



**GOLD CORE**

# How to Store Gold



# TABLE *of* CONTENTS

<b>Table of Contents .....</b>	<b>2</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
<b>WHAT IS STORAGE?.....</b>	<b>6</b>
<b>IMPORTANT DIFFERENCES BETWEEN PAPER GOLD, DIGITAL GOLD AND PHYSICAL GOLD.....</b>	<b>7</b>
Paper Gold .....	7
Gold Exchange Traded Funds (ETFs) .....	8
Digital Gold .....	8
Physical Gold.....	9
<b>TYPES OF STORAGE.....</b>	<b>11</b>
1. Home Storage.....	11
2. Safety Deposit Boxes.....	12
3. The Perth Mint Certificate Programme (PMCP) - Allocated And Unallocated .....	13
4. Specialist Storage & Delivery.....	14
i. Allocated Storage with Loomis.....	14
ii. Allocated Storage with Brink's.....	15
<b>7 KEY STORAGE MUST HAVES .....</b>	<b>16</b>
1. Ability To Take Delivery.....	16
2. Bullion Authenticity - The LBMA Chain Of Integrity .....	17
3. Gold Bullion Audits.....	18
4. On-Line Storage Inventory .....	18



5. Being Able To Visit And View Bullion Holdings ..... 19

6. Insurance Of Bullion At Storage Facilities ..... 19

7. Guarantee Of Bailment ..... 20

**STORAGE COSTS AND GOLD TRANSFERS ..... 21**

Storage Costs ..... 21

Transferring Existing Gold Holdings to Allocated Storage ..... 23

**CONCLUSION ..... 24**

**GLOSSARY OF TERMS ..... 26**



## EXECUTIVE SUMMARY

**T**he most important decision a precious metals buyer or investor will ever make is the actual decision to purchase gold. The second most important decision a buyer faces is how to store their gold.

Gold bullion is a high value investment, a store of value, and it also provides financial insurance. Therefore, it always requires secure storage. A small quantity of gold does not take up a lot of space and is portable. Its high value content, as well as its portability, makes its security of paramount importance.

Since gold is acquired as a form of wealth preservation, as a long-term store of value and as a safe haven in times of financial and political turmoil, storage decisions cannot be taken lightly.

Geographic diversification is important, as more often than not, our homes, jobs, companies, salaries, income, investments, savings and pensions generally originate or are held in the country where we

**Gold bullion is a high value investment and always requires secure storage.**

reside. Therefore, should a country's banks and a sovereign nation become bankrupt, people's savings, investments, livelihood and wealth can be decimated.

**Gold bullion buyers or investors should diversify across storage locations to minimise risk.**

Ideally, gold bullion buyers or investors should diversify across storage locations to minimise event risks such as theft, government confiscation, terrorism, war and natural disasters that might affect one location.

This may mean keeping a small quantity of gold at home or in a readily accessible location, while storing the majority of your gold bullion holding in a secure international precious metals storage facility or vault, preferably in a financially stable and politically stable jurisdiction. Alternatively, the majority holding could be further diversified across a number of international jurisdictions, for example in Zurich, Singapore, London or Hong Kong.



The home-stored or locally stored gold would be quickly available in times of financial crisis, for use as money to acquire goods and services, or as conversion into a transactional currency, while the majority holding would be stored in a stable political and economic jurisdiction away from the epicentre of any financial crises, and beyond the reach of potential regulatory bank bail-ins and capital controls of insolvent banks and governments.

Companies, insurance companies, trusts, banks and nations can and do go bankrupt. The great advantage of physical gold bullion is that it has no third party risk. Physical gold cannot go bust.

Thus, when owning physical gold bullion one of the most important things to consider is where to store your gold bullion and what are the legal conditions under which it is stored.

This guide presents the various options available to those thinking of buying gold bullion for the first time or seasoned gold bullion owners looking for alternatives to their existing vaulting arrangements.





## WHAT IS STORAGE?

**S**torage or vaulting is a professional service for the provision of insured storage of gold bullion in high security vaults.

The gold bullion should be held under bailment, should be audited daily and owners should be able to view their storage inventory online. By appointment, owners should have physical access to their gold bullion and should be able to arrange to take delivery.

There are many different types of third party storage options including safety deposit boxes, paper gold such as the ETFs, digital gold, government certificates, unallocated and allocated accounts.

There are important considerations when evaluating the various forms of storage.

