HARBOURSIDE
INVESTMENT MANAGEMENT

Understanding a Monetary Reset

What it means, why it matters, and how portfolios can be built for purchasing-power resilience

Client Education Document

This document is general information only. It does not recommend any specific investment, asset allocation or product.

This document deliberately avoids predictions that a monetary reset is certain or imminent.

The purpose is to explain the issue, identify the practical risks, and show why portfolio resilience matters.

> *"History does not repeat exactly, but it often rhymes. The point is not to predict a crisis, but to understand the pattern and prepare sensibly."*

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1. Summary

A monetary reset means a major change in the way money works, how currencies are valued, or how countries manage debt. It does not have to mean a financial collapse. It can happen quickly through an official policy change, but it can also happen slowly through inflation, currency weakness and interest rates being held below inflation.

The main risk for clients is not simply that account balances fall. The larger risk is that money buys less over time. A client may still see the same number of dollars in a bank account, term deposit or bond, but those dollars may buy fewer goods and services.

The practical investment question is therefore simple: will the portfolio preserve purchasing power if the value of money changes?

> *"A monetary reset is not mainly about predicting the exact date of a crisis. It is about preparing portfolios for a world where government debt, inflation, currencies, bond markets and real assets may behave differently from the last 40 years."*

Core themes

- Money is a unit of account, but its value can change.
- Governments that borrow in their own currency can usually repay the stated dollars owed, but those dollars may buy less.
- Gold has historically returned to relevance when trust in paper money and government debt weakens.
- The US dollar remains dominant, but its monopoly role is being challenged by de-dollarisation, sanctions risk and China/BRICS settlement systems.
- Traditional share/bond portfolios may need more real-asset and purchasing-power protection than they needed in the disinflationary period from roughly 1980 to 2020.

2. What is a monetary reset?

A monetary reset is a change in the rules, value or structure of money. It may involve a currency devaluation, a change in reserve assets, a debt restructuring, a formal revaluation of gold, a new settlement system, or a shift in the assets central banks use to support confidence.

The term sounds dramatic, but a reset can be gradual. If inflation stays above the return on cash and bonds for a long time, savers may lose purchasing power without any official announcement. That is a slow reset.

Luke Gromen adds a useful balance to this discussion: the likely issue is not that the US dollar disappears, but that the post-1971 dollar system changes. Gold can become more important as a neutral reserve asset beside fiat currencies, rather than replacing them completely.

What a reset may look like

- Gradual inflation: money keeps working, but buys less each year.
- Currency devaluation: a country accepts a lower currency value, making imports more expensive.
- Debt restructuring: debts are changed directly, or reduced indirectly by inflation.
- Financial repression: interest rates are held below inflation, hurting savers but helping borrowers.
- Reserve shift: central banks hold less of one currency and more gold or other assets.
- New settlement systems: trade is settled through local currencies, digital systems, commodities or gold-linked arrangements.

The modern global system has changed before. That history matters because, while history does not repeat exactly, it often rhymes. Similar pressures - debt, war costs, inflation, loss of trust and reserve-currency strain - tend to appear before major monetary changes.

3. Why gold has traditionally been money, and how we got here

Why gold became money

Gold was not chosen as money by accident. Across many cultures and centuries, people returned to gold because it had several useful monetary characteristics:

- Scarce: it cannot be created by political decision.
- Durable: it does not decay or corrode in normal conditions.
- Divisible: it can be divided into smaller units.
- Portable: a small amount can hold significant value.
- Recognisable: it can be verified and tested.
- Difficult to counterfeit: it has physical properties that are hard to fake.
- No issuer: it is not a government, bank or company promise.

This last point is the most important. A bank deposit is a promise. A bond is a promise. A currency note is a promise. Physical gold is the asset itself (no one else's liability). This is why gold tends to reappear in monetary debate when people question the reliability of promises made by governments, banks or central banks.

> *"Gold is ultimately the arbiter of balance. It has been for 5,000 years."*
>
> — Luke Gromen

> *"A currency is someone else's liability. Gold is not."*
>
> — Alasdair Macleod

> *"Gold is Money. Everything else is credit."*
>
> — JP Morgan

From Bretton Woods to 1971 to today

Period	What happened	Why it matters
Classical gold standard	Currencies were linked to gold.	Money had an external discipline. Governments could not expand money without regard to gold reserves.
Bretton Woods, 1944	The US dollar became the centre of the post-war system. Foreign governments could convert dollars into gold at US$35/oz.	The US dollar became the main reserve currency, backed by US economic, military and monetary strength.
London Gold Pool, 1961-68	Central banks tried to defend the US$35/oz gold price by selling gold into the market.	The system held while confidence lasted. Once foreign governments wanted physical gold rather than dollars, official selling could not maintain the price.
Nixon Shock, 1971	The US suspended dollar convertibility into gold.	The world moved into the modern fiat currency system, where money depends on trust rather than gold convertibility.
Post-1971 fiat era	Currencies floated, debt expanded and central banks gained more flexibility.	Governments gained freedom to respond to crises, but monetary discipline weakened.
GFC and Covid era	Central banks and governments expanded balance sheets and deficits dramatically.	The line between fiscal policy and monetary policy became less clear.
Today	Debt, deficits, sanctions, China/BRICS settlement systems and central bank gold buying are challenging old assumptions.	A future reset may be gradual and functional rather than a single overnight event.

Why the London Gold Pool matters

The London Gold Pool is a useful historical example because it shows how a monetary system can fail gradually, then suddenly. Foreign governments were promised that dollars could be exchanged for gold at US$35 per ounce. As the number of dollars grew faster than US gold reserves, confidence weakened. Central banks tried to defend the official gold price by selling physical gold into the market. Eventually, the demand for actual metal overwhelmed the paper promise.

The client lesson is simple: if a money system depends on trust, the system can appear stable until enough participants prefer the asset itself over the promise.

> *"There is no chance in hell that what worked in that previous environment works the same way going forward."*
>
> — Grant Williams

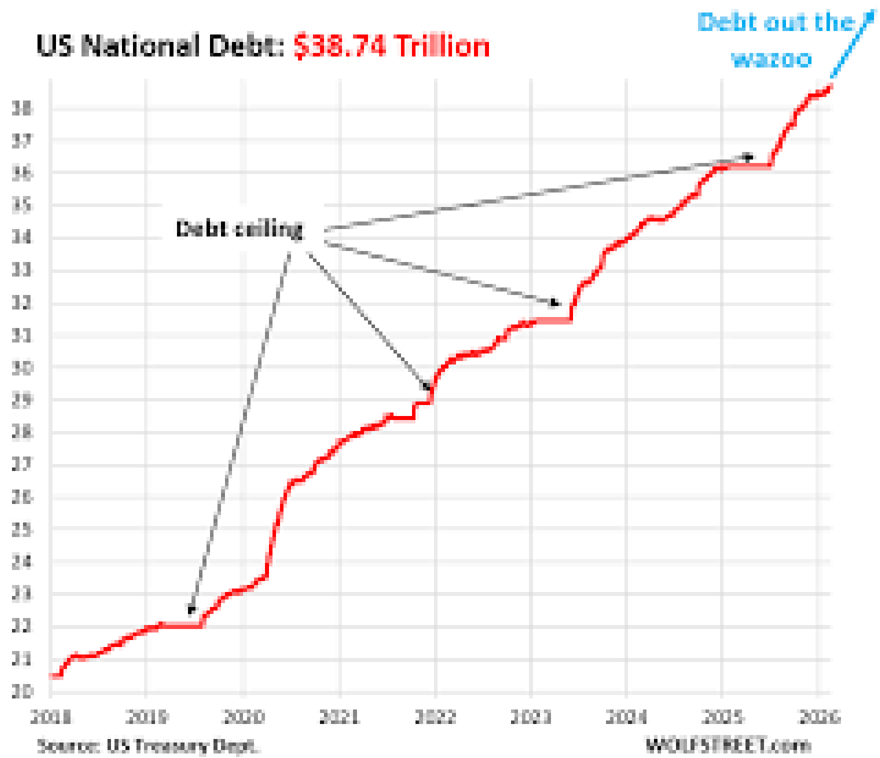


Chart: US national debt in dollars. Rising nominal debt increases the pressure on future policy choices. Source: US Treasury Department / Wolfstreet; supplied by adviser.

4. Historical examples of monetary resets

Monetary resets have happened many times. They have not all looked the same. Some were planned and orderly. Others occurred during crisis. The common feature is that the rules, value or structure of money changed. These examples are included to show the range of possible outcomes, not to suggest that Australia or the United States will experience the same path

Example	What changed	Plain-English lesson
United States, 1933-34	The US government revalued gold from US$20.67 to US$35 per ounce.	The value of money can be formally reset against gold by policy decision.
Bretton Woods, 1944	A new post-war system linked many currencies to the US dollar, and the US dollar to gold for foreign governments.	A major war can lead to a new international money system.
London Gold Pool, 1968	The official gold price could no longer be defended by central bank gold sales, and a two-price system emerged.	A fixed official price can break when enough participants demand the real asset.
Nixon Shock, 1971	The US suspended dollar convertibility into gold, ending the key anchor of Bretton Woods.	The rules of money can change quickly, while everyday commerce continues.
Euro conversion, 1999-2002	Several national European currencies were replaced by the euro.	A reset can be orderly and administrative, not always a crisis.
Argentina, 2001-02	The dollar peg broke, bank withdrawals were restricted, and many dollar claims were converted into pesos.	Bank access, currency rules and purchasing power can change under pressure.
Mexico, 1993-94	Mexico removed three zeros from the peso in 1993 and later suffered a major devaluation crisis.	Redenomination changes the unit of account; devaluation affects real purchasing power.
Russia, 1998	Russia redenominated the ruble, defaulted on some domestic debt and devalued the currency.	Government bonds and local currency can both be affected in a crisis.
Zimbabwe, 2006-09	Zimbabwe repeatedly redenominated its currency during hyperinflation, then moved toward foreign-currency use.	An extreme example: when confidence is lost, money can stop working as a store of value.

