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Senator Hart

R.S. 33451

GOLD BULLION Transaction Cost & Holding Cost

vs.

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TREASURY NOTE Transaction Cost & Holding Cost

\$100,000,000 Investment Held 1 Year

GOLD Purchase Fee = \$100,00,000 × 0.0004 = \$40,000

Sale Fee = \$100,000,000 × 0.0009 = \$90,000

Storage Fee = \$100,000,000 × 0.0008 = \$80,000

Total Cost = \$100,000,000 × 0.0021 = \$210,000

TREASURY NOTE Purchase Price = 96.70

1 Year Treasury Note Rate = 3.47%

TOTAL COST = 100,000,000 × (96.70 - 96.38/100) = \$320,000

1 Year present Value at Bank Overnight Rate: 100/1.0375 = 96.38