

**Emergent**™

Technology & Payments

# Portfolio Allocation Benefits: Responsible Gold and G-Coin

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# A portfolio allocation in gold can result in higher risk adjusted returns

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The World Gold Council, a leading authority and market development organization for the gold sector recently published a report on “The relevance of gold as a strategic asset”<sup>1</sup>. Some key excerpts from this report include:

- Perceptions of gold have changed substantially over the past two decades, reflecting increased wealth in the East and a growing worldwide appreciation of gold’s role within an institutional investment portfolio.
- Gold’s unique attributes as a scarce, highly liquid, and un-correlated asset demonstrate that it can act as a diversifier over the long term.
- Gold’s position as an investment and a luxury good has allowed it to deliver average returns of nearly 11% over the past 50 years, comparable to equities and more than bonds and commodities.
- Gold’s traditional role as a safe-haven asset means it comes into its own during times of high risk. But gold’s dual appeal as an investment and a consumer good means it can generate positive returns in good times too.
- This dynamic is likely to continue, reflecting ongoing political and economic uncertainty, persistently low interest rates, and economic concerns surrounding equity and bond markets.
- Overall, extensive analysis suggests that **adding between 2% and 10% of gold to a US-dollar-based portfolio** can make a tangible improvement to performance and boost risk-adjusted returns on a sustainable, long-term basis.
- Gold can enhance a portfolio in four key ways:
  - generate long-term returns
  - act as a diversifier and mitigate losses in times of market stress
  - provide liquidity with no credit risk
  - improve overall portfolio performance

<sup>1</sup> World Gold Council: [The relevance-of-gold-as-a-strategic-asset US edition](#) February 2020

# Responsible Gold and G-Coin are premium gold products with irrefutable provenance and supply chain integrity

## FOR THE FIRST TIME, GOLD WITH IRREFUTABLE PROOF OF PROVENANCE AND ULTRA-SECURE CHAIN OF CUSTODY IS AVAILABLE FOR PURCHASE

- Tracked from mine to vault using blockchain technology, Responsible Gold offers unprecedented confidence in the gold supply chain.
- Permissioned miners, refiners, logistics providers, and vaults use the Responsible Gold Supply Chain application (RG SCA) to track responsibly sourced gold from its origin to finished bars.
- Blockchain participation is governed by the Responsible Gold Standards (Standards) which enhance environmental, social and governance (ESG) monitoring and supply chain integrity.
- The physical Responsible Gold, stored in secure vaults, is minted into G-Coin tokens – digital titles of ownership of Responsible Gold kilobars.
- G-Coin brings gold into the digital age and increases its utility from a savings tool to a medium of exchange.

## RESPONSIBLE GOLD IS THE LEADING CHOICE FOR GOLD BUYERS



### RESPONSIBLE

High ESG impact and exceed Shariah compliance requirements



### SECURE

Vaulted in licensed facilities and independently audited

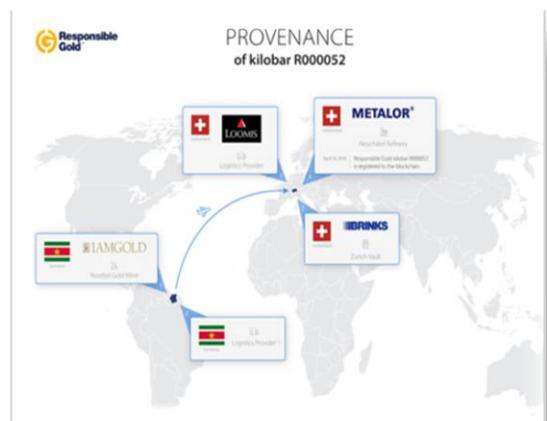


### SMART

Captures gold's portfolio qualities, including diversification and capital preservation

## RESPONSIBLE GOLD MEETS DEMAND FOR GREATER SUPPLY CHAIN TRACEABILITY AND ACCOUNTABILITY

- The RG SCA and Standards strengthen the supply chain against conflict financing, money laundering and crucial environmental, social and labor issues.
- Owners have access to permanent digital records that document provenance and chain of custody.
- Responsible Gold delivers confidence and peace of mind to buyers.
- Gold as a digital asset: Buyers can now purchase G-Coin, a digital title to Responsible Gold.