What type of facility or institution should it be stored with and should it be stored locally, nationally or internationally? The short answer is to store your gold bullion with the safest and securest facilities or institutions locally, nationally and internationally and to be sure that you are the outright legal owner of your gold bullion. Also be sure that the storage company or investment provider can and will ensure delivery of your gold bullion in a format that you require should you need it, to the destination of your choosing and in a timely manner.



# IMPORTANT DIFFERENCES BETWEEN PAPER GOLD, DIGITAL GOLD AND PHYSICAL GOLD

**I**n a discussion of gold storage it is very important for first-time buyers to understand the differences between paper gold, digital gold and physical gold. Many buyers of so called ‘paper gold’ and ‘digital gold’ products believe they are buying real physical gold.

This is not the case as ‘paper gold’ and to a lesser extent ‘digital gold’ products come with associated risks that are totally absent if the buyer elects to buy real physical gold.

## Paper Gold

References to ‘paper gold’ generally refer to a large number of securities and financial instruments.

These include tradable securities that represent an exposure to the gold price, such as exchange traded derivatives in the form of gold futures contracts, gold options contracts, and contracts for difference (CFDs); over the counter (OTC) derivatives in the form of gold interest rate swaps and options; non-physically backed gold ETFs and gold mining stocks.

Other forms of paper bullion are various structured products on gold, which are usually based on options and invariably opaque and spread betting positions and high risk CFDs which are again derivatives.

Importantly, some types of unallocated gold accounts with bullion banking institutions are also paper gold.

## Gold Exchange Traded Funds (ETFs)

There has been significant scepticism regarding whether many gold ETFs are backing their ETF holdings with precious metal, ounce for ounce. Much of that scepticism has abated, however there is a potentially more important issue which should be considered.

**The vast majority of ETFs are riskier than most forms of allocated gold ownership.**

The vast majority of ETFs are riskier than most forms of allocated gold ownership.

This is due to the very high level of indemnifications in the prospectus and in the terms and conditions of many ETFs. There

is also the important fact that you are an unsecured creditor of a large number of banks who are custodians and sub-custodians of the bullion holdings.

In the event of one of these banks becoming insolvent, one would be an unsecured creditor of one or all of the many custodians and sub-custodians who are primarily banks. In the event of a Lehman Brothers style systemic crisis, there is the risk that your bullion would be subject to a “bail-in” or could be nationalised by an insolvent sovereign nation because creditors can be subject to bail-ins.

## Digital Gold

Digital gold is a way of getting exposure to gold based on owning ounces of gold purchased through a digital platform. Digital gold companies clients’ bullion is generally backed through unallocated or allocated storage.

Online bullion platforms are very attractive from a cost point of view and therefore especially popular in the retail sector. However, with extremely low costs comes extra risk.

There is a significant unappreciated risk from only being able to sell your digital gold back to the one and same digital provider or online dealer that sold it to you. This is a form of ‘closed loop’ buying and selling. It creates a dependency and an over-

**There is a significant unappreciated risk from only being able to sell your digital gold back to the one and same digital provider or online dealer that sold it to you.**



reliance on one single entity or counterparty and your technology (your computer, internet access etc.) and their technologies (the company’s server, website, information technology etc.) which creates an as of yet unappreciated risk.

A cyber-attack on a digital gold provider company and digital gold holders may find that their assets are not as liquid as they thought they were.

## Physical Gold

Physical gold bullion is simply investment grade, refined and stamped, almost pure gold in mass in the form of coins and bars.

Gold bullion coins in the last twenty years have become the most liquid, divisible and accepted form of gold bullion worldwide.

They trade on an everyday basis and are highly liquid. The guaranteed gold bullion coins or certified coins from the various government mints, are probably the safest way to buy gold bullion if you are going to take physical possession yourself or store in allocated, segregated accounts.

Some of the most popular bullion coins in the world are Canadian Maple Leafs, American Eagles, South African Krugerrands, Chinese Pandas, Austrian Philharmonics, Australian Kangaroos, UK Britannias and of course internationally known British sovereigns.



**Maple Leaf**



**Eagle**



**Krugerrand**



**Panda**



**Philharmonic**



**Kangaroo**

British sovereigns and Britannias are increasingly popular with investors and pension owners in the UK due to them being capital gains tax (CGT) free, unlike the majority of other forms of gold investment or bullion storage.



**Sovereign**



**Britannia**

Gold bullion bars or ingots also remain popular. Gold bars range in weight from one gram to the popular one ounce format to the 400-ounce 'London Good Delivery' bar.

