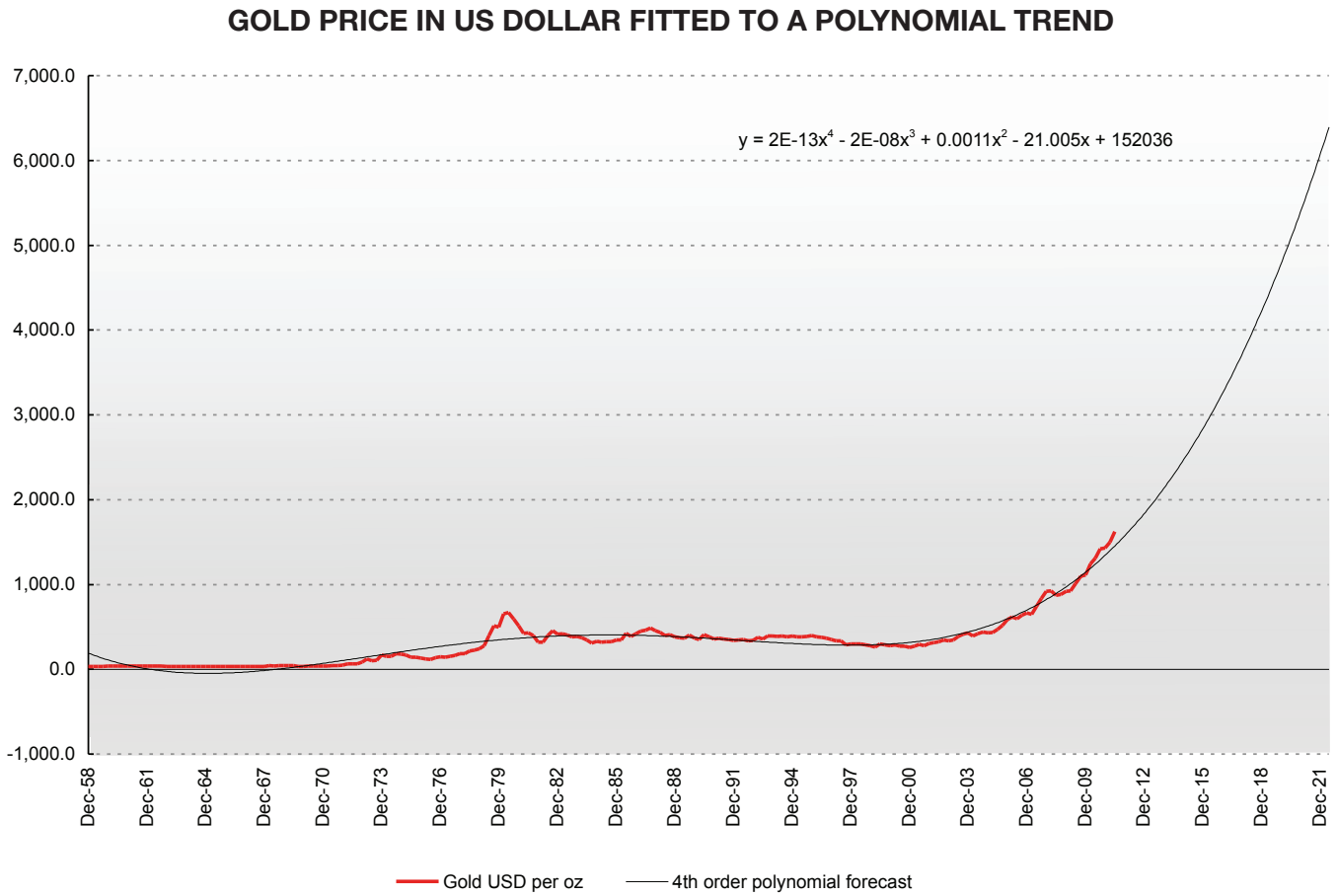
HYPER(METAL) INFLATION

Singularity – Hyper(bole)metal inflation. As the supply of paper money (dollars) increases gold has the illusion of looking expensive when it is not



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MONEY DEAD OR ALIVE?



