

The compelling opportunity in physical gold for Asia's HNWIs and advisers

INTL FC Stone (INTL)'s precious metals business has been growing apace in Asia and the firm's web-based trading platform is bringing additional transparency and efficiency to the markets. As a Nasdaq listed company with a market capitalisation of around US\$800 million, it offers Asian HNWI clients and wealth managers high-quality standards as well as financial stability.

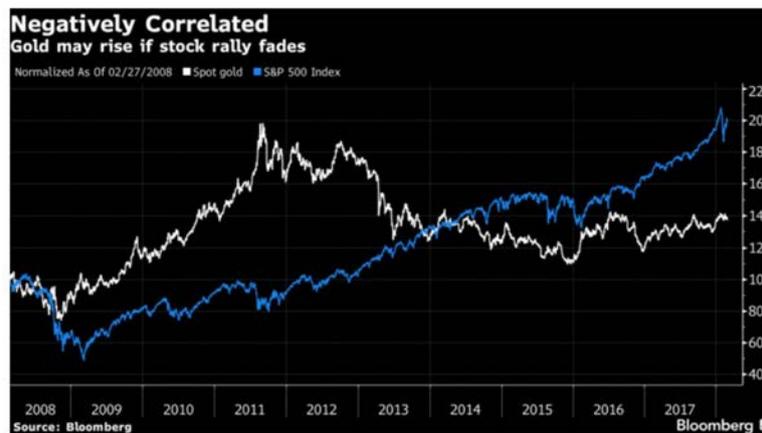
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MARTIN HUXLEY, HEAD OF PRECIOUS METALS for Asia, presented to the audience at the Hubbis Independent Wealth Management Forum in Singapore on March 8. His premise was that gold, especially physical gold, has been on a consistent growth path in the region and that the gold market's infrastructure and sophistication have also been improving in tandem.

INTL set out in Singapore in 2006 with the objective of adding unique value in the Asian precious metals market. "Since we began life the firm has enjoyed an exciting decade-plus of growth in regional



MARTIN HUXLEY
Global Precious Metals



coverage and sophistication of our services,” says Huxley.

“We have expanded rapidly to meet customer demand, with new offices in Hong Kong, Shanghai, Beijing and Sydney. Singapore to this day remains the region’s hub for us with the key operational, logistics and risk management teams that support all the firm’s businesses, but our footprint is across Asia Pacific.”

And beyond Asia, INTL has precious metals teams located in Dubai and London, with consultants operating in India, Africa, Turkey and Eastern Europe.

“Why invest in bullion?” Huxley asked rhetorically. “It is a great portfolio diversifier, a hedge against inflation, supply is limited so it has intrinsic value, demand is set to outstrip supply from 2019, it is generally recognised as a safe haven asset and ideal for wealth preservation and transition. Gold also undeniably performs well in terms of turmoil and stress, there are many investors who like to see a solid portion of their wealth in physical gold that exists entirely outside the global financial system.”

“Gold,” Huxley added, “does not correlate well with all other asset classes, so for example during the financial crisis, gold outperformed the equity markets and more recently there is considerable belief that the mainstream financial mar-

kets are, in some degree, in a bubble. It is also a hedge to some degree against dollar weakness, as gold tends to rise if the dollar weakens.”

He referred to a survey of 174 wealth management professional approached by Hubbis and INTL earlier this year. “Far too many of those, around 60%,” he said, “indicated that they did not get involved in gold investment for their clients, in other words, they are missing out on a terrific opportunity for revenue increase and diversification.”

And that is why INTL is working energetically to demystify gold and to explain just how deep and excellent the infrastructure has become in Asia today. “There is the full ecosystem today,” he stated, “and great reassurance and safety in the types of professional, mostly global, firms involved across that ecosystem.”

INTL recognised very early on the need to serve an expanding global customer base as the firm had spotted gold’s migration from West to East.

“The rise of Asian economic might and the region’s vast growth potential all add up to an excellent opportunity. As well as opening doors to HNWI’s we have been expanding our connections to the wealth management industry, as there is such under-exploited potential for the banks as well as the IAMs and EAMs to earn revenues

related to gold as their clients diversify even more.”

Entry ticket: easy to obtain... not cheap, but valuable

Huxley explained that while there are other ways to gain exposure to the gold market, for example through the futures markets, through ETFs [exchange traded funds], or through the shares of gold miners, the firm sees the great demand in physical gold.

“Today, HNWI’s and their wealth advisers can be assured that all aspects of gold purchasing, transportation, insurance, storage, accreditation and even leverage are fulfilled by top professionals here,” he said.

INTL offers a complete range of financial and physical trading services in gold, silver and platinum group metals. And clients can access markets through trading and advisory services and what Huxley describes as “the firm’s new, ultra-convenient electronic trading platform, PMXecute+”.

“We are a global business, with desks in London, the Middle East and Asia providing almost 24-hour continuous service to our clients across the whole of the precious metal sector,” he explained. “This is a call to awareness to the wealth sector to participate in this fascinating and rewarding sector.” ■