

# Gold! Why & How to Own It, Tokenisation and Investor Positioning - With David Tait, CEO of the World Gold Council

## Simon Brewer

It's not every day that one of our guests from the world of finance has successfully scaled Everest five times, been awarded an MBE by the queen for having raised millions for charity, an ambassador for the NSPCC, and as his main job, led trading desks at Goldman, CS and UBS. If that wasn't enough for most people, then become sufficiently intrigued by the changing world of gold to become CEO of the World Gold Council. David Tait, welcome to the Money Maze Podcast.

## David Tait

Thank you for having me. I'm very flattered.

## Simon Brewer

Well, you have a fascinating background. I want to start with the finance because one of the things we are intrigued about of course is what gets people to go into the world of finance. Just tell us, what was the motivation?

## David Tait

My father used to be a gold trader, believe it or not, back in the day when I was a child. And so I remember him bringing Krugerrands home when I lived in South Africa one day. I knew about the markets. And when I left school, I had a choice of going to be a barrister, which is what I really wanted to do because I love arguing. And then I ended up in a restaurant, would you believe, cooking hamburgers one day when someone said to me, the chef hasn't shown up, would you like to do it? And I spent six months in this restaurant called The Great American Disaster, believe it or not. And then at the end of six months, I knew I needed to get a job. And so I applied to three or four banks, one of which was Lloyds Bank International because I knew it had a trading operation. This was in 1980-81. That's how I did it. I targeted the trading room because it looked cool, not because I understood much about it. But it just looked damn cool compared to any other job.

## Simon Brewer

Well, looking cool and surviving the course are two different things because you of course migrate to Goldman and UBS. But when we dissect, we've had a couple of interviews, one with Scott Bessent who was George Soros' CIO on macro. What do you think has made you a good trader?

## David Tait

Well, I think that's an exaggeration to say I was a good trader. I did okay. I think principally, I was always fascinated by the link between geopolitical events and trying to extract a trade from it. By virtue of the fact I started in spot trading, I also developed good instincts. And I think my instincts were always better than my analysis in many respects. Sometimes I couldn't really explain why I thought everybody was wrong. But it was that link. It was a case of looking at the world, looking at geopolitical, geoeconomic and extracting value from that, and then having the nerve to back myself. And when I entered Goldman Sachs in those very early days back in Old Bailey, even before it moved to Peterborough Court, I had a slight advantage in as much as I was willing to take risks that others were not, and more luck than judgment I would say. My lucky risk taking worked out.

**Simon Brewer**

Right. That must have been about the time Goldman Sachs turned me down. However, let's talk about the fact. As we advance, you spend your career at large successful firms running large tracts of their macro businesses, and then you retire. You're slightly older than me but only just, so retirement was extremely youthful. And then you get this pivot to the World Gold Council. I think I'd read somewhere that you actually were enjoying travelling on beaches and drinking some nice wine. What was it that attracted you?

**David Tait**

Two things really. Firstly, I discovered I didn't want to retire. Six months in after walking those glorious beaches and not really picking up my phone, six months and one day, I was suddenly very bored and I knew that this wasn't for me. And I'd been approached in the interim to do a variety of different jobs, very similar ones, in fact virtually identical, with different institutions. And I knew that that meant sadly that because of ever-dwindling RWA, all it really meant was me improving the ROI by firing people. And I've done an awful lot of that. And so when the World Gold Council approached me, I was a bit bemused because I'd never heard of them despite being the person to shut down commodities trading and running commodities trading at Credit Suisse. But when I looked under the covers a bit more and once I realized that the one thing they were asking I could do, which was to unpick the institutional world, I looked at it more closely. I understood there was a huge arc here from a miner right the way through to a regulator at the other end that I could get my teeth into. And once I realised that I had a toolbox by which I could unpick the institutional world, remember, I closed the desk down for very, very good capital-expensive reasons. And I knew that I had the answer on the tip of my tongue, I just didn't disclose it. But I said I could do this.

**Simon Brewer**

So we're going to dive into a lot of that. But for our audience, some of whom will not know what RWA is, can you just explain what that means in a bank?

