Global Precious Metals' Mathier Extols the Virtues of Physical Gold

Nicolas Mathier, Managing Partner of Global Precious Metals, met with Hubbis founder and CEO Michael Hubbis at the Hubbis Thailand Wealth Solutions event to discuss why Asia's wealthy investors should hold more physical gold. Gold, he said, offsets the volatility in the mainstream financial markets and it also mitigates the risks of the global financial system frailties and the expanding global regulation, as it remains outside the global financial and regulatory infrastructure.

THE DISCUSSION BEGAN WITH A simple question as to why investors should buy physical rather than paper gold?

"My thesis," replied Mathier, "is investors should buy physical gold because there is no counterparty risk, they own the real assets. The idea of buying precious metals is that if the world economy or global geopolitics suffer any crises, a precious metal such as gold will be the ultimate currency."

Stanhope asked if there are any specific risks in buying paper gold. "If an investor wants to trade, to play precious metals prices, they can do so with paper gold such as ETFs, because it is cheaper and faster transporting to buy and sell the physical gold to benefit from price movements and short term volatility. However, the management fee of an ETF is approximately 0.4%, while the storage fee for the physical asset with us is 0.5%," Mathier replied. "Moreover, at times of major global or local financial distress, you find that the ETFs and the paper gold are exposed to counterparty risks in the financial system, and physical delivery is virtually impossible. If the aim of the investor is short term play on the price of gold, an ETF suffices, but if they are expecting to keep it in the long-term and for wealth protection, it is better to have the physical asset."

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Safety and transparency

Looking at the big picture, Mathier elucidated that gold is a non-correlated asset. "Markets were difficult in 2018, and there are always many economic and global uncertainties. When markets are volatile, gold gives investors some degree of safety within their portfolio that they would not obtain from any other asset class. But gold is also an insurance that should be bought in stable and positive times, a bit like health insurance as we all buy that but also hope to remain well."

Mathier commented that HNW investors should hold between 3% and 5% of any high-net-worth investment portfolio in gold as standard and that might rise to between 5% and 15% for any serious wealthy investor at times of financial stress.

Outside the global financial network

Mathier also explained that a great appeal of physical gold is that it is outside the global regulatory proliferation that has been rolling out in recent years. "It is a highly confidential asset, with no formal reporting required. It is a remarkably safe asset, and there are many benefits to being outside the global financial system and away from anyone's direct control, other than the owner themselves."

The firm generally works with clients who can spend USD500,000 or more, this size relating to the order size the firm needs to lodge to work directly with the refineries who supply his firm with the bullion.

"To buy the physical gold," Mathier continued, "investors can come to us, as we offer solutions for HNW clients. Of course, small amounts of gold can be bought in shops in Bangkok, but we are not retail. We are very active here in Thailand and work with counterparties that have a licence to import and export precious metals in or out of the country. Most investors prefer to hold their gold with us in Singapore, or perhaps Hong Kong or Switzerland, and we offer a full-service including the purchase of the bullion, storage, insurance and all these vital facets. It is fully transparent; we have highly efficient systems in place, we use very reputable global logistics companies and refineries that have been in the business for more than 50 years and now, to extend our product offering, we can even accept payment for the gold in cryptocurrencies."

Stick with the professionals

There are considerable risks of venturing outside the reputable larger firms such as Global Precious Metals to buy bullion. "With our firm" Mathier explained, "the investor is reassured as we buy the physical gold straight from the refineries, the bars are then produced in Switzerland and shipped to the storage location, for example, Singapore, Hong Kong, in Switzerland, or in other

secure locations. We provide a turnkey service for the clients that includes all insurance and logistics. The client can view the gold in any place they choose to store it, and most importantly, they have legal title to it."

He went into more detail on the choice of location for storage. "For example," he said, "we have European families who want their gold outside of Europe so that in the event of some calamity they have the ultimate currency outside the banking system and away from their home markets. On the other hand, many investors from Asia or Europe also like the security of Switzerland."

Working with wealth management experts

Mathier also explained that his firm works closely with the wealth management community and has a sensible fee arrangement protocol to ensure that there is a fair economic exchange. "We have established and fair fee-sharing agreements with banks, with lawyers, with other institutions, external asset managers and so forth."

He closed the discussion by reiterating his and his firm's view that major global financial or other problems are never far away, and that the financial system remains inherently precarious. "HNW investors should always hold physical gold," he concluded, "which is safe, which cannot be taken away from them, which governments cannot expropriate, and which today remains relatively private."■