Important caveat: these examples are not forecasts. Developed-market currencies operate within deeper and more complex systems than some crisis examples. The practical lesson is broader: money systems can change, and portfolios should consider purchasing-power resilience.

Gold and currency stress: three illustrations

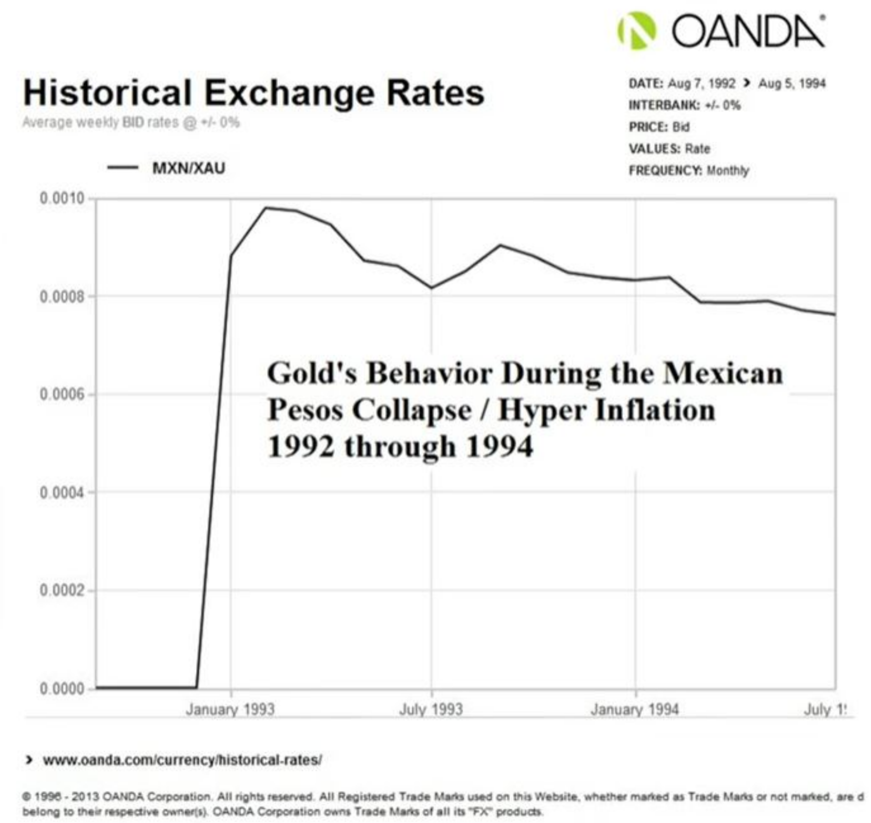


Chart: Mexico, 1992-1994: gold versus the Mexican peso during a period that included peso redenomination and later currency stress. Source: OANDA chart supplied by adviser.

Chart: Russia, 1997-1998: gold versus the ruble during redenomination, default and devaluation. Source: OANDA chart supplied by adviser.

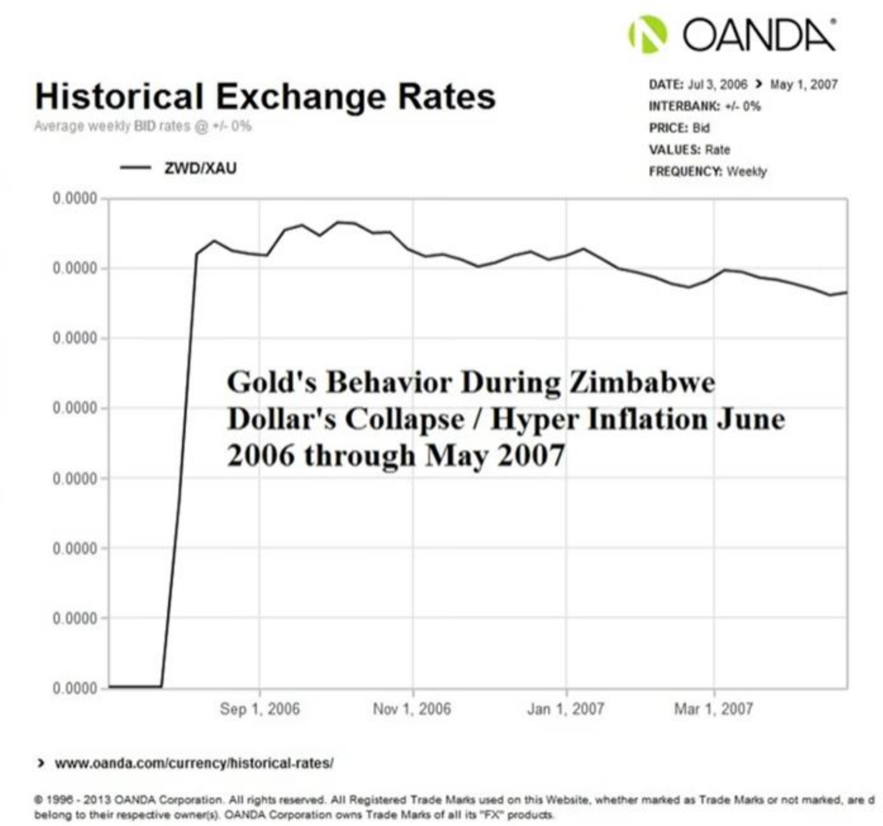


Chart: Zimbabwe, 2006-2007: gold versus the Zimbabwe dollar during a severe currency crisis. Source: OANDA chart supplied by adviser.

5. Nominal returns, purchasing power and the slow reset

For many clients, the most relevant form of reset is not an overnight event. It is the slow erosion of purchasing power.

Nominal returns are the dollar amounts shown on statements. Real returns are what those dollars can actually buy after inflation.

A government that controls its own currency and has a printing press can usually repay what it owes in nominal terms. The issue is not whether the dollars are repaid. The issue is what those dollars buy when they are received.

For example, a bond may repay $100,000 at maturity exactly as promised. But if inflation has reduced the purchasing power of money, that $100,000 may buy far less than it did when the bond was purchased. This is why investors need to focus on real purchasing power, not just whether they receive the stated dollar amount back.

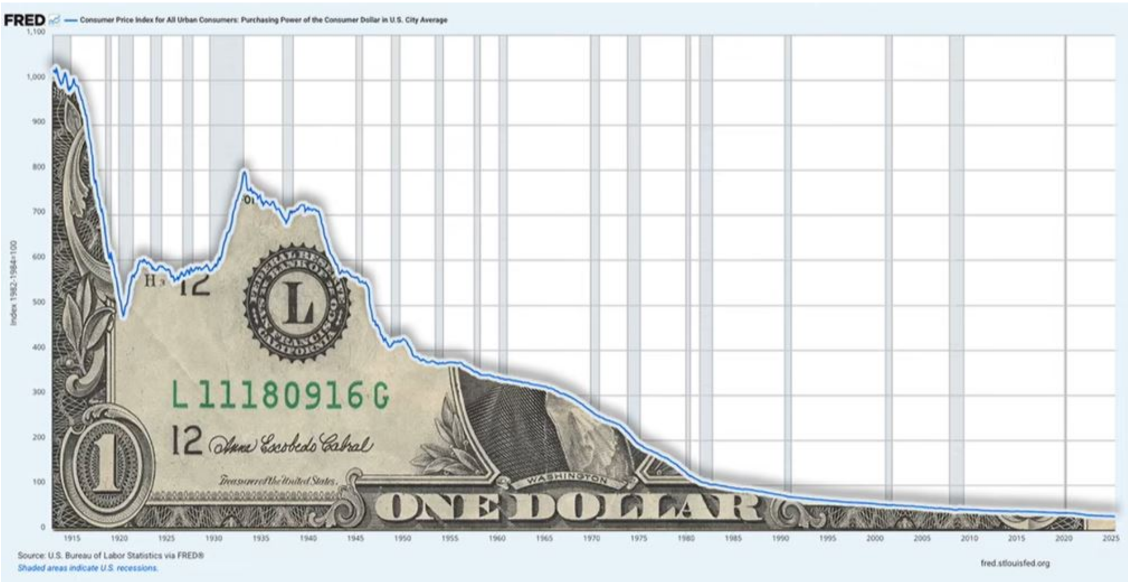


Chart: Purchasing power of the US dollar, based on US CPI. The account balance can remain the same while the purchasing power of money declines. Source: US Bureau of Labor Statistics via FRED; chart supplied by adviser.

Financial repression

Financial repression means governments keep interest rates lower than inflation. This helps reduce the real value of debt over time, but it hurts savers because their money buys less.

> *“Financial repression is stealing money from old people slowly.”*
>
> — Russell Napier

The point is not legal theft. The point is that savers and retirees can lose purchasing power while account balances appear stable. This matters for clients holding large amounts in cash, term deposits or long-term bonds.

Luke Gromen describes this as a slow financial repression process: debt keeps growing, inflation reduces the real value of money, and interest rates are held below where they might otherwise be. The policy may help governments manage debt, but it can create political pressure if households feel their living standards are falling.

> *“Markets tend to take longer than you think and then happen all at once.”*
>
> — Lyn Alden

Inflation can move in waves

Inflation does not always move in a straight line. The 1970s showed that inflation can ease, then return in a second wave. The chart below compares the path of US CPI in the 1970s with the more recent inflation cycle. It helps explain why investors are again focusing on assets that may preserve purchasing power if inflation proves more persistent than expected.

