Key Considerations For a Bullion Allocation

An allocation to precious metals should be thoughtfully sized in the context of a broader portfolio to support long-term planning, taking into account existing assets, personal circumstances, human and business capital and overall risk exposure. While a bullion allocation is strategic in nature, it can be complemented by tactical adjustments as opportunities arise and market dynamics evolve.

Regularly adding to a precious metal allocation is wise, particularly during periods when other assets – such as human or business capital – are performing well. Over time, this approach builds perpetual insurance, helping to secure long-term purchasing power across generations.

The core holding should consist of physical, segregated and fully allocated gold bullion acquired from reputable dealers which comply with London Bullion Market Association (LBMA) standards. Once gold holdings approach target levels, introducing silver can be a sensible way to further diversify and enhance the portfolio. As always specialist financial advice should be taken before investing.

Short term tactical adjustments or trading/speculative activities can be executed using low-cost liquid financial instruments, but these strategies require specialist financial advice. Any allocation to such instruments should remain limited in size and duration, given their different risk profile compared to physical holdings.

Within a bullion allocation, product selection should aim to maximise flexibility, minimise transaction/holding costs, and optimise tax efficiency. Depending on where bullion is held, purchased or sold – as well as the tax residency of the individual – certain products may receive favourable tax treatment. In such cases, they may be more attractive despite carrying higher premiums.

We generally avoid using tax wrappers for core bullion holdings, as they can restrict flexibility and utility. However, for individuals who have access to beneficial structures, the tax advantages may outweigh these limitations. It is important to note that some of these structures impose restrictions on the type and form of bullion that qualifies.

The popularity of specific products and depth of local markets play a key role in determining how bullion is priced in different places. Asset allocation and storage locations should be sensitive to potential future liquidity needs.

Bullion should be purchased in a range of weights and sizes to maintain future flexibility when selling. If ownership is limited to large format bars – for example, 400oz gold bars – this can make small or partial liquidations challenging. A balanced approach might include a core holding of lower premium large bars, complemented by medium and smaller-sized products to support occasional liquidity needs and greater portability.

Maximising future liquidity for part of a bullion allocation can be achieved by building global exposure that offers near round-the-clock access to support services and live markets. This approach requires holding a mix of products in different regions to ensure flexibility and responsiveness across time zones and market conditions.

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Building a strategic allocation and managing it through a structured model helps maintain focus on key risks, but it must be tailored to unique objectives and risk tolerance as illustrated below:

Example Asset Allocation by risk appetite			
	Moderate	Balanced	Aggressive
Strategic range	94%-100%	90%-100%	85%-100%
Tactical range*	0%-6%	0%-10%	0%-15%
Strategic			
Gold Bullion	94.00%	91.00%	85.00%
400 Oz			
1Kg Bar			
100g Bar			
50g Bar			
1 Oz bar			
1 Oz coin			
Tactical			
Silver Physical	1.50%	2.50%	6.00%
1000 Oz			
100 Oz			
1Kg Bar			
Palladium Physical	0.50%	1.00%	1.50%
Platinum Physical	0.00%	0.00%	0.00%
ETF Physical gold bullion	0.00%	0.00%	0.00%
ETF Physical silver bullion	0.00%	0.00%	0.00%
Royalty Company	3.00%	4.00%	4.50%
Diversified big cap/producers miners	1.00%	1.50%	2.00%
Diversified small cap/exploration miners	0.00%	0.00%	1.00%
Option strategy	0.00%	0.00%	0.00%
Total	**100.00%**	**100.00%**	**100.00%**
* Silver is considered tactical as the neutral bullion allocation is 100% gold. Customised allocations can be constructed to suit individual needs. Allocations are sensitive to risks faced and other assets owned. This is illustrative of the format some holders use and NOT advice.			

The final step is to determine the optimal distribution of assets across various storage solutions, bringing the strategy to life in a way that reflects both personal circumstances and evolving market dynamics. A thoughtful approach can bring greater clarity to bullion allocations, and we are happy to explore how this might work for you.

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Important risk warning - NOT INVESTEMENT, TAX or LEGAL ADVICE

This free document is produced to be thought provoking and help readers ask the right questions with respect to how and where to hold precious metals.

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All content should be considered with reference to individual circumstances/suitability and no opinions should be considered in isolation.

Past performances, outcomes or forecasts are not reliable indicators of future events. Investment in precious metals involves many risks and investors may not achieve their objectives or even the return of initial capital**. Independent professional investment, taxation and legal advice should be sought before making all investment decisions including where and how to store bullion** and it is important to never invest more than you can afford to lose.

Overseas assets are denominated in currencies that differ from the home currency and movements in exchange rates may increase or decrease returns. Taxation may impact capital gains on bullion and local laws and regulations vary. Different structures or arrangements to hold and buy bullion have variant tax implications depending on the jurisdiction of the investor and the location. Some structures limit the jurisdiction or type of investor who can invest and **advice should be sought before selecting any investment vehicles, undertaking any movements of bullion or changes to storage arrangements**. Regulations, laws and taxation are constantly changing potentially impacting the appropriatness of past decisions and existing arrangements.

In most jurisdictions physical bullion is Not Regulated as a financial asset by the FCA, FINMA, SEC or any other regulatory body and consequently investors do not usually have access to compensation schemes like the Financial Ombudsman Service or the Financial Services Compensation Scheme etc. Different jurisdictions are subject to varying levels of regulation and protections. **Independent advice should always be taken before investing, moving or changing storage arrangements.**

Best efforts have been taken to ensure that the contents of this note are accurate, relevant and up to date at the time of issue but unintended errors may occasionally arise and we do not warrant its completeness or accuracy.

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