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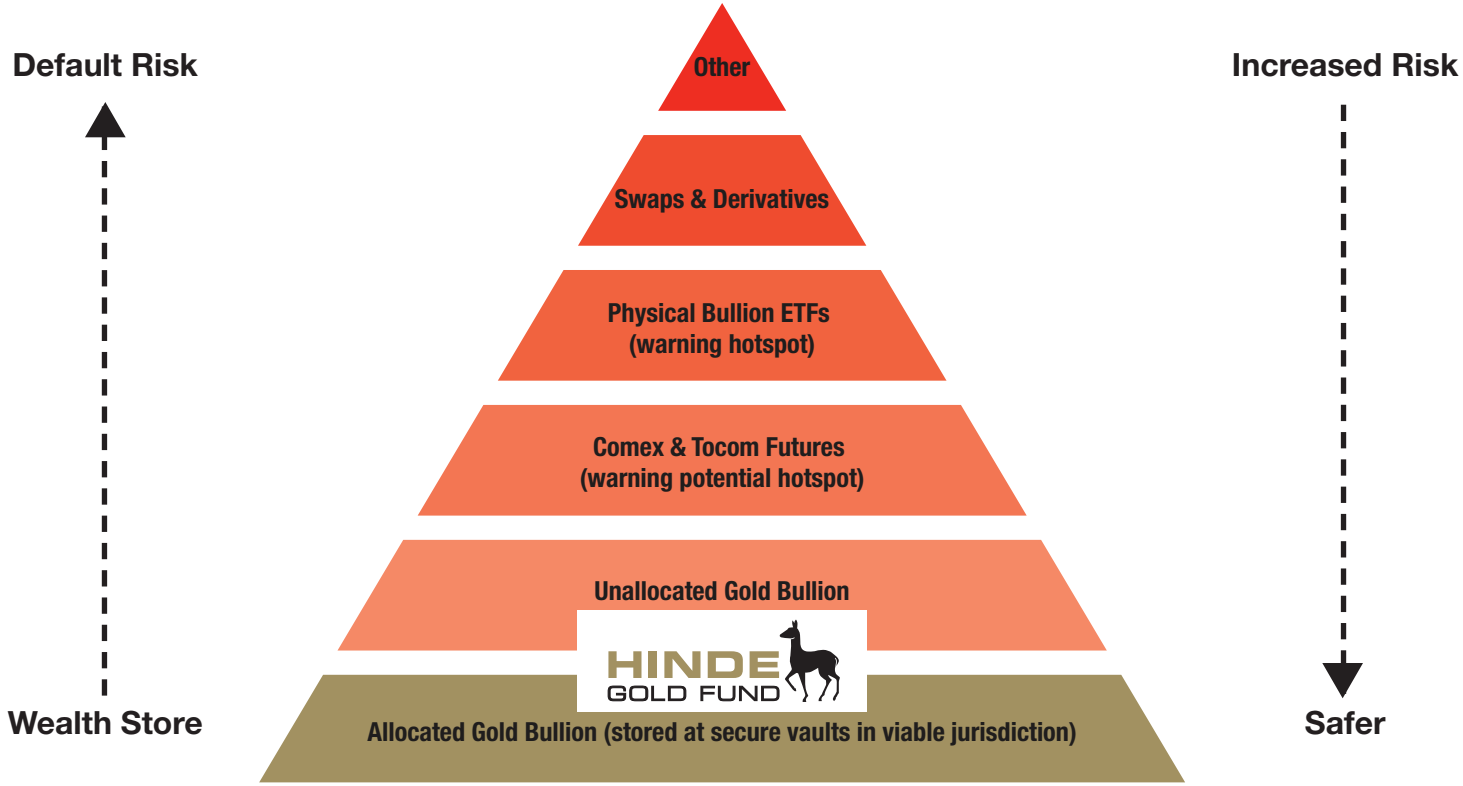
HINDE CAPITAL: A HIGHLY SECURE INVESTMENT

ETFs and other vehicles for gold investment have inherent risks investors may be unaware of. An investment in gold should hedge out all possible credit risks. Hinde Gold Fund achieves this by investing in allocated gold bullion.



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