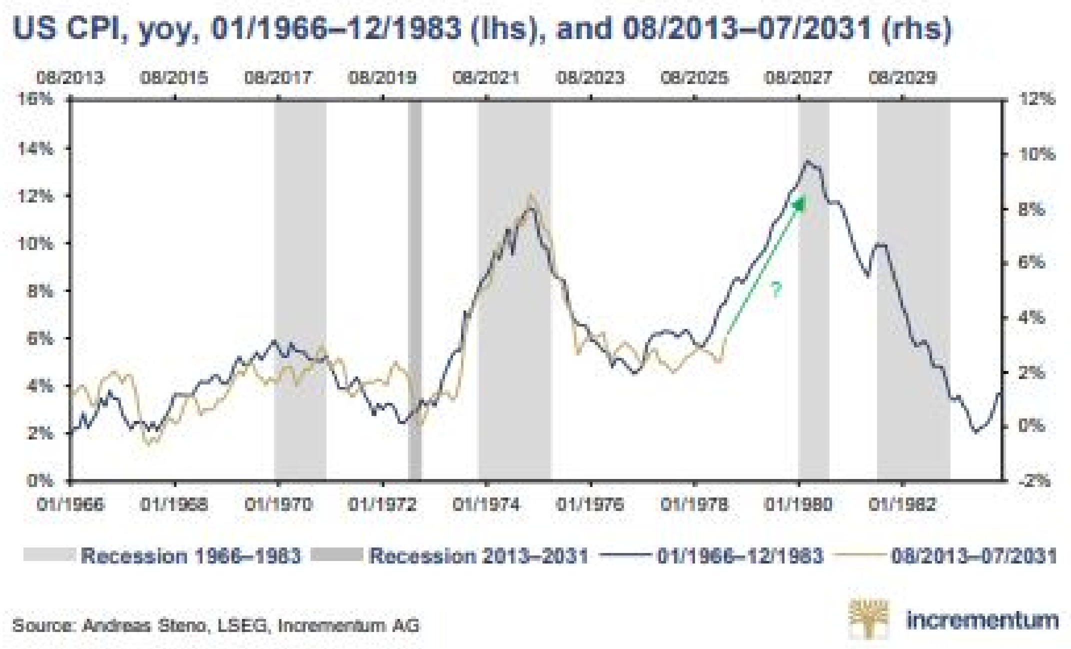


Chart: US CPI comparison across two inflationary periods. Source: Andreas Steno, LSEG, Incrementum AG; chart supplied by adviser.

6. The bond market, fiscal dominance and yield curve control

Government bonds are central to modern finance. They influence mortgage rates, company borrowing costs, bank capital, annuity rates, pension fund returns, and valuations across investment markets.

When government debt is high, rising bond yields become difficult. Higher yields increase the government interest bill. If investors demand higher returns to compensate for inflation and debt risk, governments may face pressure to contain yields.

Terms clients should recognise

Term	Plain-English meaning	Why it matters
Fiscal dominance	A situation where government debt and deficits become so large that central banks cannot set interest rates purely to control inflation.	The central bank may be pressured to keep rates lower than inflation would justify because higher rates make government debt harder to service.
Financial repression	Interest rates are kept below inflation, often with rules or incentives that encourage banks, pension funds and investors to hold government debt.	Savers may receive their money back in nominal terms but lose purchasing power.
Yield curve control	A central bank sets or caps government bond yields by buying bonds if yields rise above the target.	It can keep borrowing costs down, but it may weaken confidence in the currency if investors believe yields are being artificially suppressed.

This is why some commentators argue the old role of bonds as the main defensive asset may be changing. Bonds can still provide income and liquidity, but they may not always protect purchasing power in an inflationary regime.

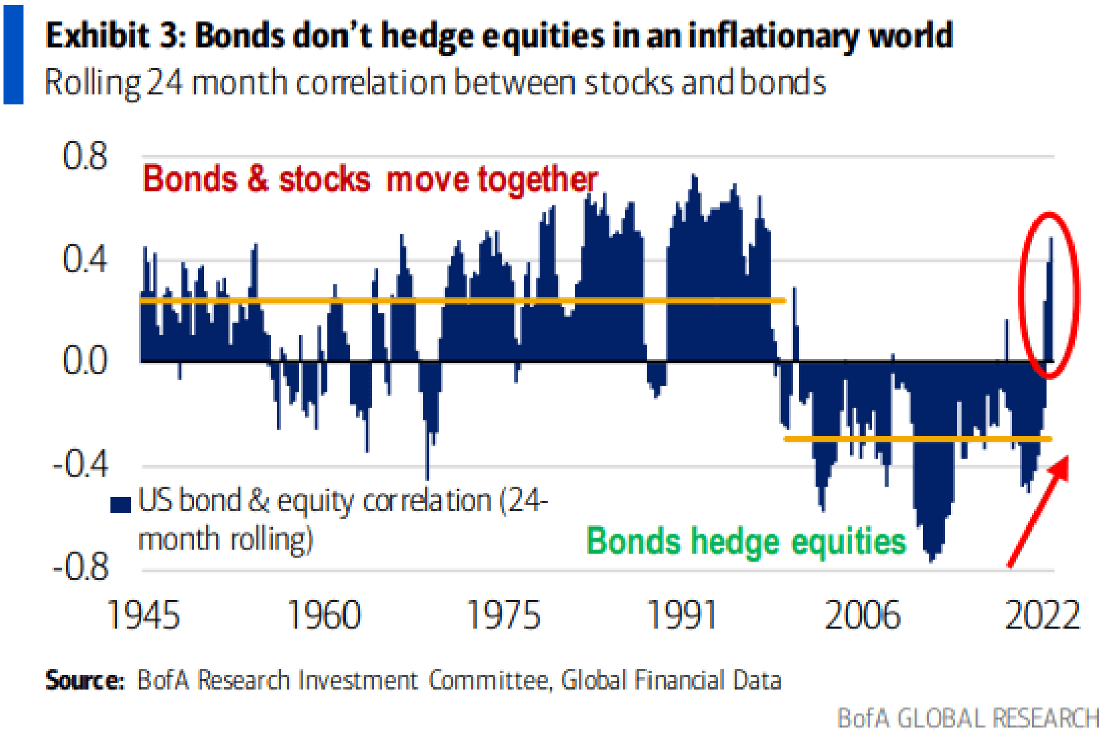


Chart: Bonds do not always hedge equities in an inflationary world. When inflation and interest rates are the main problem, bonds and shares can fall together. Source: BofA Global Research; chart supplied by adviser.

7. De-dollarisation, China and gold

The US dollar remains the dominant global reserve currency. That does not mean its position is permanent or unlimited. A more realistic issue is not sudden dollar collapse, but a gradual reduction in dollar dominance.

De-dollarisation means some countries try to settle more trade in local currencies, build alternative payment systems, hold more gold, or reduce reliance on US dollar assets.

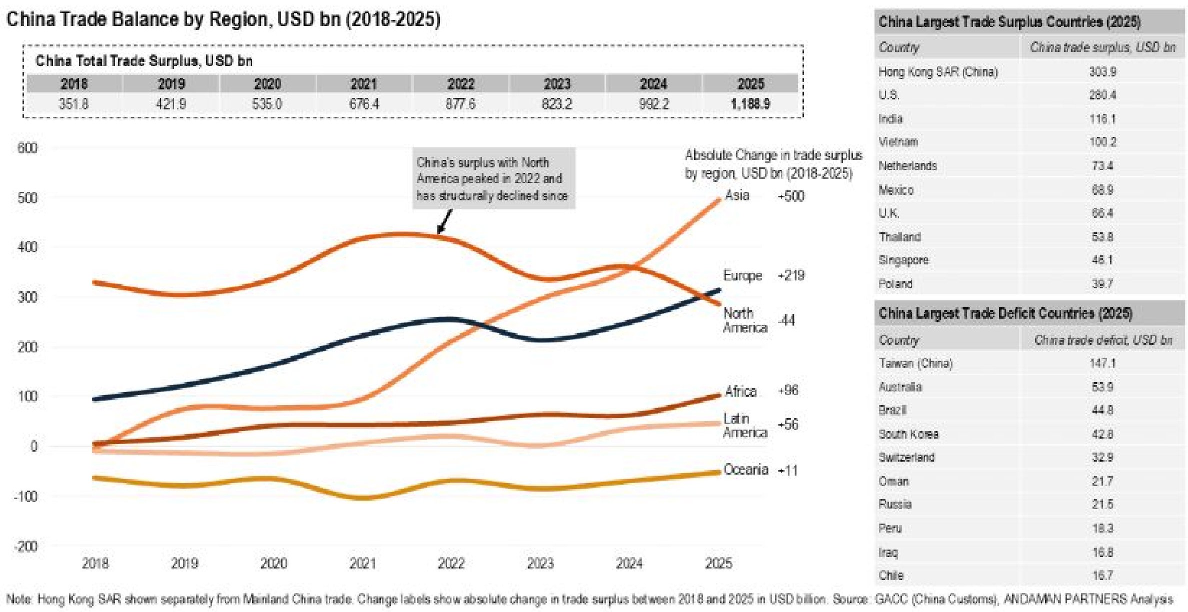
This should not be read as a simple “dollar collapse” thesis. A more practical framing is that the dollar remains important, but its monopoly role is reduced as gold, local currencies and alternative settlement rails take a larger share of reserve and trade activity.

China, trade surpluses and gold

China sells more to the rest of the world than it buys. In 2025 it had a trade surplus of USD $1.2 Trillion. Historically, trade surpluses were often recycled into US dollars and US government bonds. That pattern is now changing. Some surplus countries are looking to settle more trade in their own currencies and hold more gold rather than relying only on US dollar assets.

Russia is the clearest practical example after the 2022 sanctions. Once Russian reserves were frozen and Russia was restricted from parts of the Western payment system, the incentive to use non-dollar settlement increased. In that type of world, gold becomes attractive because it is not the liability of the US, Europe, China, Russia or any banking system.

Gromen adds a practical mechanism: if more trade is conducted in yuan, exporters and surplus countries need a credible way to hold or convert those balances. China has reportedly developed offshore yuan clearing arrangements in major gold hubs including London, Switzerland, Dubai, Singapore, Hong Kong and Shanghai. This allows surplus yuan from trade to be recycled into gold rather than only into US dollar assets.