**David Tait**

Yes. Simply put, a risk officer or the bank allocates an amount of capital called risk-weighted assets to an operation. I ran the macro division, which was FX, rates, commodities and all the electronic businesses. And I allocate that capital for people to leverage and trade with. Simple as that. And so across the division I ran, the gold or should I say commodities operation had X amount of capital. The problem was because there was limited volatility at the time and that the cost of that capital or the charge that was put against that capital was so high in commodities for a variety of reasons, not least transparency or custody, delivery versus payment, there's a thousand different reasons why the capital charges were so high there. I decided to return my division, to raise my division's return on equity. I would close that business, take the capital, and give it to people whose cost of capital was lower. So instantly, I had a bigger return on my RWA allocation, which is after all what my boss was looking for. It was a sad event because they'd been in commodities for many years. But I saved myself a quarter a billion to half a billion dollars in costs by doing that, and now ironically, having joined the World Gold Council, my job is to figure out and solve for the very reasons I shut down that very business.

**Simon Brewer**

Right. And we're going to unpick that. But let's just start high level. World Gold Council, founded in 1987. Just give us a sense of its purpose and evolution.

**David Tait**

In essence, the World Gold Council exists to support demand for gold at its very core. I have a board of 33 of the large-scale mining CEOs, it makes my board meetings an event to look forward to, who now support me in everything that I do. The World Gold Council's role when I took over was not that clearly defined though, externally, I found. We were based in four centres; London, New York, India and China. And they were largely speaking siloed operations doing their own thing in their own region, but it wasn't joined up in any particular way. So having joined for the first six months, I took it easy. I tried to figure out how I could coordinate this message. And at the end of it, I rather copied an investment banking model which is almost like a spinning plate operation. You've got the same thing in every centre doing the same thing with cultural differences, cultural nuance. Like a rates operation is circular, it goes around the globe, but essentially, it's a rates operation. And so we had these different businesses that I turned into global businesses, expanded to Singapore and now to Dubai. And it's consolidated around three main pillars of operation: sales or investor relations as we call it; marketing and research, they come together in one pillar; the middle pillar is all things ESG, climate change, responsible sourcing, socioeconomic, etc, which you'd expect; and the last one is market structure and government policy. They did sit separately, but as I said about the market reforms, I kept running into government policy. So it made sense to put those two things together.

**Simon Brewer**

Got it. Well, we're going to talk about a number of those important initiatives, particularly when we get to tokenisation a little later. Demand and supply, it irritates me but that may be just my own problem that when people say, well, gold is a commodity, and then I go, well, actually it isn't. It's not consumed economically, essentially. It has its very unique role, so putting it together with oil and other things doesn't make sense because one of gold's essential virtues is at a time of great economic uncertainty, it isn't reliant on economic demand. Let's talk about the supply because I think my memory serves me correctly that only 2% of the world's supply is found each year. So it's very tight. How would you describe the supply part of the equation?

**David Tait**

You're right. Every year's production is roughly 2% of the overall gold above ground stocks. And it's become increasingly difficult to find new deposits. That's common knowledge. But the technological advances are making this less and less difficult. It's difficult to know whether there are huge deposits to be found out there. I think the world has been pretty comprehensively mapped, but I'm no geologist. What we have noticed is that the mining operations themselves are constantly improving. They are electrifying. They are reducing diesel, reducing emissions. They're very conscious of their Scope 1, 2, and 3s. I've been constantly impressed by how far ahead of the curve the mining operations are as it pertains to socioeconomic responsibilities, ESG, etc. As it pertains to increased production, I think that there's a slight dislocation you could say between the share prices at the moment of the mining companies and the gold price. I'm uncertain as to why that is the case. But I think if the gold price continues to move higher, which I personally feel quite strongly about, that it will, not least because I'm in this chair, I think the free cash flow that they will generate is going to make the mining stocks a potential buying opportunity. That's my personal opinion.

**Simon Brewer**

And I'm going to actually talk about that a little bit as we go through this because you're right. It's an unusual divergence that has taken place between the gold stocks and the underlying bullion. Just as you are on your travels talking to all sorts of institutional investors, can you talk a little bit about how you see and describe the role of gold in a portfolio and then what the potential buyers and allocators are even saying. Do they care?

