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A growing interest from Asian HNW clients to buy gold

Martin Huxley, Head of Precious Metals, Asia at INTL FCStone discusses why clients should add gold to their investment portfolios, also explains the nuances of investing in physical and paper gold.

MARTIN HUXLEY
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GOLD CONTINUES TO LURE INVESTORS due to its relative stability and appreciating value when compared to stock markets over the past decade. "People widely recognise that a portion of their portfolio should be maintained in gold as a hedge against uncertainty, geo political events and crises", says Huxley.

One of the main drivers for investing in gold is to assist in removing wealth from the financial system. Huxley warns that if you are invested in paper gold, it's still in the system. Investors who reside in less stable economies or who do not have adequate faith in their financial system, banks, currency etc generally would prefer to invest in physical gold.

However, with physical gold sitting outside the financial system the holder is exposed to security risk and purity risk. To address this risk, a buyer should ensure that the gold is of the required purity level, and one of the best ways to do this is to ask for formal accreditation from the London Bullion Market Association (LBMA). This can be facilitated by firms like INTL FCStone. Once purchased, the gold must be stored in a safe vault to avoid any risk of theft.

A lot of interest in investment in gold is driven by uncertainties in the wider world especially after the 2008 financial crisis. "There is definitely a growing interest in putting a part of your investment portfolio into gold. We are seeing that trend increasing and expect it to continue over the coming period" assures Huxley about positive market trends. ■