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PRECIOUS METALS  
CONFERENCE**

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## **Asia Pacific Precious Metals Conference (APPMC)**

### **Introductory remarks**

**16 June 2021**

Good afternoon ladies and gentlemen –

I would like to thank the SBMA for inviting me here to speak.

It has been a challenging year for us all, and our thoughts must remain with those who even now remain on the Covid front line, and those people still suffering the most from the effects of the pandemic.

Despite my disappointment at still not being able to meet up in person, I am pleased that the work of the SBMA and its members is flourishing.

The SBMA plays an important role in promoting our industry and contributing to the development of the bullion market in both Singapore, and the entire region.

It is at forums like this, that we can discuss the issues that our industry faces, the future trends that will shape the precious metals market, and our opportunities for growth.

The economic uncertainty brought about by the pandemic, and the unprecedented financial response of governments around the world, has led to a renewed focus on the role of gold in investment portfolios.

We saw record ETF inflows last year and despite recent pullbacks we believe that gold will increasingly play a fundamental role in investment portfolios. Inflation seems to be looming, whilst interest rates stay at record lows and geo-political risks seem to escalate.

A post-pandemic emerging market recovery should be supportive of consumer demand and in support of this, our latest quarterly gold demand trends report, flagged a rebound in the jewellery, bar and coin markets as consumer confidence started to recover.

My colleague, John Reade, will be taking you through our outlook for the gold market, later in this conference.

The World Gold Council is the international market development organisation for gold and a large part of our role is to help people understand both the factors that drive the gold market, and the role of gold in investment portfolios. Let us not forget that on average retail and investment demand accounts for 76% of annual demand worldwide and so it is important that we continue to help people understand the fundamental role gold plays in institutional and household portfolios.

Our broader role is to make gold mainstream and develop the international gold market. We do this in several ways:

1. Firstly, we educate investors and stakeholders on the role of gold, helping to ensure that gold continues to play an integral part of the financial system. To help investors understand what drives gold's performance we recently re-launched our gold valuation tool Quarum. It can be found on [goldhub.com](http://goldhub.com) – along with all our research - and I would urge you to look at it.
2. Secondly, we increase trust in the market through the setting of standards, helping to ensure that the market operates with integrity, and in line with global best practice.
3. And finally, we work with governments and policymakers around the world to ensure that the market infrastructure that underpins gold, and the regulations that govern it, are fit for purpose.

Over the last 12 months we have continued to make the case for gold and have worked to improve the functioning of the market.

In my personal capacity, I have Chaired the Precious Metals working group of the FMSB, under the auspices of the BOE, a body with a very broad set of OTC market stakeholders,

charged with the reform of the function, practices and standards of OTC market. We have made great strides, most recently making the important decision to draft a Spotlight Review recommending moving the market from exclusively bilateral trading to a hybrid-cleared model and a CLOB. Quite pivotal moves.

Further to this, and after extensive industry consultation, we launched the Retail Gold Investment Principles. These new Principles have been developed to enhance best practice in the retail sector, and to increase trust in gold as an asset class. We have started to introduce the RGIPs to the Singapore market, and look forward to furthering discussions in the weeks ahead.

Coincident to this, we introduced the Retail Gold Investment Guidance, such that the public are made fully aware of the best practice behaviors they can expect to see from wholesalers and retailers who have chosen to adopt and live the high standards of the RGIP's. We have followed this up with a powerful TV advertising and awareness campaign.

Following the roll-out of the Responsible Gold Mining Principles, we have been working to increase awareness of the important work being undertaken by gold producers to reduce their carbon footprint and meet stringent ESG goals.

As part of this work, we launched a new report, "Gold and Climate Change: The energy transition". This should provide investors and industry stakeholders with greater clarity around gold's greenhouse gas emissions profile, the opportunities for the gold sector to decarbonise, and its potential pathway to net-zero, in line with Paris Agreement targets.

The World Gold Council and its members have long believed that responsible gold mining can support sustained socio-economic development, for the communities and countries that host gold mining operations. To that end we also released a report on gold and the UN's sustainable development goals, showing how the gold industry is contributing across nearly all seventeen SDGs.

In this particular region, we undertook consumer research in Vietnam, the largest consumer gold market in ASEAN. Gold is a top-of-mind investment for 68% of investors there, but it is essential that we increase access to the gold market through new, digital, channels. Therefore, we are working to ensure that new investment products are made available.

In India, we have continued our work with the government and industry on the development of an international bullion exchange.

On the institutional investment side, we have been making the case for gold to institutional investors worldwide, including here in Singapore. We now, have a dedicated sales and

distribution team based in Singapore. Advising institutional investors and asset allocators from across the region, they are working to make sure that the role of gold in an investment portfolio is fully understood, helping to drive new demand for gold.

And lastly, we have invested heavily in both digital and TV advertising, to simply make the case for gold in portfolios but also to lay out the overwhelmingly positive and differentiated case for gold to counter the somewhat negative gold advertising emanating from the Crypto currency industry.

These are just examples of some of the activities we have undertaken in the last year. And all our work is guided by our vision for the gold market.

We are on the cusp of the fourth industrial revolution. All sectors of the economy, and indeed the way we live our lives, are being impacted through huge advances in digital technology.

The gold market is not immune. To ensure that gold continues to meet the needs and aspirations of individuals and investors in the 21<sup>st</sup> century, the market should fully grasp the opportunities that new technologies provide.

Our vision for the gold market is therefore underpinned by digitization and technology:

1. Firstly, we want to ensure that the gold industry operates with the highest integrity. Gold needs to have unimpeachable credentials. This is essential if we are to maintain the trust and confidence of consumers, investors, and regulators. Our market should be fully transparent and operate with the highest integrity across the entire supply chain.
2. Secondly, we want to ensure that physical gold is fully accessible, 24/7, so that everyone can benefit from its wealth enhancing, risk-mitigating, and stabilizing role as a financial asset. This includes ensuring that gold can be traded 24hrs a day and is fully accessible through contemporary channels such as digital investment accounts and even simply ones iPhone.
3. Finally, we want to ensure that gold is fully fungible. This means we should be working to reduce fragmentation and ensure that local and regional gold markets are fully interoperable.

The World Gold council aims to direct significant resources to these three most important areas. We hope the entire industry will align and rally around these three fundamental goals.

The World Gold Market has never combined its forces. The time and technologies are now right for us to come together, align on collective goals, put aside the day-to-day self-interest

and align around a common and agreed future vision. If we can do this, the future is very bright for our industry.

Thank you again to Albert Cheng, Martin Huxley, and the entire SBMA team for the invitation to speak today. All of us at the World Gold Council look forward to continuing our discussions with the bullion industry, on how to further develop our market, and ensure that gold remains as relevant as ever in the 21<sup>st</sup> century.