China Total Trade Surplus, USD bn

2018	2019	2020	2021	2022	2023	2024	2025
351.8	421.9	535.0	676.4	877.6	823.2	992.2	**1,188.9**

China Largest Trade Surplus Countries (2025)

Country	*China trade surplus, USD bn*
Hong Kong SAR (China)	303.9
U.S.	280.4
India	116.1
Vietnam	100.2
Netherlands	73.4
Mexico	68.9
U.K.	66.4
Thailand	53.8
Singapore	46.1
Poland	39.7

China Largest Trade Deficit Countries (2025)

Country	*China trade deficit, USD bn*
Taiwan (China)	147.1
Australia	53.9
Brazil	44.8
South Korea	42.8
Switzerland	32.9
Oman	21.7
Russia	21.5
Peru	18.3
Iraq	16.8
Chile	16.7

Chart: China trade balance by region, 2018-2025. A growing trade surplus raises the question of where surplus savings are held. Source: GACC (China Customs), ANDAMAN Partners analysis; chart supplied by adviser.

China, liquidity and the changing gold market

Michael Howell adds an important point to the monetary reset discussion: gold is no longer being driven only by Western interest rates or US dollar movements. China is becoming increasingly important to the gold market.

> *"If you want to know what is happening to the gold price, look East, not West."*
>
> — Michael Howell

- China has a large debt problem and has used liquidity injections to support its economy. When more liquidity is created, investors often look for assets that may hold value better than currency.
- Chinese households have fewer traditional places to store wealth. Property is under pressure, the share market is less trusted by many savers, and the yuan is not a global reserve currency in the same way as the US dollar.
- Gold is therefore attractive in China because it is tangible, globally recognised and not another party's promise to pay.
- This helps explain why gold can rise even when older Western models, such as real interest rates, suggest it should be weaker.

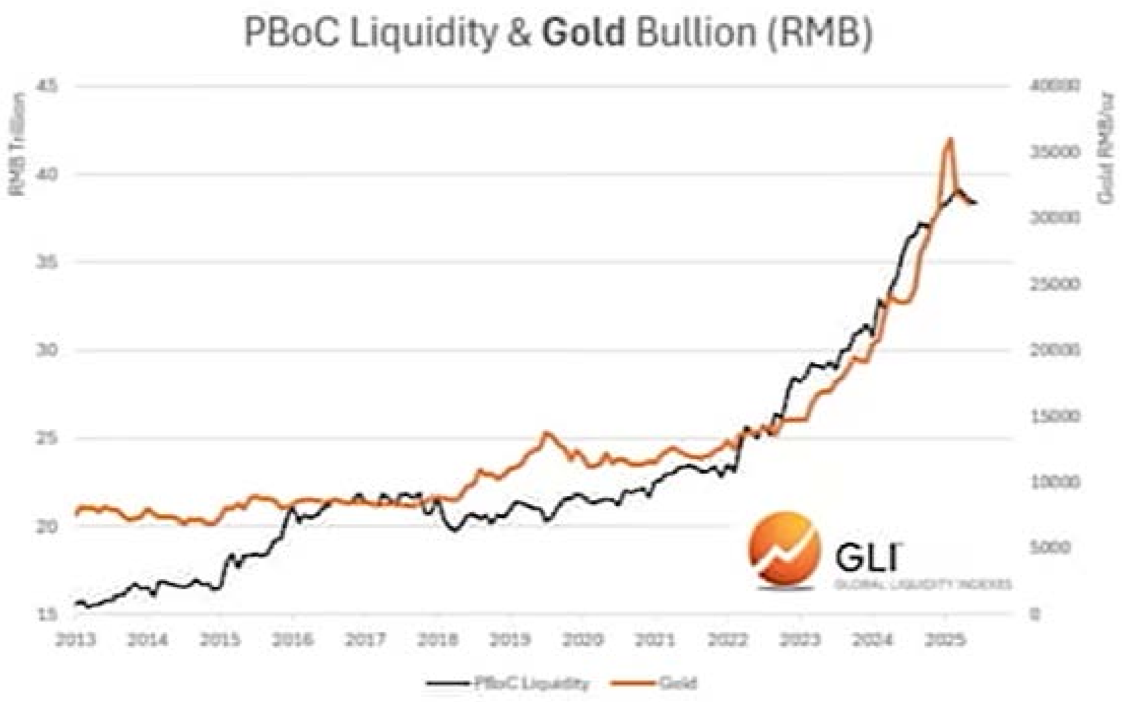


Chart: PBoC liquidity and gold bullion priced in yuan. The chart supports the argument that Chinese liquidity conditions may increasingly influence gold. Source: Global Liquidity Indexes; chart supplied by adviser.

Shanghai, Hong Kong and physical settlement

Recent supplied discussions focus on China's reported efforts to reduce access to leveraged paper-gold products while expanding physical gold trading, clearing and settlement infrastructure through Shanghai and Hong Kong. The important client point is not that China has formally returned to a gold standard. It is that China is building the plumbing for more gold pricing, financing, custody and settlement to occur outside the traditional London/New York axis.

Jay Martin links this to the London Gold Pool story: when a paper price differs from the demand for actual metal, the system eventually has to adjust. It also argues that China's reported paper-gold restrictions are not a ban on gold ownership; rather, they may be a shift away from leveraged contracts and toward physical settlement through Shanghai and Hong Kong.

Andrew Maguire frames the same issue as a move in price discovery: if more settlement occurs through systems requiring actual metal to move, gold may be increasingly priced by physical demand rather than by Western paper-market trading.

The same logic applies to an economic split between the US and China. If trade settlement becomes more fragmented, countries may want assets that are not dependent on a single national currency or payment system. Gold is one candidate because it can operate as a neutral reserve asset across competing currency blocs.

> *"Gold moves from being a Western paper-priced asset to an Asian physical reserve asset."*
>
> — Andrew Maguire

This should be treated as a developing market-structure issue, not as a certainty or a near-term forecast.

8. The physical world: energy, supply chains and critical minerals

A monetary reset is not only about central banks and currencies. It can also be caused or accelerated by the physical world. Energy, shipping, metals, food, semiconductors, fertiliser, grid equipment, and rare earths are all physical inputs. They cannot be created by changing interest rates.

This was a key theme in the Luke Gromen and Craig Tindale material provided in the credits. Their point is that financial markets can reprice instantly, but mines, refineries, smelters, ports, power grids and supply chains take years to build or repair.

Luke Gromen reinforces this point through the Middle East conflict, oil inventories, shipping routes and China trade tensions. His argument is that markets can temporarily trade as though physical constraints do not matter, but shortages in energy, commodities or critical inputs eventually flow through to inflation, bond yields and company margins.

> *"The physical world will ultimately dominate the paper trading world."*
> *— Luke Gromen*

Why reindustrialisation can be inflationary

- Bringing supply chains home can improve resilience, but it often costs more.
- New mines, processing plants, power stations and grid equipment take time and capital.
- Shortages in energy or critical minerals can increase inflation even if central banks raise rates.
- If governments fund industrial policy with more debt, the bond market and currency can come under pressure.

Chart: The transmission sequence from energy shock to inflation, bond stress, forced sales and central bank intervention. The key message is that gold can be sold during a liquidity squeeze, then reprice later if central banks respond with more liquidity. Source: MiningVisuals / Incrementum AG; chart supplied by adviser.

9. Where gold fits in

Gold is not a normal investment asset. It does not pay interest, dividends or rent. It can be volatile and can perform poorly for long periods. Its role is different. It is a monetary asset with no issuer, no maturity date and no direct counterparty liability.

This is why gold appears repeatedly in monetary reset discussions. Gold is not issued by a government. It is not a promise by a bank or company. It is scarce, globally recognised and has a long monetary history.

> *"Gold is the reciprocal of confidence in central bankers. When their credibility crumbles, gold's value isn't rising - it's being rediscovered."*
>
> — Jim Grant

Central banks and gold

Central banks have been significant buyers of gold in recent years. This does not prove a return to a formal gold standard, but it does show that reserve managers are increasingly viewing gold as strategically useful.

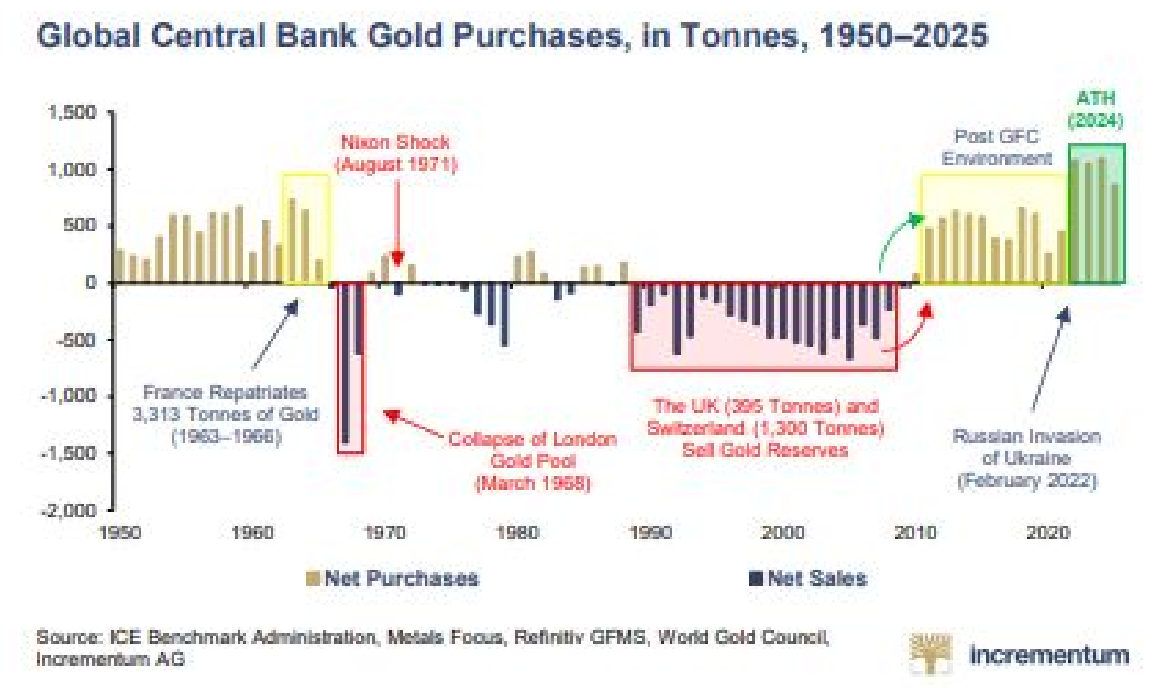


Chart: Global central bank gold purchases, 1950-2025. Central banks moved from decades of net selling to strong buying after the global financial crisis and especially after 2022. Source: World Gold Council / Incrementum AG; chart supplied by adviser.