**David Tait**

This comes to the big future demand push as I said really. We have categorically proven that to have an amount of gold in your portfolio, let's just call it for argument's sake 5% fixed strategic allocation, it improves the portfolio from a returns, from a risk-weighted returns, risk diversification. Because of the fact that gold is so uncorrelated with other assets, it's necessary to have it. And you can raise that weighting and lower that weighting as you see fit. We've been making that case since I joined the World Gold Council and we've built up a team to do that. But to your point, I must say in 35 years of trading, I never traded gold. An interesting fact. And so when I asked myself why I didn't do it, I answered myself by saying I had better things and easier things to trade at the time. I didn't have the time to study and understand it. And it was drowned out by all the other assets I actually had. So why do people not trade gold? There's a whole variety of things. One, the asset managers I think are of my era, and like I said, have better things to trade. They also are to a degree apathetic because of the risk-weighted conundrum they have. It's costly from a capital perspective to do it. They also have restrictions on them from their own risk managers and their own compliance managers. What I'm trying to do with the initiatives that we've kicked off recently is to try and lower those barriers to entry. Whether it means education, whether it means something more fundamental like lowering the capital burns, making it easier to trade such that it becomes an equivalent asset to trade as US dollar swaps or treasuries. That's what we want to achieve. Alongside that, we're also working on trying to make gold a high-quality liquid asset, HQLA, as a separate but very important stream. And we're negotiating to get that done.

**Simon Brewer**

Right. So I would observe having started in this business in the mid '80s, in the private client world, gold was a frequent allocation. Swiss banks had a 5% allocation. Today on my travels with institutions and individually, I very rarely see it. Now, as you know, I happen to own gold, silver, and some gold stocks. We'll talk a little about the risk parameters of each of those. One of the long-term enemies of the gold price is the real interest rate. What has been interesting about this particular period is that gold has made a new high this morning and here we are with real interest rates still quite high. It's not like the 0% world that we were living in. Do you sense that the market is beginning to go, hang on, this US fiscal profligacy has no end in sight. Whether it's Biden or his successor, where are the checks and balances? And we know how the erosion of purchasing power is relentless. Do you think the market is beginning to sniff that?

**David Tait**

Yes. Simply put, that is my theory. I think we all know the geopolitical, we all know the geoeconomic. Essentially, the drivers are O-level economics in many respects. The geopolitics is going to continue on this course. There's very few of us who can see an end to it. But I think the biggest thing out there that is potentially an '08 facing us again is the levels of debt in the world. And I think that has been one of the major, if not the most significant driver of gold. I think if you look at Europe alone, every one of those countries is going to have to rearm to a degree. All of those countries have almost zero growth. All of those countries have already burgeoning debts. It seems to me the only way they're going to rearm if they are forced to is to borrow more money. And I think we are going to be confronted with a situation relatively soon which we will look back on as obvious. As always, as we did in '08 for instance. Mortgage-backed crisis, it was ridiculous. We saw it and we ignored it. But I think this is the one. It makes people deep down nervous, undermines fiat currencies, undermines everything, and I think we're going to pay a rather high price for this. I think it's been largely ignored. But I think when Liz Truss decided to try and borrow a little bit more money to pay us tax breaks for instance, I think we saw the very beginnings of the straw that breaks the camel's back when we saw that backup in yields for gilts as

an example. And that was the canary in the coal mine moment for me. So where will it likely come? I don't know. We're getting used to increased debt ceilings in the States, 31, 32, 33, 34. At some point, we'll be looking at that going, oh, my God, that was obvious. Will it be the US though? I don't know. Is it more likely to me to be something like a Southern European country already with a massively high debt-to-GDP ratio where we have to at the same time as rearm print to bail something out? That's the sort of scenario I suspect. So back to gold, I am legitimately positive on the asset, notwithstanding the fact that I'm CEO of the World Gold Council. Ignore that for the moment. I legitimately am.

### **Simon Brewer**

Yes. I've referred to what's going on as being the handling of currencies by central banks and the loss of purchasing power is the silent assassin. Actually, I spoke to Evy Hambro who's been a guest a long time ago on the show and runs BlackRock gold fund. And he said, actually, you may want to mention that at the launch of the iPhone in 2009, it cost \$600. Now it costs \$1,500 for the latest version. If you use gold to buy a phone rather than dollars, you would need 15% less gold today to buy it than you used in '09. So that purchasing power argument I don't think is to be debated. But let's talk about just that last strand of the buying community. We read about central banks, and one sort of finds it ironic that on the one hand, they're buying it, on the other side of the equation, they're printing more money. What do you see from A, the central bank community vis-à-vis gold, and B, the pension fund community?

