

# Q&A With Chris Gan

Vice President of Business Development,  
Singapore Precious Metals Exchange (SGPMX)



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Chris is Vice President of Business Development at Singapore Precious Metals Exchange (SGPMX). Prior to this role he worked in banking, specializing in investments and wealth management. Early on in his career, he was also an investment analyst, a product development manager and lectured in finance at two universities.

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## Can you tell us a bit more about Singapore Precious Metals Exchange - its background, strategy, and focus?

Singapore Precious Metals Exchange (SGPMX) was set up to address the issues and challenges faced by private investors which are associated with owning precious metals, such as gold and silver.

While it is relatively easy to buy precious metals in the open market, it is difficult for private investors to store and sell gold or silver without incurring high spreads. Buyers of precious metals also face the pervasive dangers of procuring counterfeit products or encountering issues of liquidity.

Over the last few years, SGPMX has developed a robust, single platform that allows our clients to conveniently buy, store and trade bullion securely from anywhere around the world. This is made possible by combining the following four unique components: buying bullion, secured storage, peer-to-peer trading, and, of course, delivery of physical metals globally. Our focus now is to bring this unique solution closer to our clients through ACE (Asset Conversion Exchange), an exclusive mobile app which enables clients to perform their transactions instantly, securely and at a low cost, within the exchange platform.

## In the current environment, what do you see as the main opportunities and the main risks when investing in precious metals?

**Opportunities:** It has never been easier for investors to securely buy, store, trade and take physical delivery of their gold or silver bullions. At SGPMX we offer this robust platform, where we enable our clients to buy from reputable mints around the world, store their metals securely with SGPMX at Le Freeport, and also trade their bullion on our exchange. With our logistics partners, we are also able to deliver their bullion,

anywhere in the world, securely and at reasonable costs. So, investing in physical precious metals is definitely more attractive today compared to, say, investing in paper gold. Further, with our ACE app, this convenience is extended even further as it allows these transactions to happen in real-time, and at low costs.

**Risks:** There are always risks involved in investing, whether it is in precious metals or other instruments. But for physical bullion, for example, investors should consider liquidity carefully, as certain types of metals, like platinum, may not have high liquidity when you want to sell them. This is compared, of course, to investing in something like a gold ETF. There are other considerations as well, such as foreign exchange, which can be volatile; this can have an impact on your overall returns if you choose to trade bullion.

## You've written books on investing in silver. What are the advantages of investing in silver over gold?

Some investors prefer silver to gold for a few reasons. One of the many attractions of silver is that it is priced relatively cheaper than gold. The spot price for silver is around \$15 per troy ounce compared to \$1214 per troy ounce for gold. From this perspective, silver is more 'affordable' to the investor who doesn't want to invest too much of their wealth in precious metals. Thus, silver is commonly referred to as the 'poor man's gold'.

The other reason that some investors prefer silver is the perception that it is undervalued compared to gold; this is by looking at the prevailing ratio of gold to silver prices. It is currently about 80 times. This incidentally is the same level as in 2009, right after the global financial crisis, where the gold price accelerated as investors preferred gold instead of fiat currency. However, the ratio has been as high as 100 times (during the 1980s) and as low as 5/6 times. It

is generally accepted that the long-term ratio is about 15 times. So, for investors who are more speculative in nature, silver would be preferred over gold.

## What are your feelings on the growing tariff war between the US and several of its trading partners and the impact this will have on gold markets?

In a trade war, not unlike in a real war, there are no winners. In the current situation, the US is coming up against a much stronger China under President Xi who is unlikely to back down so easily. Over the last five years, Xi has been cleaning house, purging officials and politicians who are considered corrupt; he is very much in control and will likely act with much more assertiveness against the US attacks. We see that President Trump is now going after countries like Turkey and Iran. One certainty is that in any prolonged trade wars, there are bound to be uncertainties. As we all know, such volatile scenarios are usually positive for gold price, which is considered a safe haven, when currencies fall.

## In a world of growing geopolitical rivalries, can Singapore benefit as an independent neutral safe haven?

Yes, we believe so. Our clients from around the globe store with us for precisely that reason. You can't find a safer (or finer) place to store your precious metals than in Singapore, and, more specifically, at Le Freeport in Changi, which was designed with Swiss precision and expertise to be the world's safest place to store your valuables.