# Responsible Gold and G-Coin compare favorably with traditional gold investment products

## London Good Delivery (LGD)

The LGD market is often referred to as the international standard for gold price setting and it has been in existence for over 100 years. Designed for interbank transactions, it is primarily a paper market where transactions are obligations against a pool of gold within the London Clearing system. The physical delivery or "allocation" within a London Vault must be in increments of 400 fine troy ounces, the approximate size of a LGD bar. The London Bullion Market Association (LBMA) sets the rules and specifications for the gold allowed into the clearing system.

## Responsible Gold (XRG)

XRG is an innovative product that is fungible with LGD gold as it is produced by LBMA Good Delivery refiners, but it is tracked from mine to vault on blockchain technology to give owners full provenance and custody information on a bar by bar basis. All participating miners, refiners, logistics providers, and vault operators onboarded into the Responsible Gold ecosystem provide evidence that they are operating at the highest industry ESG standards. The vaulting network is not limited to London vaults.

## Exchange Traded Funds (ETF)

An ETF is an exchange listed security that first launched in the early 2000's. They were important and successful for two reasons:

- ETFs became the first way for retail investors to get exposure to the gold price in relatively small values without buying physical products.
- ETFs allowed many institutional sectors to take exposure to the gold price rather than the relying on gold mining equities, which was a failed proxy by the end of the 1990's.

## G-Coin (XGC)

G-Coin brings gold into the digital age as the digital title of ownership to Responsible Gold kilobars, that are stored in secured vaults. G-Coin tokens are held in individual or corporate G-Wallets reducing storage costs. The provenance and custody details of the underlying Responsible Gold, including where the gold is being held, are available instantly for every G-Coin. G-Coin increases the utility of gold and can hedge against currency risk in cross border transactions or be used like fiat currency to make payments. G-Coin tokens can be redeemed for the underlying Responsible Gold at any time.

# Responsible Gold stands apart from London Good Delivery

	London Good Delivery	Responsible Gold (XRG)
<b>Allocated</b>	<b>UNALLOCATED</b> by default. Allocated upon request	<b>ALLOCATED:</b> direct ownership
<b>Format</b>	Large bar, approx. 12.5 kilograms	Multiple formats depending upon client's requirement. Kilobars are expected to be the dominant format
<b>Gold purity</b>	Minimum 99.5%	99.99% in all formats
<b>Responsible Sourcing</b>	LBMA Responsible Gold Standard applies to Good Delivery refiners only and includes paper-based supply chain due diligence requirements to be carried out on a periodic basis and verified by annual independent audits	<b>ENHANCED ESG BENEFIT:</b> All supply chain participants - miners, refiners, logistic providers and vault operators – comply with the comprehensive Responsible Gold Standards through annual independent audits or self-certification. Every ounce of Responsible Gold is tracked through the RG SCA and blockchain activity and data are monitored continuously and in real time
<b>Gold Provenance</b>	There is no available record of where the gold originated	<b>IRREFUTABLE PROVENANCE:</b> Owners have ready access to irrefutable records of origin
<b>Custody records</b>	None	<b>IMMUTABLE CUSTODY RECORDS:</b> Full records from mine to refiner to vault available to buyers
<b>Vault</b>	London Precious Metals Clearing Limited (LPMCL) registered vaults, approximately within London's M25 orbital ring road	<b>SECURITY:</b> Internationally recognized Category 3 vaults licensed to use the technology and comply with the Responsible Gold Standards. Launch vaults located in Switzerland and the vaulting network is expected to grow in accordance with client's needs
<b>Pricing</b>	London interbank gold price	<b>ALPHA OPPORTUNITY:</b> Free market based on supply demand dynamics for XRG. Pricing will be direct from supply chain participants which includes Responsible Gold Trading DMCC (RGTD), committed to providing liquidity depth and supporting fungibility
<b>Fungibility &amp; Liquidity</b>	Tradeable amongst LBMA market makers, wholesale market participants and clients sharing credit lines	RGTD commits to buy XRG on a swap against XAU at no worse than flat so XRG can never be worth less than XAU. Favorable supply demand dynamics could lead to <b>significant premiums for XRG over XAU</b>

**GOLD AS A DIGITAL ASSET: XRG THAT REMAINS IN THE RESPONSIBLE GOLD ECOSYSTEM CAN BE MINTED INTO G-COIN TOKENS AT ANYTIME AND TRADED IN ITS DIGITAL FORMAT. A G-COIN TOKEN IS A DIGITAL TITLE OF OWNERSHIP TO ONE GRAM OF A RESPONSIBLE GOLD KILOBAR.**