Owning physical gold means owning actual, individual gold bullion coins and/or bars either in your possession or in allocated, segregated accounts that you can access and easily and quickly take delivery of your gold bullion.



By owning physical coins and bars you can sell your bullion back to any number of international bullion dealers. This reduces your dependence on one single provider and on one single online, digital bullion platform.





## TYPES OF STORAGE

**N**ow that we have made the clear distinction between the various type of gold products we now turn our attention, as outlined in the introduction, to the second most important decision a buyer faces - how to store their gold bullion. Listed below are four ways a buyer can elect to store their physical gold.

### 1. Home Storage

It may be prudent for the bullion owner to store a small amount of gold in their home, for example gold coins or small gold bars. As well as being part of a storage diversification strategy, these coins, or bars, would then be available to raise cash if need be for unforeseen expenses.



Home storage involves the use of a secure unassuming hiding place within one's house, or else the use of a home safe, which should ideally be fixed to something immovable and hidden under floorboards, under carpets, in wardrobes or elsewhere. Insurance quotes for the contents of home safes will vary based on the grade of the safe.

Home storage of bullion entails obvious risks such as theft, but may also require home insurance, in which case details of bullion stored at home may have to be divulged to an insurance company, and as such may be a breach of privacy for some.

The bottom line with home storage is that one should not store in one's apartment, house, holiday home or office, more bullion than you would be comfortable losing through theft.

These days many people sleep easier at night knowing they have the financial insurance of gold in their possession in the event of some severe crisis.

## 2. Safety Deposit Boxes

In many countries, banks and/or private companies offer safety deposit box services where clients can rent safety deposit box of various sizes. Clients are issued with a key to their box and can visit the facility during normal business hours to deposit and withdraw valuables to and from their box. The facility provider should not be aware of the contents of the box and should not maintain any record of contents.



If choosing to store bullion with a safety box provider, one must be selective and do extensive due diligence on the company, their bona fides and how safe they are.



### 3. The Perth Mint Certificate Programme (PMCP) - Allocated And Unallocated



The Perth Mint of Western Australia runs the Perth Mint Certificate Program (PMCP) which offers clients allocated, pool allocated and unallocated precious metals storage options at the Mint’s minting and refining premises. The Perth Mint was established in 1899 and has a AAA rating.

It refines most of Australia’s gold bullion.

The Perth Mint authorises a small number of Approved Dealers globally for the PMCP and GoldCore is the primary dealer in the EU and UK.

Allocated bullion at the Perth Mint refers to bullion that is held by the Perth Mint in a client’s name and is stored under a custody arrangement. The client’s precious metal is distinctly identifiable and is stored in the Perth Mint’s vault alongside other allocated metal, but it is separate from the operating stock of metal in the Mint.

The bullion is not recorded on the balance sheet of the Perth Mint since it belongs to the client. Storage fees are charged for storing allocated metal at the Perth Mint, and these charges will be part of the purchase cost of the bullion as will fabrication costs.



Unallocated storage at the Perth Mint is a storage option where the Perth Mint has an amount of physical bullion equivalent to the client’s holdings in its operating stock. Therefore the unallocated accounts are 100% backed by physical metal. Since the metal is usable as Mint inventory, there are no storage charges for the client.

With the Perth Mint’s unallocated system, since the metal is held on the Perth Mint’s balance sheet, there are counterparty risks between the client and the Perth Mint. However, any credit or insolvency risk is very unlikely given that the Perth Mint is owned by the Government of Western Australia. Western

Australia remains one of the wealthiest states in Australia and Western Australia is one of the few states in the world with a AAA credit rating.

**Perth Mint precious metals stored for clients are fully insured by specialist insurance providers.**

In the Perth Mint Certificate Programme, none of the bullion is leased or lent out to the market, short positions are not allowed, and the Perth Mint does not use financial derivatives on its gold.

Perth Mint precious metals stored for clients are fully insured.

Recently Perth Mint confirmed that 15% of their Perth Mint Certificate Program (PMCP) clients hold allocated accounts, 4% hold pool allocated (for silver only) and 81% hold unallocated accounts.

There has been a preference towards allocated accounts in recent months due to the advent of bail-ins and continuing systemic risk.

## 4. Specialist Storage & Delivery

### i. Allocated Storage with Loomis



The VIA MAT Group was acquired by Loomis in 2014. Loomis AB is one of the leading cash handling companies worldwide. VIA MAT and its subsidiaries had about 1,000 employees with presence in Asia, South America, the Middle East, US and Europe.