Gold and real interest rates

Historically, gold often moved in the opposite direction to real interest rates. When investors could earn a strong real return from cash or bonds, gold was less attractive because it pays no income. Recently, that relationship has weakened. This suggests investors may now be buying gold for reasons beyond interest rates, including debt concerns, reserve diversification and loss of confidence in fiat money.

Chart: Gold and US 10-year TIPS real yields, inverted. The recent break in the traditional relationship suggests gold is being driven by more than interest rates. Source: LSEG / Incrementum AG; chart supplied by adviser.

Physical gold, paper gold and price discovery

A recurring theme in recent commentary from China is the difference between owning gold and trading a paper claim linked to gold. The distinction matters.

Exposure type	Plain-English description
Physical gold	Actual metal - usually bars or coins - held directly or through a clearly allocated custody arrangement. Its role is closer to monetary insurance.
Paper gold	A financial product or contract that tracks the gold price. This may include leveraged contracts, derivatives, ETFs or unallocated claims. It may be useful for trading but is not the same as owning the metal.
Gold miners	Shares in companies that mine gold. They can benefit from higher gold prices but also carry business, cost, operational, political and equity-market risk.

Recent supplied reports indicate that some Chinese banks are scaling back retail access to leveraged paper-gold products. The important point is that this is not the same as banning physical gold ownership. The issue is speculative leverage, not gold itself.

- Paper-gold markets can amplify short-term volatility because leveraged investors may be forced to sell when prices fall.
- Physical-gold markets tend to be driven more by savings, reserve management and long-term confidence.
- If China continues to expand Shanghai and Hong Kong as gold settlement centres, global price discovery may gradually shift toward physical demand and away from purely paper trading.
- Clients should not only ask whether they have gold exposure. They should understand what type of exposure they hold and what risks sit behind it.

> *"A paper-gold contract is like a claim ticket. It may track the price of gold, but it is not the same as holding the asset."*
>
> — Adapted from the Andrei Jikh and Jay Martin material

Gold miners and silver are not the same as bullion

- Physical gold is closest to monetary insurance, but requires storage, insurance and practical liquidity planning.
- Gold ETFs can be convenient and liquid, but rely on product rules, custodians, and market structure.
- Gold mining shares are equities. They carry company, cost, management, political and share-market risk.
- Silver has both monetary and industrial uses. It can have higher upside but is usually more volatile than gold.

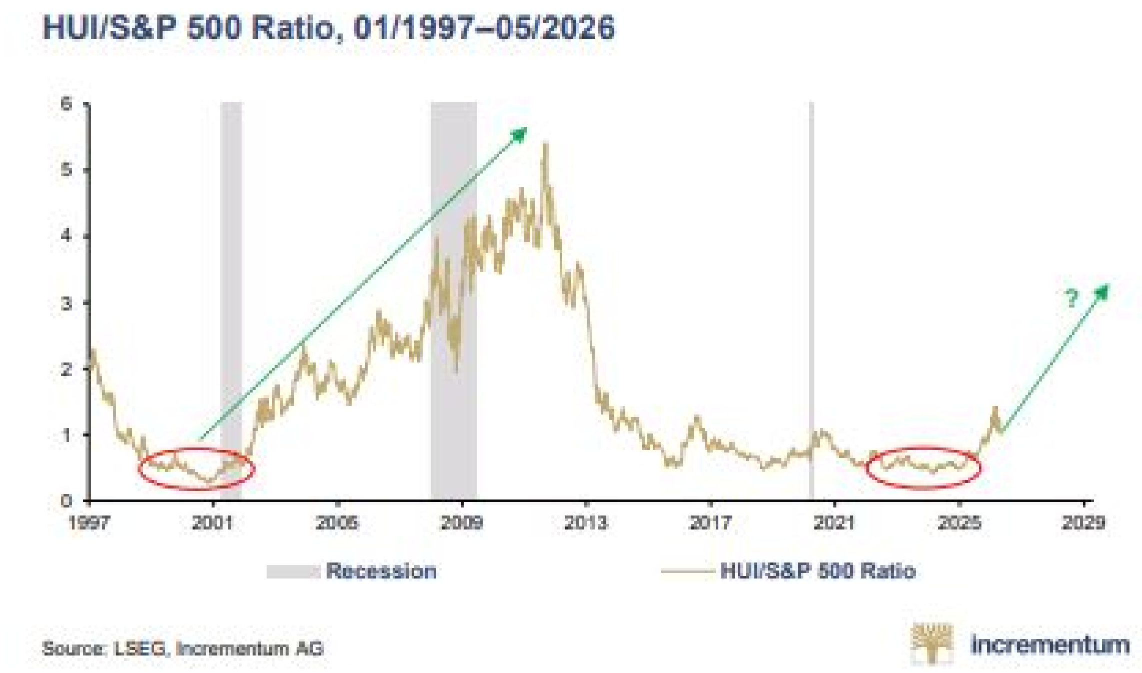


Chart: HUI gold miners index relative to the S&P 500. The chart illustrates how gold miners have been deeply out of favour relative to broader equities, with potential catch-up if capital rotates toward gold and real assets. Source: LSEG / Incrementum AG; chart supplied by adviser.

10. Measuring whether gold is cheap or expensive

After a strong rise in the nominal gold price, clients may feel they have “missed the boat.” That is understandable, but gold should not be measured only in dollars. A higher gold price does not automatically mean gold is expensive.

Gold can be measured against money supply, government debt, central bank reserves, equities, bonds, commodities, and purchasing power. These measures do not produce a precise target price. They help answer a broader question: has gold already fully adjusted to the amount of money and debt in the system?

Measure 1: Gold backing of the monetary base

This measure asks how much of the money created by the central bank is covered by the market value of official gold reserves. A low coverage ratio suggests that gold remains small relative to the amount of money created.

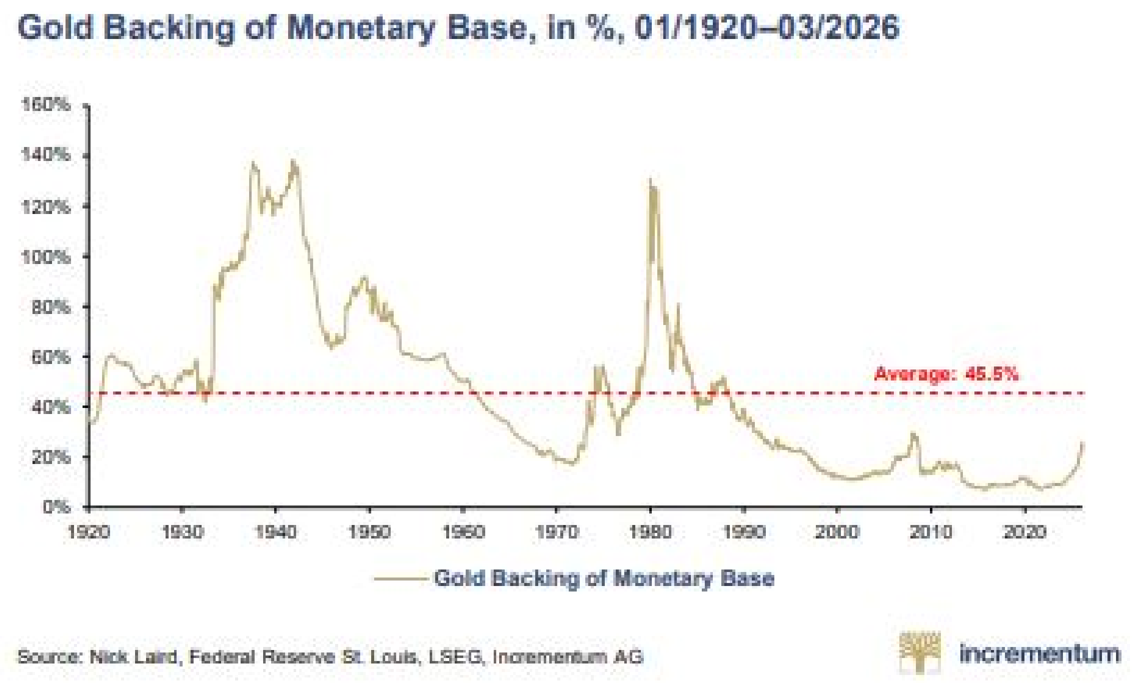


Chart: Gold backing of the monetary base. The ratio compares official gold reserves to the monetary base. Source: Nick Laird, Federal Reserve St. Louis, LSEG, Incrementum AG; chart supplied by adviser.

Measure 2: Foreign central banks holding US debt versus gold

This measure shows a long-term shift in reserve preferences. Foreign central banks have been holding a smaller share of US debt while gold has been rising as a share of currency reserves. This supports the reserve diversification argument.

