



## When is a Gold Ingot not a Gold Ingot?

I honestly believe I have one of the best jobs in the world. OK, at 6' 3" I was never going to be the next Ayrton Senna (an early dream) or the fact I rely so heavily on spell checker and the grammar police that the likelihood of writing a best-selling novel still evades me, so I'll stick to being a fund selector and portfolio manager. I get to interview the brightest investment minds from all over the world; I get to pick their brains and challenge their wisdom. I like to be enlightened and I get a great deal of pleasure from it. But the thing I like the most is that no two days are ever the same and I never stop learning. It is probably why I work way beyond my allocated 40 hours per week and more than five days per week. It's why the laptop comes on holiday with me. My email inbox has too many unread correspondences in it, and I know I don't answer the phone enough and that's because I am always striving to learn more, do more and that's why this piece has completely fascinated me.

ESG is pervading all aspects of investment life and there is a wealth and breadth and depth of subject matter that can last a lifetime, but in a conversation a few weeks ago with an ETF provider we got onto the subject of gold – physical gold – and how their offering was ESG friendly. Until this conversation, I had never considered the precious metal through an ESG lens.

The LBMA (London Bullion Market Association (<http://www.lbma.org.uk>)) are the world's leading independent authority for precious metals. They set the standards for the integrity of the market, with over 145 member companies involved in everything from mining, refining, manufacturing, trading, vaulting and based in over 20 countries. They have also set the standard for "Responsible Gold". Presently they are developing a draft (version 9) of a responsible sourcing programme.

In 2018 the association launched the programme to include ESG issues and the work continues to develop. If you buy a gold ingot from the LBMA's "Good Delivery List" you know you are getting gold (and silver) bars from refiners who agree to a set global standard that is audited and traceable. If you buy gold from the list, you know where the gold has come from; not only can you be provided with country of origin data, you can get information on which mine it came from, or whether it has come from a large or small-scale (artisanal) miner. You know whether the bar is made of recycled, or whether it is ore, concentrate, doré, alluvial or even grandfathered gold. You'll know if the gold has been obtained as a by-product from other reasons to mine. You know due diligence has been done.

You'll be aware if the mine has suffered human rights abuses and that the integrity of the board is checked. Supply chains will be reviewed, shipping and import / export documents included.

In reading through the website and seeing what work is undertaken for a bar of gold to be approved by the LBMA, it wouldn't surprise me that the precious metal could actually be priced differently depending on its source and route to market. ESG really is pervading the financial system and well done to it.

Gold is often thought of as a way to launder money or evade the financial system. With work like this being done it will certainly make things harder in the future.

The remake of the classic 60's movie The Italian Job in 2003 saw bad guy turned worse, Edward Norton, trying to fence Indonesian gold ingots with a Balinese Dancer imprinted onto it – if the LBMA guidelines are anything to go by, and due to the nature of how he came across the gold, it wouldn't be able to make it into the financial system and therefore potentially not worth the price set in the daily gold price fix as the number of legitimate sources of being able to sell the product both would not and could not get involved.

Ultimately all gold bars are not the same and by doing good through ESG the broader quality of what is ultimately a commodity improves.

### Market Snapshot (30.07.21 – 06.08.21)

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FTSE 100	7122.95	↑1.29%	UK	0.59	↑3.51%	£/\$	1.3870	↓0.22%	Brent Crude	\$70.49	↓7.65%
S&P 500	4436.52	↑0.94%	US	1.28	↑3.23%	£/€	1.1800	↑0.77%	Gold	\$1758.40	↓3.01%
NIKKEI 225	27820.04	↑1.97%	Germany	-0.46	↑0.00%	€/£	1.1760	↓0.93%			
DAX 30	15761.45	↑1.40%	Japan	0.03	↑50.00%	£/¥	152.9700	↑0.28%			
CAC 40	6816.96	↑3.09%									

Figures quoted are in local currency.

Source: FE Analytics & Financial Times

### Week Ahead

Monday – US: JOLTs Job Openings (Jun)

Tuesday – Germany: German ZEW Economic Sentiment (Aug)

Wednesday – US: Core CPI (MoM) (Jul)

Thursday – UK: GDP (YoY) (Q2)

Friday – US: Initial Jobless Claims

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