Loomis is one of the world's leading global logistics and storage companies for valuables such as precious metals, banknotes and fine art. Loomis offers its clients custom-bonded or inland (domestic) storage at high security storage and vaulting facilities in a number of international locations. Regular audits are undertaken and

**GoldCore offers its clients long term precious metals vault storage at four Loomis vault locations in Zurich, London, Hong Kong.**

facilitated by Loomis, and the company operates with comprehensive insurance cover.

GoldCore offers its clients long term precious metals vault storage at four Loomis vault locations in Zurich, London and Hong Kong. For example, in Zurich, Loomis has a number of facilities in the Kloten area near Zurich international airport, including a recently added high security precious metals warehouse.

## ii. Allocated Storage with Brink's



**BRINKS**

Brink's is one of the largest and best known security companies in the world, providing a range of security services including armoured transport and

logistics, and precious metals vaulting facilities. Founded in 1859 and headquartered in the US, Brink's employs over 70,000 people in over 100 countries.

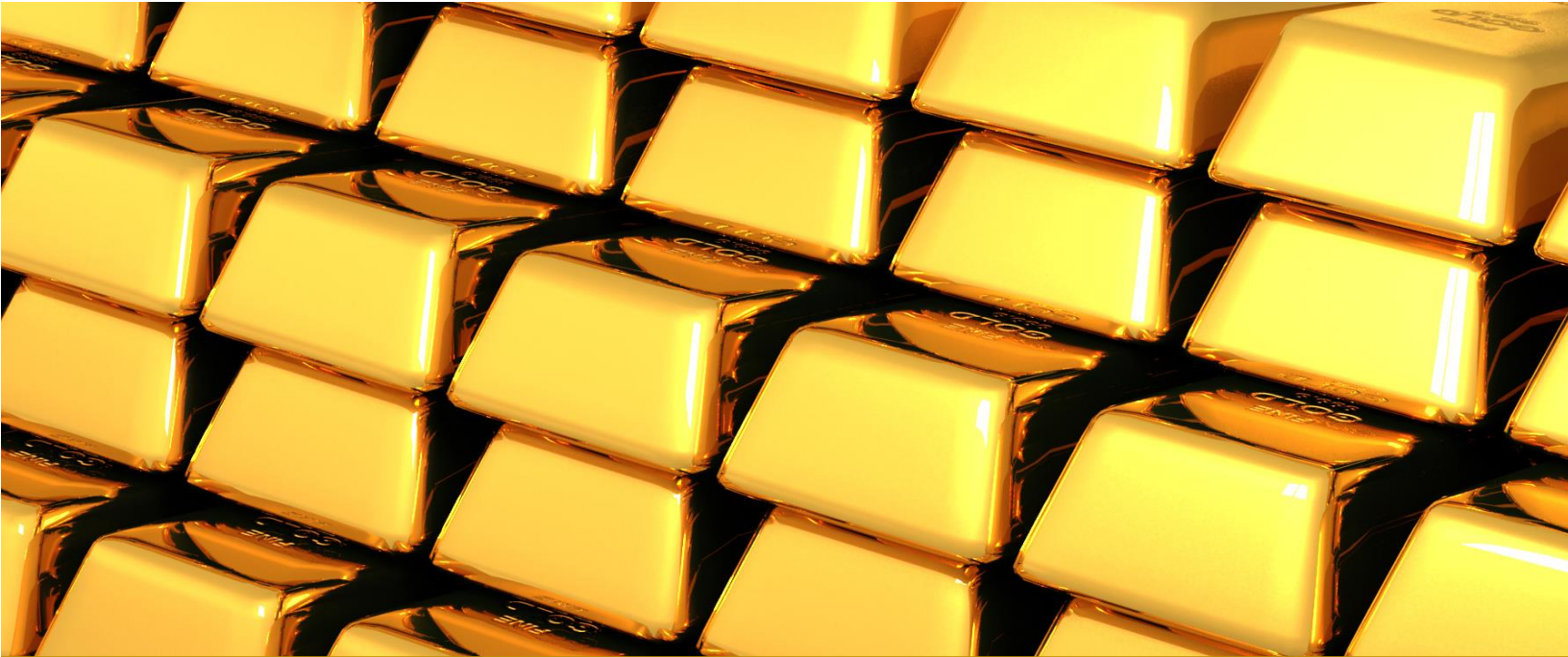
In the provision of precious metals services, Brink's provides services throughout the gold and silver supply chains, moving precious metals on behalf of miners, central banks, and other participants in the global gold market, and weighing, assaying and storing gold and silver on behalf of its clients.

