

How Asian clients can protect their wealth with gold

Joshua Rotbart, Managing Director of J. Rotbart & Co, began his talk at the Hubbis Independent Wealth Management Forum in an unusual way, by asking the audience to come up and touch a 1kg bar of gold. His point: Gold can help protect Asian HNW wealth.

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“GOLD IS A TREASURE. He who possesses it does all he wishes in this world...”

Those, reportedly, are the words of Christopher Columbus, 1451-1506. How then do Asian HNW individuals buy, store and later transfer gold to family members and loved ones?

Rotbart explained that his company has, for the last seven years, been helping individuals, via companies or trusts and banks, to buy, store, transport and sell physical precious metals. The metals are mostly gold, but also silver, platinum and palladium.

“Gold has intrinsic value in our civilisation, and it will remain a very valuable asset for the foreseeable



JOSHUA ROTBART
J. Rotbart & Co.

future,” Rotbart observed. “Gold is also ideal in times of uncertainty, and because it is accepted everywhere. Accordingly, we look at gold not only as a commodity, but also as a de facto global currency. You could, for example, take this bar of gold that is circling around the room and you can go anywhere in the world and exchange it for cash.”

Gold does not lose its shine

Rotbart referred to the global financial crisis onset in 2008, after which numerous people around the world lost faith in the established financial system. “People also lost faith in the governments that are supposed to protect them against malfunctions in the market,” he added, “with many suddenly realising that an investment that is a promise on paper is not always good enough in times of crisis. Remember also Cyprus in 2013 when the government there took over cash deposits, that added to the concern about how to protect wealth.”

Rotbart also noted that gold is an excellent tool for portfolio diversification. “Most of our clients hold between 5% to 10% of their assets in physical metals, it is considered a very good hedge, because historically when the market falls gold will usually fare better.”

5% to 10% in precious metals

He also reported that one of his clients holds about 40% of his wealth in roughly \$40million worth of gold. “This is extreme, but a point here is that he held it in two different geographical locations, giving him geographical diversification as well.”

Rotbart also highlighted the lack of counterparty risk. “Look back to 2008 when the governments began to print money en masse with the onset of QE,” he recalls. “Gold is physical, you can take it home, it is also private and confidential.”

Gold in a private vault in Cyprus when the crisis occurred there, for example, would have been far safer than money in the banks there, he explained.

Prior to 2008 most central banks had been disposing of physical gold. But since 2008 countries like Russia, Kazakhstan and China have been strong buyers. Rotbart estimated that actual demand is almost three times higher than the pre-2008 levels.

Unique imprints

Rotbart then explained that each precious metal bar has four identifying marks: the hallmark (from the refiner), the weight, the purity, and the unique serial number. “At any

given point owners are able to visit the vault say and check the numbers of their holdings,” he explained.

Rotbart noted that customers also need to know where the vault is. “Where do people feel safe?” he asked. Whatever the location, whether Singapore, Hong Kong, Switzerland, UK, Canada, Rotbart advises clients to put it where they feel comfortable and to also diversify if they have very large holdings.

Meanwhile, basic frameworks to keep in mind: the vault must have a top flight liability policy, especially for transportation. Next, ensure your gold bars are of LBMA standard. The LBMA is the London Bullion Market Association and they monitor the gold and silver market globally, also auditing vault operators, refiners, dealers and so forth. This, according to Rotbart, is the LBMA Chain of Integrity his team adheres to for the sake of quality and integrity.

Rotbart concluded by noting that gold, although it has a track record of more than 3000 years, is not a financial instrument, whereas a gold ETF is. Lastly, gold has the crucial additional element of privacy if handled well. It is both a staple savings option and a discretionary investment, guaranteeing longevity in your financial blueprint. ■

