

Epworth invests in gold/ “The gold, the bad and the ugly”

Epworth has long grappled with the ethical dilemmas associated with the precious metals industry. The extraction of these metals entails substantial environmental ramifications, encompassing significant carbon emissions during the mining and refining processes, along with the local ecological degradation resulting from extensive land clearing in pursuit of minute metal quantities. Beyond environmental concerns, the human toll is equally disconcerting, as numerous mines globally resort to exploitative practices such as child or forced labour under perilous conditions. Furthermore, the extraction market targeting precious metals from discarded circuit boards and other waste materials is fraught with similar ethical challenges.



For these reasons, Epworth does not invest in the shares of mining companies focused on precious metals, and has been reluctant to invest in other forms of exposure to these commodities to date.

However, there is no doubt that precious metals, particularly gold, can provide compelling investment properties as part of a diversified portfolio. Although gold pays no dividend, its track record shows it offers little correlation to other major assets, particularly in times of financial or geopolitical shocks, making it an attractive diversifier. Following an extensive research exercise, Epworth recently approved for investment a product providing direct exposure to gold reserves held at the UK’s Royal Mint (RM).

RM is one of the oldest companies in the world, manufacturing UK coins as well as currency for over 30 other nation states. It supports a supply chain of over 800 companies, and is a key member of both the World Gold Council and the London Bullion Market Association. The waste offcuts of gold taken from its coin manufacturing processes are recycled into gold bars, meaning they have just 10% of the carbon footprint of bars manufactured from virgin mined materials. The key benefit to Epworth of partnering with RM through this investment is to leverage RM’s status and reputation in the market, to lead the industry on a journey of sustainable initiatives for the precious metals supply chain. It recently became the first sovereign mint to achieve Science Based Target initiative (SBTi) recognition for net zero targets, aided by recent investment that now allows it to renewably self-generate around 70% of its power needs at its manufacturing facility in South Wales.



Epworth’s Multi Asset Fund manager Matthew Jones recently visited the RM’s manufacturing facility to see the recycled gold process first hand, as well as meet with RM’s leadership on its approach to supply chain audit and engagement. RM has conducted an extensive engagement process this year to push for alignment with its new sustainable sourcing policy, and has successfully got more than 75% of its suppliers signed up so far. Epworth will seek to maintain a

dialogue with the RM over the coming years to leverage its influence in the broader precious metals industry, and push for positive environmental and social change.

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