Brink's operates high security precious metals vaults in a number of cities around the world. In the US, the company maintains metals vaults in New York City, and Salt Lake City, Utah.

In Canada, Brink's also operates two precious metals vaults in Ontario, one of which is in Toronto, very close to Johnson Matthey's Canadian gold and silver refinery which is in Brampton, just outside Toronto.

In Asia, Brink's' clients can choose to store gold at the group's precious metals vaults in Singapore or Hong Kong, while in Australia Brink's operates a precious metals vault in Melbourne.

As with the other large storage providers, Brink's precious metals vaults around the world are covered by specialist insurance.



## 7 KEY STORAGE MUST HAVES

**A**t an absolute minimum, a prospective gold bullion buyer should ensure that both their bullion and storage provider can meet the **7 key storage** requirements listed below.

### 1. Ability To Take Delivery

If the circumstance arises, can you take delivery of your bullion at a location of your choice? A reputable bullion dealer and a London Bullion Market Association (LBMA) officially recognised mint or vault will have relationships in place with specialised logistics companies.

GoldCore arranges insured delivery of gold bullion via FedEx, Loomis, and Brink's.



IRL  
A 14  
FITZWILLIAM SQUARE  
DUBLIN 2

UK  
A No. 1 CORNHILL  
LONDON  
EC3V 3ND

IRL +353 (0)1 632 5010  
UK +44 (0)203 0869200  
US +1 (302)635 1160

E INFO@GOLDCORE.COM  
W WWW.GOLDCORE.COM

© 2013 GoldCore



## 2. Bullion Authenticity - The LBMA Chain Of Integrity



The LBMA operates a system for gold bars that are acceptable for trading in the London market. This is known as the London Good Delivery system. The system lays down specifications for good delivery bars as well as rules for a refinery being eligible for the ‘good delivery list’.

The LBMA monitors refineries and their output, thereby ensuring quality standards are maintained.

This is the basis for the concept of the LBMA chain of integrity. Once a refinery’s bars are accepted on to the good delivery list for gold, then its bars do not have to be assayed further each time they change ownership or move location. This is because the information on the bar such as fineness, refinery stamp and year of manufacture, allows other participants in the market to be confident that the gold is as it claims to be. This is the chain of integrity.

However, bars from LBMA refineries need to be stored within recognised vaults of the LBMA system.



The LBMA officially recognises vaults of two highly reputable global companies that transport, ship and vault precious metals. These companies are Loomis (ex VIA MAT) and Brink’s. Any good delivery

bar stored within their vaults remains within the chain of integrity, since Loomis and Brink’s are ordinary members of the LBMA and are official LBMA vault custodians.



GoldCore also recognises that these storage companies are the most professional and trustworthy in the industry, and has partnered with both Loomis and Brink’s as GoldCore’s sub-custodians in offering external precious metals storage solutions to its clients.

### 3. Gold Bullion Audits

All client precious metal (gold, silver, platinum and palladium) stored by GoldCore at storage facilities in Zurich, Hong Kong, Singapore and London is audited via a tri-party auditing procedure. On a daily basis, GoldCore Operations will reconcile client precious metal storage records against the vaulting facility records of the storage provider. If discrepancies are found in the records, they are fully investigated and quickly resolved.



On a semi-annual basis, GoldCore directs independent auditor Inspectorate International Limited to audit GoldCore client precious metal inventory stored at storage facilities. This involves a physical inventory of all metal records and an audit of the weights of a sample of the precious metals holdings. Discrepancies, if found, are brought to the attention of GoldCore and the storage provider and investigated and quickly corrected.

Inspectorate International is one of the supervisors of the LBMA good delivery system and is an associate member of the LBMA.

The Perth Mint undertakes full quarterly inventory stocktakes using both internal and external auditors from major accounting firms in Australia. The audits are reviewed by the Auditor General of the State of Western Australia who is answerable to the State Parliament.

### 4. On-Line Storage Inventory

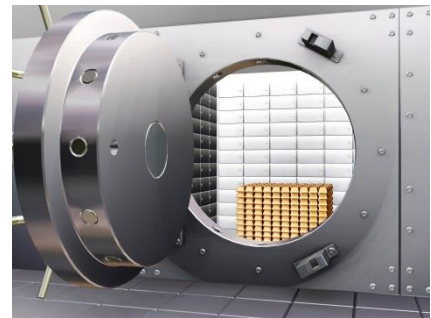


GoldCore clients with precious metals stored in Loomis's and Brink's facilities in Zurich, Hong Kong, London (Loomis) and Singapore (Brink's) have the ability to log on to the storage providers' web sites and view their precious metals holdings via a web based inventory reporting application.