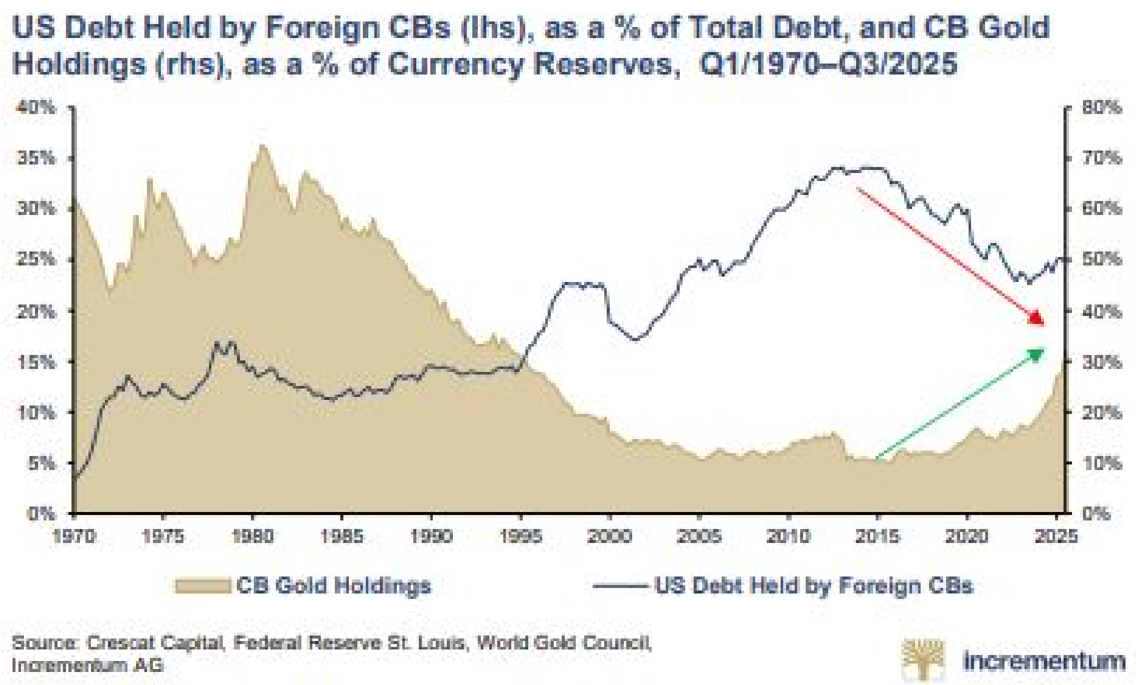


Chart: US debt held by foreign central banks versus central bank gold holdings as a share of reserves. Source: Crescat Capital, Federal Reserve St. Louis, World Gold Council, Incrementum AG; chart supplied by adviser.

Measure 3: US gold reserves compared with US public debt

This measure compares the market value of US official gold reserves with the size of US public debt. It is a way to ask how much gold would be worth if it again played a larger role in supporting confidence in government balance sheets.

Chart: US gold reserves as a percentage of US public debt. Source: Nick Laird, LSEG, Incrementum AG; chart supplied by adviser.

Measure 4: Shadow gold price

The “shadow gold price” asks: at what gold price would existing official gold reserves support a chosen percentage of the money supply? This is not a forecast. It is a way of showing the scale of the gap between money creation and official gold reserves.

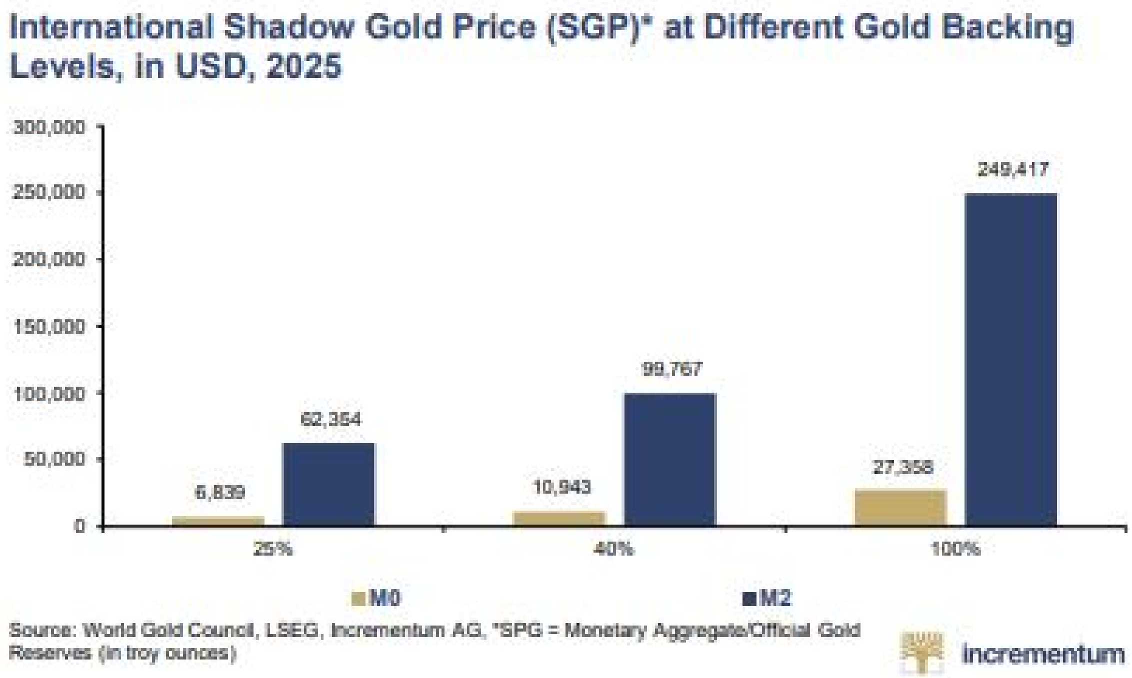


Chart: International shadow gold price at different gold-backing levels. The figures are not forecasts; they show what price would be required under different hypothetical gold-backing systems. Source: World Gold Council, LSEG, Incrementum AG; chart supplied by adviser.

Gold backing level	M0 backing price	M2 backing price
25% backing	US$6,839/oz	US$62,354/oz
40% backing	US$10,943/oz	US$99,767/oz
100% backing	US$27,358/oz	US$249,417/oz

Client caveat: these figures should not be treated as price targets. They show the scale of the monetary system relative to gold, not where gold must trade next year.

Measure 5: Gold's role in official reserves

Another way to assess gold is to compare its market value against US dollar reserve assets. This is not a price forecast. It is a way of showing how gold is becoming more important again in the official reserve system.

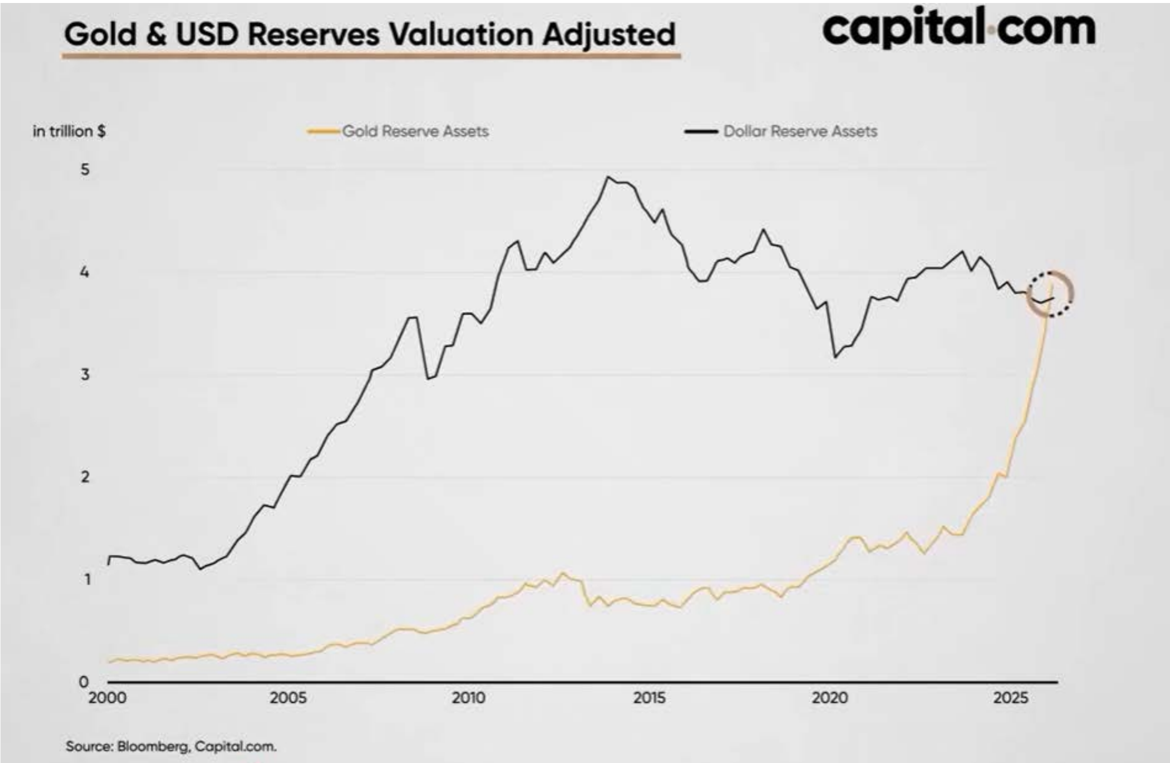


Chart: Gold and US dollar reserve assets, valuation adjusted. This supports the idea that gold is again becoming more important in official reserves. Source: Capital.com / Bloomberg; chart supplied by adviser.

This reinforces the central point of the report: a monetary reset does not need to happen overnight. It may occur gradually as governments, central banks and investors change what they choose to hold as reserves.

11. Gold revaluation and gold-linked bonds

One possible monetary reset mechanism is a formal revaluation of official gold reserves. The US Treasury holds the official US gold reserve, while the Federal Reserve says it holds gold certificates rather than owning gold directly. These certificates are valued at a statutory price, not at the market price.

