

Featuring Central Fund of Canada Ltd., a gold and silver bullion holding company.

Trading symbols CEF (AMEX) and CEF/A.TO (TSX).



Featured is the Central Fund chart. The company also trades on the TSX under CEF/A.TO. Price has dropped along with the price of gold and silver, as is to be expected. Volume has been declining however, and the RSI (top of chart), and MACD (bottom of chart), (so-called supporting indicators), are showing positive divergence to the lower stock price (green lines). Gold and silver usually make their last seasonal lows in November, so this may be a good time to stock up on this fund.

The company was founded in Ontario, Canada, in 1961, and continued as a corporation under the laws of the Province of Alberta in 1990, by its current chairman, Mr. Philip M.

Spicer. The company issues shares from time to time at prices that are non-dilutive to its existing owner's net asset value per share and it always buys additional gold and silver bullion, prior to striking a price with the subscribers to its offerings. Its' bullion holdings are always stored on an unencumbered, allocated, segregated and insured basis within a Canadian chartered bank's treasury vault storage facilities. The physical gold and silver bullion is audited on a semi-annual basis in the presence of Ernst & Young LLP, the company's auditors. This auditing factor puts Central Fund head and shoulders above the gold ETF's. The company's shares qualify for inclusion in many North American regulated accounts.

Annual expenses are below 0.45% (low for this type of company). These expenses are taken from the company's cash position. If the company does not have an adequate amount of cash on hand to meet its commitments, a small portion of its holdings may be sold to raise the cash required. The company has not sold any of its bullion holdings for several years and it has enough cash on hand to meet its current level of expenses for several years.

A minimum of 90% of Central's assets are tied up in gold and silver at all times.

Daily volume in CEF ranges between 500,000 and 1 million shares. For CEF/A.TO the average is between 100,000 and 200,000 shares per day.

Central Fund updates its financial situation on a daily basis at its website www.centralfund.com. As of August 15/2008 these assets consisted of 897,982 ounces of gold (50.7%), and 44,893,456 ounces of silver (46.8%). The remaining 2.5% is in cash and other net assets. Current market cap is 1.3 billion dollars US, or 1.4 billion Canadian dollars.

Central Fund has traded at a premium to its net assets for the past several years, during this bull market in bullion. The current premium is 8.4%. Ideally one would like to buy CEF as close to par as possible, but more often than not, and especially when the stock is trading below its 200DMA, we must expect to pay a premium. The premium is seldom below +3%, and usually ranges between 3% and 10%. At this time, with the premium at +8.4%, when weighed against the fact that price is below the 200DMA, the premium is not a factor to be worried about.

For additional information contact: info@centralfund.com.

DISCLAIMER:

Please do your own due diligence. I currently own shares in CEF/A.TO. I am NOT responsible for your trading decisions.

Happy trading!

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