The level of detail provided is thorough, and includes client account number, item description for bars or coins, quantity held, weight, fineness, and brand (for bars). This service allows clients to be confident that their precious metals are held in allocated form in the vault that they have specified.

## 5. Being Able To Visit And View Bullion Holdings

GoldCore clients holding allocated precious metals at the Perth Mint and at GoldCore's vaults internationally (except Loomis London) are able to visit the storage facilities. There they can view and cross reference the serial numbers on their Certificate of Ownership & Storage against the bullion bars and coins in the vault.



For security reasons, all visits are requested and sanctioned in advance.

## 6. Insurance Of Bullion At Storage Facilities

Every participant in the international bullion market requires adequate insurance to cover loss, theft or damage. This applies to mining companies, refineries, mints, financial institutions, bullion transporters and storage specialists. The insurance of precious metals vaults and storage depositories is predominantly underwritten by specialist risk underwriters operating through the international insurance market. This market has long been the global centre of special risk insurance, underwriting everything from shipping to aviation to fine art and gold.

Loomis's and Brink's precious metals storage facilities are covered by 'all risk' insurance underwritten by specialist 'specie' underwriters. These insurance agreements, which are governed by English law, cover precious metals and other valuables against physical loss, damage or disappearance up to the value of \$50 million for any one loss in any one location, and the agreements can be viewed by GoldCore clients.

## 7. Guarantee Of Bailment

When a client purchases and stores allocated gold with GoldCore, GoldCore provides the client with a Certificate of Ownership & Storage detailing ownership of the holding and documentation showing bar number, refiner name, gross weight, fineness and fine weight.

Client gold is held via a bailment arrangement, with client rights governed by English (and Irish) bailment law. A bailment relationship occurs when a person, the bailor, entrusts property temporarily to another person, the bailee (or custodian), but does not give up title of ownership.

This allows the bailee to:

- a) have rightful possession of the property without being the owner and
- b) creates the obligation by the bailee to return the identical property to the bailor.



These two legal points are important and they create the bailment. The bailor delivers the property to the bailee on condition they he/she will be able to receive it back in the future, and the bailee has the duty to return it, unless the bailee is directed by the bailor to sell the property.

Applying this concept to GoldCore client bullion holdings, GoldCore is the bailee, the client is the bailor, and the Terms and Condition of the GoldCore Customer Agreements are a bailment agreement between the client and GoldCore. GoldCore has an obligation, if asked, to return to the client the identical bullion bars or coins that were purchased by the client or that were transferred by the client to GoldCore.

### **The ownership of the bullion stays with the client.**

The ownership of the bullion stays with the client. GoldCore contracts a third party provider such as Loomis or Brink's to store the client precious metal and so the third party provider has a sub-custody relationship with GoldCore.





# STORAGE COSTS AND GOLD TRANSFERS

## Storage Costs

**G**oldCore charges an annual storage fee of 1% per annum for client gold stored with GoldCore's vaulting partners Loomis and Brink's. Lower fees are available for larger values stored.

Storage charges are calculated and accrued daily based on a daily valuation of the client's gold holding, and then billed six months in arrears at the end of each April and October.

A daily billing calculation means that the storage fee is accurately applied to the changing value of the gold, and reflects the changing gold price over the billing period. This calculation approach prevents large movements in the gold price affecting the bi-annual storage fee, which could occur if the fee was calculated based on just one day's price.

**GoldCore charges an annual storage fee of 1% per annum for client gold stored.**

Daily storage fees are calculated as follows:

If P is the daily gold price , Q is the quantity of client gold stored, r is the 1% annual storage fee, then each day, the client's gold is worth  $P * Q$ , and each daily storage fee is  $[(P * Q) * (r/100)] / 365$ .

**Daily billing calculation approach prevents large movements in the gold price affecting the bi-annual storage fee.**

At the end of each six month billing period, the client's six month storage fee is calculated by adding up all of the client's daily storage fees over that six month period. For example, there would be approximately 180 daily fees every six months. This fee calculation approach is similar to that used by GoldCore's Storage Partners Loomis and Brink's in their vault storage fee calculations.