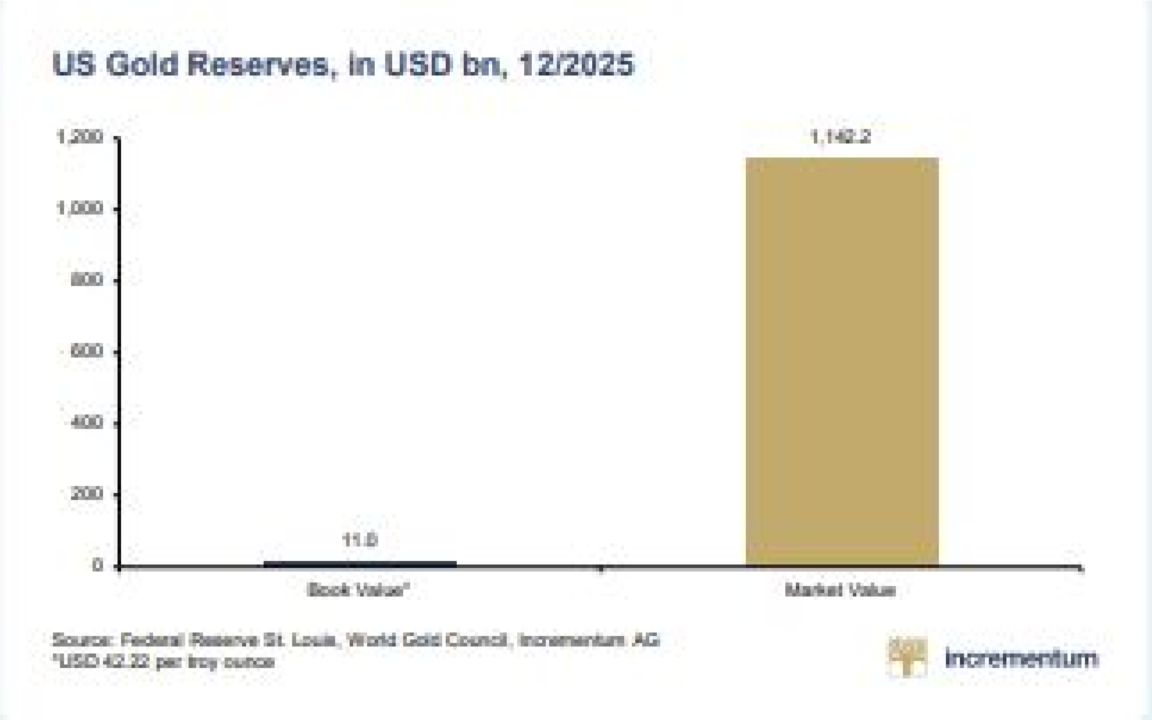


Chart: US gold reserves shown at statutory book value versus market value. This illustrates why gold revaluation has entered policy discussion. Source: Federal Reserve St. Louis / World Gold Council / Incrementum AG; chart supplied by adviser.

Another idea, advanced by Judy Shelton, is a gold-linked Treasury bond. In plain terms, this would be a government bond where the investor could receive either dollars or a defined amount of gold at maturity. This would not necessarily be a return to a full gold standard. It would be a limited instrument designed to strengthen confidence in the currency and government debt.

- It shows policymakers may look for ways to restore trust in money.
- It would make gold more visible in government balance sheets.
- It could create a market signal showing whether investors prefer gold-linked debt over ordinary debt.
- It remains a proposal, not a certainty.

Regulatory note on Basel III and gold

There is often confusion about the Basel III treatment of gold. The practical client point is not that gold has officially become the same as cash under all banking rules. The stronger point is that allocated physical gold can receive favourable regulatory treatment and is increasingly important as a reserve, collateral and confidence asset.

12. Stablecoins and digital money

A monetary reset may also involve the structure of money itself. Stablecoins are digital tokens designed to maintain a stable value, usually by being linked to a currency such as the US dollar.

Why Tether's gold holdings matter

The attached Tether chart suggests that even parts of the digital-dollar ecosystem are recognising the value of gold as a reserve asset. This does not mean stablecoins are gold-backed in the traditional sense, but it does show that gold is being used alongside US dollar assets to strengthen confidence and broaden the reserve base.

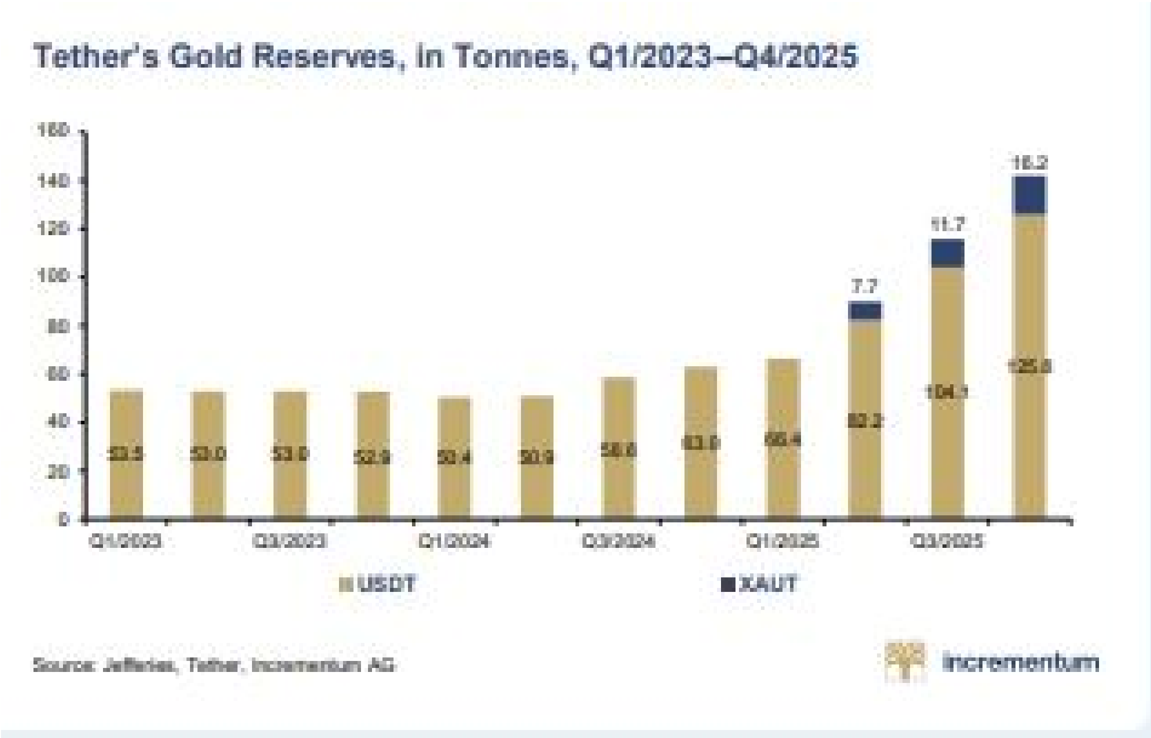


Chart: Tether's gold reserves, Q1 2023-Q4 2025. The chart suggests some private digital-money issuers are adding gold alongside dollar assets. Source: Jefferies, Tether, Incrementum AG; chart supplied by adviser.

Digital settlement rails and mBridge

Andrew Maguire discusses mBridge and other digital settlement rails as part of a broader non-dollar settlement architecture. The client point is not that these systems replace the dollar overnight. Rather, digital settlement systems may make it easier for countries to trade without always using the US dollar as the default settlement rail.

When combined with gold settlement infrastructure, digital rails may make de-dollarisation more practical. This is a plumbing issue: payment systems, settlement systems and reserve assets are gradually being redesigned in the background.

Digital money questions clients can understand

- Who issues it?
- What backs it?
- Can it be redeemed reliably?
- Can transactions be frozen or restricted?
- What happens during a cyber outage or payment-system failure?
- Does it preserve purchasing power?

The issue is not whether digital payments are useful. They are. The issue is whether clients should rely entirely on digital systems without other forms of liquidity and store-of-value protection.

13. Portfolio implications and real assets

The purpose of this document is not to tell clients that a monetary reset is certain or imminent. The purpose is to explain why portfolios should not rely on one assumption: that inflation stays low, bond markets remain orderly, currencies retain purchasing power, and central banks can always stabilise markets without consequence.

Real assets versus financial assets

The prior investment regime rewarded financial assets, falling interest rates, globalisation and long-duration growth. A future regime may reward a different mix: energy, metals, infrastructure, resource companies, productive businesses and monetary hedges.

Gromen's portfolio framing is consistent with this point. If debt, conflict, trade fragmentation, and physical scarcity are becoming more important, portfolios may need a combination of liquidity and exposure to assets linked to real-world supply: gold, commodities, infrastructure, resources, and productive businesses with pricing power.