# G-Coin stands apart from Exchange Traded Funds (GLD<sup>2</sup> is used for ETF example)

	ETF (GLD)	G-Coin
Structure	A continuously offered, open-ended investment trust; registered with the SEC under the Securities Act of 1933	Digital certificate of title stored on a private, permissioned blockchain
Access	A brokerage account to buy shares on NYSE Arca and on exchanges where it is cross listed (Mexico, Japan, Singapore, Hong Kong)	A digital wallet to buy digital certificates from a G-Commerce company. G-Commerce subsidiaries are located in countries and regions where Emergent Technology markets G-Coin
Underlying Assets	Allocated London Good Delivery bars	Allocated Responsible Gold kilobars
Gold Traceability	The refiner's stamp is on the bar. There is no available record of where the gold originated	Owners have ready access to irrefutable records of origin and custody transfers
Gold Ownership	None. Instead, the buyer owns shares in the grantor trust that own the gold	Allocated, direct title to specific Responsible Gold kilobars
Counterparty Risk	ETF owners have exposure to the fund (which owns the gold)	G-Coin holders have direct title to their gold; these holdings are insulated from an Emergent Technology credit event
Initial Pricing	Based on 1/10ths of an ounce of gold (decreases over time based on 40bp annual fee)	Based on 1 gram of Responsible Gold
Annual Expenses (including storage)	40 basis points	20 basis points
Transaction Fee	Based upon your broker's charges	Costs are built into the bid-offer spread and include fabrication costs for kilobars. The volume of gold traded, the country where the customer is based and what currency the transaction is done in all impact the bid-offer spread.
Settlement speed	2 business days after the order is filled	Instant (subject to cleared funds)
Ease of Transfer	Complete a transfer request form through your broker	Frictionless and instant transfer to other G-Coin digital wallets; no cost

<sup>3</sup> GLD is the symbol for the SPDR Gold Trust on the New York Stock Exchange ARCA sponsored by the World Gold Trust Services LLC

# G-Coin stands apart from Exchange Traded Funds (continued)

	ETF (GLD)	G-Coin
<b>Ease of Spending</b>	Not possible	The G-Coin debit card is being introduced to increase utility of G-Coin and put gold on par with fiat.
<b>Trustee</b>	Administers trust pays expenses, calculates Net Asset Value, processes orders from Authorized Participants  Currently: BNY Mellon Asset Servicing	G-Coin administrator: creates and redeems G-Coin, manages the distributed ledger, acts as bailee  G-Mint Sàrl <sup>3</sup>
<b>Custodian</b>	Safekeeps gold Currently: HSBC London	G-Coin administrator: creates and redeems G-Coin, manages the distributed ledger, acts as bailee  G-Mint Sàrl
<b>Custodian Features</b>	Underlying gold vaulted in Banks with separate custodial arrangement arranged by the ETF provider.	Logistics companies with Category 3 vaults, independent of the banking system No other custodians are used.
<b>Responsible Party</b>	An Authorized Participant (typically a bullion bank or large trading firm) creates and redeems shares of GLD	G-Mint Sàrl creates and redeems the G-Coin digital certificates of title and manages the distributed ledger that lists owners and their holdings.
<b>Creation Process</b>	Authorized Participant delivers unallocated gold to Custodian in exchange for ETF shares; transaction approved by trustee	Owners of Responsible Gold kilobars at a licensed depository deliver them to G-Mint Sàrl in exchange for G-Coin tokens
<b>Redemption Process</b>	Authorized Participant receives unallocated gold from Custodian in exchange for ETF shares	G-Mint Sàrl receives G-Coins from the owner and delivers physical. The G-Coins are destroyed by G-Mint Sàrl
<b>Minimum Physical Redemption</b>	100,000 shares (10,000 oz.) (Not all ETFs will allow physical gold redemption)	10 G-Coins (10 grams)

<sup>3</sup> G-Mint Sàrl is a self-sustaining, autonomous operating entity that is central to Emergent Technology's vaulting solution. Based in Geneva, Switzerland, G-Mint Sàrl is organized so that it can operate independently for as long as people have G-Coin tokens stored in licensed vaults.



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