Note that when a client buys physical gold from GoldCore, the initial purchase price does not include a storage fee. Therefore the client defers payment on storage until the first invoice date, which could be up to six months later. For example, if a client buys gold in the first week of May, they only get billed for their first storage fee nearly six months later at the end of October, and so avoid an upfront storage fee at the time of purchase.

## Transferring Existing Gold Holdings to Allocated Storage



Investors with existing bullion holdings stored at home or stored with another provider who have concerns about home storage, or concerns about the security of another provider, can easily transfer these holdings to be stored with GoldCore's storage partners Loomis or Brink's.

All the client has to do is enter a Storage Agreement with GoldCore and we will coordinate delivery via courier or secure transporter to the relevant storage location. Once delivered and accepted by GoldCore and the storage facility, the delivery becomes an official gold, silver, platinum or palladium holding, held by GoldCore on behalf of the client.

GoldCore issues a Storage Statement detailing ownership of the holding and documentation showing bar number, refiner name, gross weight, fineness and fine weight.

As with all existing GoldCore clients, we guarantee the following:

1. You can take delivery of your bullion at a location of your choice.
2. Your bullion remains within the LBMA chain of integrity.
3. Daily inventory of your bullion against the vaulting facility records of the storage provider.
4. You can log on to the Loomis and Brink's websites and view your bullion inventory.
5. You can arrange to visit the storage facility and view your bullion inventory.
6. Your bullion is covered by 'all risk' insurance underwritten by specialist 'specie' underwriters.
7. Guarantee of bailment - the ownership of the bullion stays with you.



## CONCLUSION

**T**he fundamental tenet of investment theory and of wealth growth and preservation is diversification.

In layman's terms one should not have all the proverbial eggs in the one basket. This concept is crucial both in terms of an entire investment and savings portfolio and also in terms of the precious metals component of a properly diversified portfolio.

**One should not have all the proverbial eggs in the one basket.**

With bail-in regimes being introduced imminently, having your savings with the safest banks is vitally important. As is owning gold, in the safest way possible and stored with the safest counter parties in the world.



Diversification of assets and diversification amongst assets is important. Thus, it is also important that the precious metals (gold, silver, platinum or palladium) component of a portfolio is diversified.

**It is important to have your combination of bullion coins and bars in the safest vaults in the world, in the safest jurisdictions in the world.**

This means that bullion owners should not allow themselves to be dependent on any one investment provider or institution. This is why it is important to have a combination of bullion coins and bars in your possession, and gold certificates and allocated storage of gold bullion in the safest vaults in the world, in the safest jurisdictions in the world.

Don't delay in deciding what the optimal storage solution is for your bullion. Decide on a storage plan and location and order your bullion coins and/or bars, or liquidate your existing investment and/or move your existing bullion as soon as you have done your due diligence.

Importantly, be sure that you can ship your bullion in a format of your choosing, to a destination of your choosing, at the time of your choosing.

Gold bullion is the ultimate form of financial insurance and in these uncertain times all investors and savers should have an allocation and own this essential insurance in the safest ways possible.



## GLOSSARY OF TERMS

**Allocated:** Allocated bullion refers to bullion that is held in a client's name, is distinctly identifiable and is stored under a custody arrangement in a secure vault.

**Asset class:** In financial accounting, assets are economic resources. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered an asset.

**Bailee:** Is a custodian with whom some article is left, usually pursuant to a contract (called a "contract of bailment"), who is responsible for the safe return of the article to the owner when the contract is fulfilled.

**Bail-In:** Is an attempt to resolve and restructure a bank as a going concern entity, by creating additional bank capital (recapitalisation) via forced conversion of the bank's creditors' claims (potentially bonds and deposits) into newly created share capital (common shares of the bank).

**Bailment:** Bailment describes a legal relationship in common law where physical possession of personal property, or a chattel, is transferred from one person (the 'bailor') to another person (the 'bailee') who subsequently has possession of the property. It arises when a person gives property to someone else for safekeeping, and is a cause of action independent of contract or tort.

**Bailor:** One who places control over or possession of Personal Property in the hands of another, a bailee, for its care, safekeeping, or use, in accordance to the terms of a mutual agreement.

**Chain of integrity:** A gold bar needs to be assayed and be of a proven weight and purity acceptable by the professional markets. If this bar then remains in the professional vaults recognised by the London Bullion Market Association (LBMA) and international financial exchanges, this gold bar is said to have remained in the gold market's 'Chain of integrity'. If it does not leave the chain of integrity - it does not need to be reassayed or reproven and can be easily traded and exchanged. Gold bullion that remains within the chain of integrity is said to be of 'good delivery' status.

