An Insight into new Gold Investments Amidst Shifting Banking Dynamics

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Banks have traditionally provided yields to investors from lending for long terms to generate X on assets, while paying Y to depositors at call. (lending long and borrowing short or maturity transformation). This profit X-Y works beautifully until more depositors want their money back than borrowers can afford to repay. As of recent years, motivated depositors have left the US Banking system in favour of higher returns available to them via money market funds. Luckily for the remaining depositors the United States Secretary of the Treasury; Janet Yellen and the Chair of the Federal Reserve; Jerome Powell have always issued new USD into existence to make depositors nominally whole. Case in point was the Silicon Valley Bank depositor bailout and across the Atlantic, the forced merger of UBS and Credit Suisse also serves as a guide.

When it comes to macroeconomics in 2024, the elephant in the room is the US debt and deficits, you could argue that it has become a "banana republic" in which the tax receipts don't even cover the interest bill on their debt. There is USD 8.2 Trillion worth of US treasuries maturing this year on top of a projected deficit of USD 1.85 Trillion, total US Federal debt now exceeds 100% of GDP.

As the importance of gold returns to investment portfolios, so does the need for diversification of investment methods. You would be ill advised to store all your gold at home or in a Bank ETF which is priced in fiat terms. Savy investors should always start with the physical, perhaps a few silver coins at home or gold bars stored in non-bank vault. At the other end of the risk scale, gold mining stocks have been enduring a torrid decade despite gold prices near all-time highs. So it is high time that an intermediate-risk gold investment becomes available such as a Gold term deposit with measured returns generated from credit risk with an acceptable loss of liquidity.

Keith Weiner's 2016 launch of Monetary Metals marked a pivotal moment, introducing the concept that interest serves as a catalyst for bringing gold into the market. The idea revolves around the premise that people seek a return on their gold investments, and a return incentivizes them to engage with the market, providing a significant utility to gold beyond mere hoarding. The yield on gold, a revolutionary concept, allows individuals to grow their savings through

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compounded interest on their gold, albeit outside the traditional banking system.

Taking this evolution a step further, Gefion Capital AG recently received approval from FINMA, the Swiss regulator, to manage a Gold Denominated Note. With its base currency in XAU (symbolizing one troy ounce of gold under the ISO 4217 currency standard), this security offers investors an opportunity to trade over the counter using well-established banking infrastructure. The Note is backed by a diversified portfolio of Monetary Metals gold leases and gold bonds, delivering a 6-8% net yield on gold, paid in gold®. Gefion's management approach is a balance between the high returns of gold bonds with the safety and liquidity advantages of gold leases.

In conclusion, as banking dynamics undergoes shifts and challenges, Gefion and Monetary Metals apply historical practices with the enduring value of gold at its core. This approach more effectively addresses the requirements of savers compared to those who benefit from continual currency devaluation. Qualified, Non-US investors can explore more about this innovative investment opportunity through the note mini-site at www.mmdgin.com