The Importance of Flexibility

Gold's utility lies in its ability to preserve spending power and protect against risks arising across economic and political regimes. Gold tends to deliver positive absolute or relative returns when such risks materialize, thereby safeguarding the holder or offsetting losses elsewhere.

Risks can be defined objectively by examining historical data and known factors or experiences. Rough probabilities can often be assigned to these risks, with potential outcomes understood or estimated within certain boundaries. While risks can never be entirely eliminated, many can be managed, avoided, or mitigated, thus enabling effective planning and informed decision-making.

In our view, developing a storage risk matrix is essential to support bullion investment decisions and the various risks. Gold and silver tend to become especially valuable when property rights, personal freedoms, capital flows, and mobility are under threat. The question we need to consider is: would the storage of your bullion withstand the scenario where these factors are actually under threat?

By framing these conditions, monitoring early warning indicators, and establishing strategies to avoid, mitigate, or accept risks, investors can better manage their exposures.

Uncertainty stems from ambiguity or incomplete information, leading to unknown outcomes. While exposure to uncertainty is constant and unavoidable, developing a mindset and strategy that emphasises optionality and flexibility can enable timely responses as events unfold, helping to avoid or minimise negative outcomes.

Today, we face numerous identifiable risks (known-knowns) which stem from geopolitical, societal, economic and political factors. Gold plays a key role in managing and mitigating many of these. However, the environment in which these risks materialise can introduce additional challenges driven by the incentives of decision makers, often referred to as unknown-unknowns or uncertainty.

Gold is also valued for its ability to protect against uncertainty and unforeseen outcomes. Maximizing this benefit requires maintaining optionality and flexibility in how and where bullion is held, and leaving options open to change this quickly.

Flexibility allows us to respond not only to foreseeable risks but also to unforeseen uncertainties, which may demand entirely different strategies and arrangements. As we can never precisely predict the future, we must plan to manage outcomes and adapt to new realities. Understanding what is possible, the trade-offs of competing solutions and building this into current arrangements creates options and a broad response plan to various eventualities.

Gold is a form of insurance purchased with the hope that it will not be needed, yet ready to provide protection if required. Incorporating flexibility into your plans ensures that this protection is accessible, offering peace of mind while allowing you to confidently take risks elsewhere. This ability to take on other risks is a key and misunderstood benefit of holding gold.

Neglecting storage flexibility could mean that while buying gold was the right decision, actually realising its benefits when needed becomes difficult.

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Storage decisions are strategic, and must be driven by long term planning that takes into account your own unique circumstances. What makes sense for a US national living in the USA may not make sense for a Brit living in Thailand, or a Chinese person living in Dubai.

Safety is always relative, changes over time and can never be assumed, but having flexibility increases the chances we can survive adverse outcomes.

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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.**

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