**Counterparty:** Is a legal entity, unincorporated entity or collection of entities to which an exposure to financial risk might exist. Refers to brokers and other securities dealers that serve as the contracting party

when completing "over the counter" securities transactions. The term is generally used in this context in relation to "counterparty risk", which is the risk of monetary loss a firm or individual may be exposed to if the counterparty such as a broker, institution or bank encounters difficulty meeting its obligations under the terms of the transaction, primarily due to insolvency.

**Digital Gold:** Digital gold is a way of getting exposure to gold and silver based on owning ounces of gold or silver through a digital platform. Digital gold and silver companies' clients' bullion is generally backed through unallocated or allocated storage.

**ETF:** Exchange-traded funds are gold exchange-traded products that aim to track the price of gold. Gold exchange-traded products or trust are traded on the major stock exchanges including Zurich, Mumbai, London, Paris and New York.

**Family Office:** A family office or single family office (SFO) is a private company that manages investments and trusts for a single wealthy family.

**LBMA:** The London bullion market is a wholesale over-the-counter market for the trading of gold and silver. Trading is conducted amongst members of the London Bullion Market Association (LBMA), loosely overseen by the Bank of England. Most of the members are major international banks or bullion dealers and refiners.

**Numismatics:** Is the study or collection of currency, including coins, tokens, paper money, and related objects.

**Paper Gold:** Paper gold refers to securities and financial instruments that represent an exposure to the gold price. Various forms of paper gold are exchange traded derivatives in the form of gold futures contracts, gold options contracts, and contracts for difference (CFDs); over the counter (OTC) derivatives in the form of gold interest rate swaps and options; non-physically backed gold ETFs and gold mining stocks.

Other forms of paper bullion are various structured products on gold, which are usually based on options and invariably opaque; spread betting positions and high risk CFDs which are again derivatives. Importantly, some types of unallocated gold accounts with bullion banking institutions are also paper gold.

**Unallocated:** Unallocated bullion storage is a storage option where the mint or financial institution has an amount of physical bullion, either purchased from clients or purchased in the market, equivalent to the client's holdings, and holds this metal in its operating stock. Therefore the unallocated accounts are 100% backed by physical metal. Since the metal is usable as Mint inventory, there are no storage charges for the client.

**World Gold Council:** The World Gold Council is a non-profit association of the world's leading gold mining companies, established in 1987 to promote the use of gold. It aims to stimulate demand for gold from industry, consumers, and investors. The World Gold Council is the market development organisation for the gold industry. Working within the investment, jewellery and technology sectors, as well as engaging in government affairs, their purpose is to provide industry leadership and create sustainable demand and awareness about gold.

---

WRITTEN BY

[GoldCore](#)

ABOUT GOLDCORE

GoldCore are respected international bullion dealers who are experts in the execution and logistics of the highly specialised precious metals market.

GoldCore have been providing precious metal investment solutions for an International client base since 2003. Today, our team of experts service all investor classes from private individuals to companies and institutional investors. Whether you are a small or large investor looking to take delivery or arrange for secure, trusted insured storage, GoldCore has a solution to suit your needs.

CONTACT GOLDCORE

Ireland

GoldCore Ltd  
14 Fitzwilliam Square  
Dublin 2  
Ireland

Low Call Ireland  
1 850 GOLD IE

Ireland Phone  
+353 1 632 5010

England

No. 1 Cornhill  
London EC3V 3ND  
England

UK Phone  
+44 (0) 203 086 9200

UK Fax  
+44 (0) 203 031 1046

USA

USA Phone  
+1 302 635 1160



*Disclaimer: The information in this document has been obtained from sources which we believe to be reliable. We cannot guarantee its accuracy or completeness. It does not constitute a solicitation for the purchase or sale of any investment. Any person acting on the information contained in this document does so at their own risk. Recommendations in this document may not be suitable for all investors. Individual circumstances should be considered before a decision to invest is taken. Investors should note the following: Past experience is not necessarily a guide to future performance. The value of investments may fall or rise against investors' interests. Income levels from investments may fluctuate. GoldCore Limited ( [www.goldcore.com](http://www.goldcore.com)), trading as GoldCore is regulated by the Financial Regulator of Ireland.*

© 2013 GoldCore. All rights reserved.