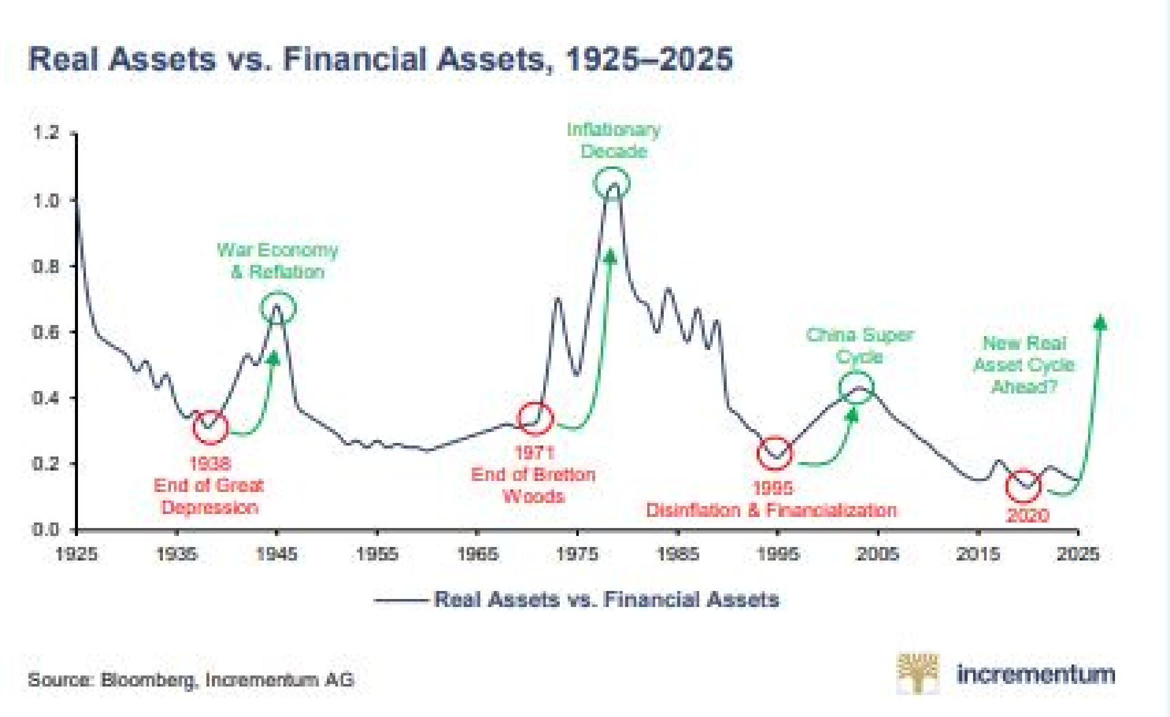


Chart: Real assets versus financial assets, 1925-2025. The chart suggests long cycles where real assets outperform after periods of financial-asset dominance. Source: Bloomberg / Incrementum AG; chart supplied by adviser.

Gold remains small relative to the financial system

Another important observation is how small the privately held gold market remains compared with the broader financial system. This means gold does not require a wholesale abandonment of shares, bonds or property to move materially higher. Even a modest reallocation from traditional financial assets into gold can have a significant price impact because the pool of investable gold is comparatively small.

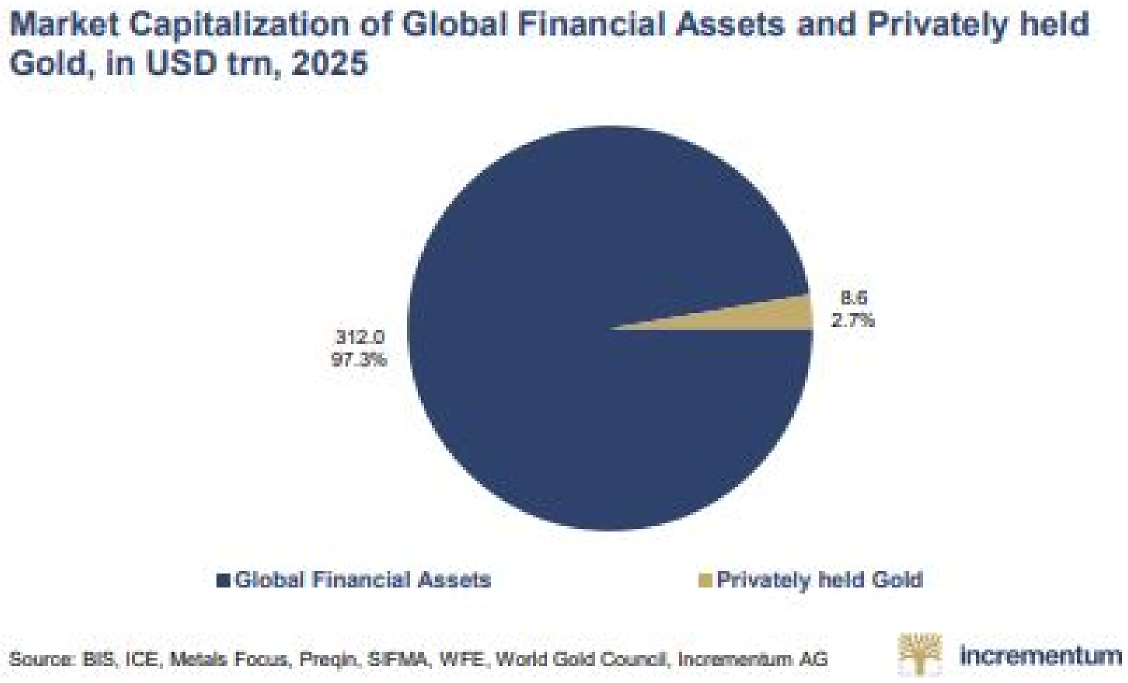


Chart: Market capitalisation of global financial assets and privately held gold, 2025. Privately held gold is shown as a small share of the total, suggesting that even modest flows from financial assets into gold could have a meaningful impact on price. Source: BIS, ICE, Metals Focus, Preqin, SIFMA, WFE, World Gold Council, Incrementum AG; chart supplied by adviser.

Mining and resource exposure is also historically small

The mining sector is now a very small part of global equity markets compared with history. If the next investment regime places greater value on energy, metals, commodities and physical supply chains, even a modest reallocation toward resource assets could have a meaningful impact.

Chart: Share of the mining industry as a percentage of global equity market capitalisation, 1900-2025. Source: Crescat Capital / Tavi Costa / Incrementum AG; chart supplied by adviser.

Portfolio construction implications

- Liquidity still matters. Clients need access to cash for spending and emergencies.
- Duration risk matters. Long-dated bonds may be vulnerable if inflation or yields rise.
- Pricing power matters. Businesses that can pass on cost increases may be more resilient.
- Real assets may matter more. Gold, commodities, infrastructure and resource exposure may provide diversification.
- Currency exposure matters. A portfolio concentrated in one currency may be more exposed to monetary change.
- Product structure matters. Physical bullion, ETFs, managed funds, miners and derivatives are not interchangeable.
- Liquidity and dry powder matter. Holding some cash or short-term defensive assets can give clients flexibility if risk assets fall or opportunities appear.
- Valuation matters. Highly valued growth assets can remain expensive for long periods, but they are more vulnerable if liquidity tightens, bond yields rise or the market questions future earnings assumptions.

14. Key risks and caveats

- A monetary reset is not certain and timing is unknowable.
- Gold can be volatile and can fall sharply during liquidity events.
- Gold does not produce income.
- Gold miners are equities and can fall even when gold rises.
- Silver is materially more volatile than gold.
- Cash is useful for liquidity but poor for long-term inflation protection.
- Bonds can still be useful, but duration and inflation risk matter.
- Overconcentration in any single asset class can create new risks.
- Tax, custody, estate planning, product structure, and client risk tolerance must be considered.
- Some source material used for this draft is strongly gold-positive or speculative; extreme claims have been softened or excluded.

Conclusion

A monetary reset is best understood as a change in the rules or value of money. It may happen suddenly through policy action, but the more likely and more practical risk for clients is gradual: inflation, currency weakness, financial repression, bond-market pressure and reduced confidence in paper financial assets.

Clients do not need to forecast the exact event to prepare sensibly. The practical response is to build portfolios that are diversified, liquid, inflation-aware and resilient.

The central question is not: When will the reset happen?

The better question is: Will my portfolio preserve purchasing power if the monetary environment changes?

15. Sources and notes

This paper uses supplied transcripts and uploaded documents as supporting material. It also uses selected public regulatory and historical sources where applicable. The In Gold We Trust report is used as a chart and macro research source, not as a product recommendation.

1. Federal Reserve History, “Gold Convertibility Ends”, discussion of the 1971 suspension of dollar-gold convertibility under Bretton Woods.
2. Russell Napier transcripts supplied by the adviser. Used for the financial repression framework and the quote on savers losing purchasing power slowly.
3. Lyn Alden transcripts supplied by the adviser. Used for fiscal dominance, financial repression, scarce assets and the speed of regime change.
4. Luke Gromen transcripts supplied by the adviser, including Craig Tindale and Commodity Culture discussions. Used for the physical-world constraints, China/yuan surplus-recycling mechanism, financial repression, and portfolio-construction framing.
5. Grant Williams transcript supplied by the adviser. Used for the broader regime-change and trust framework.
6. Judy Shelton transcripts supplied by the adviser. Used for Bretton Woods, gold-linked Treasury bonds and the unit-of-account discussion.
7. Ray Dalio transcript supplied by the adviser. Used for debt cycles, reserve currencies, internal conflict, and rising-power versus incumbent-power dynamics.
8. Michael Howell transcript supplied by the adviser. Used for the China liquidity, yuan and gold-market-pricing discussion.
9. Alasdair Macleod / Andrew Maguire / Jay Martin / Andrei Jikh transcripts supplied by the adviser. Used selectively for the China physical settlement, paper-gold versus physical-gold and market-structure discussion.
10. James E. Sinclair and Peter D. Carlin, A Pocketbook of Gold: A Survival Manual for Monetary Mayhem. Used selectively for the plain-English framing of gold as insurance and as a way to reduce counterparty dependence.
11. In Gold We Trust Report 2026 Compact Version, Sound Money Capital AG / Incrementum AG, May 2026. Used as supporting macro and chart source. Permission should be confirmed before client publication of branded charts.
12. FRED / US Bureau of Labor Statistics / OMB / CBO data used for US debt and purchasing power illustrations where applicable.
13. LBMA, World Gold Council, and BIS Basel Framework materials used for the regulatory note on gold, HQLA, risk weighting, and NSFR treatment.
14. OANDA gold/currency charts supplied by adviser are used as historical illustrations for Mexico, Russia, and Zimbabwe.
15. BofA Global Research chart supplied by adviser used for the stock/bond correlation discussion.
16. GACC China Customs / ANDAMAN Partners chart supplied by adviser used for the China trade surplus discussion.
17. Tether / Jefferies / Incrementum chart supplied by adviser used for the stablecoin and gold-reserve discussion.

Important drafting note: This document is client education only. Some source material is opinionated, gold-positive, promotional, or speculative. The draft deliberately presents those points as risks, scenarios, or context rather than certainties.