### **David Tait**

The central banks, well, we are seeing constant buying from the developing central banks, most notably China. I think that's driven largely because of the economic situation in China in many respects. If you're a Chinese domestic person, you've got very few alternatives at the moment. You've got an equity market declining, you've got property declining, you've got currency declining. It all seems to be and aligns nicely culturally as the best place to put it. So we're seeing constant buying from central banks. And I think you're going to continue to see that not just because of the geopolitical situation, you're also seeing buying from countries who have historically had their currencies put under pressure from inflation. They're seeing that for the very first time. And I think those countries are also waking up to the fact that they need to manage their reserves much like you do a balanced portfolio. We are in contact with them as an institution to educate, where asked, them on how to treat gold as part of their balanced portfolio. It is also ironic to me that gold is not considered a high-quality liquid asset yet it's the one thing the central banks store away remorselessly as a balancing item and a comforting item. With regard to pension funds, while we are seeing continued interest in gold, it's something of a frustration to me that you've probably got an era of investment managers probably similar to my age, although others will be able to comment on this more, who have thrown up not allocating towards it. I'm hoping that the regulations become more flexible and the education grows and we gain more and more traction such that they can invest in it.

### **Simon Brewer**

We had Ray Dalio as a guest just before the end of the year and he makes that rather nice comment, which is gold's performance is the inverse of confidence in the central bank.

### **David Tait**

Peculiar, isn't it?

### **Simon Brewer**

So we will watch now. You've alluded to your plan to make gold all those things. I forget the acronym you just used, but visible, tradable, etc. Just talk us through the plan and how that then brings in this idea of tokenisation.

### **David Tait**

Somewhat conceitedly, when I came from rates and FX, I noticed there are a number of shall we say shortcomings as I saw them in the market. It was functioning fine, but I saw there was a rather opaque OTC market, difficult price discovery, etc, bilateral trading, mobile phone style trading sort of thing, compared to other markets somewhat archaic. I noticed there was a high degree or high lack of trust in both institutional and retail and understanding. I noticed there was no real governance structure for the entire market and also obviously no regulator. So once I got the World Gold Council pointing in the right direction, as I've mentioned, I decided that there were a few things that we needed to do as an industry. The first thing was to try and solve for the trust issue. And so rather simply, none of this is rocket science, I came together with the LBMA and we set up a gold bullion integrity ledger or database for all responsibly sourced gold. Think of it simply put as all good gold. Now, the database you think would have existed. You'd think that most of this stuff would have been done. To my surprise, it hadn't been. So we invested in a company called aXedras, a Swiss-based blockchain company, choosing blockchain not for any real reason other than the fact that the records would be immutable. You can't splice it, so to speak. And so trying to prove the provenance or integrity of a bar of gold, we had a technology that could do it arguably from the mine site, arguably technology allowing right the way through to the ring on your finger. So we set it up. The database has been running now two years and is growing. It now has all mine membership will be joining it in due course, which means all their refiners will be sort of duty bound to do it. Most notably, the LBMA as of today are adopting the database too. So a huge achievement. It's a place where people can go and check that the gold that they have bought, investment gold they have bought, is responsibly sourced and is what it says it is for the very first time in history. Now, it's not trying to level set the standard, although that may happen through perhaps a Darwinian process. We may all adopt a single standard at some point, but I doubt that. What it is is a place for all the various good delivery lists to go and be listed from London right the way through to hopefully panda coins, etc, and you can just check. Now, with that database in mind, the next question was, how do we make gold a standard product? When I first joined the World Gold Council, I remember my colleagues describing all the different shapes and sizes of gold, and in utter frustration, I threw my hands up and said, why do you make it so difficult to invest in? Why so complicated? Why don't you just throw the gold in a giant pot, melt it all, and then we can just call it gold? And they sort of rolled their eyes, looked at their watches, here he goes again. But I held that thought. So the goal is to do two things from a digitalisation perspective. On the one hand, building on the work of the FMSB and my chairing of the precious metals working group over the last four years with all the major bullion banks, we are setting about digitalising, moving from analogue to digital, the E-gold trading ecosystem. Now that will mean looking at clearing systems, it will be looking at the main infrastructure of the gold market in the hope that we can encourage greater participation from banks around the world so we have I suppose a more rigid, more secure structure. Bring things into the 21st century, 22nd century if we can. And the other string to that is going back to the different types of gold. How can we standardise gold? And so the idea which we're working one is to arrive at a single digital gold unit and agreed across the world. For argument's sake, take one gram of 995 foot today, it might be one gram of five nines more likely because the math is easier. Using an algorithm, you can convert every shape and size of gold into a standard gold unit. And that standard gold unit, don't think of that as the trading product. The analogy I like using is the amino acids of a protein, the lowest common denominator. And it's from that lowest common denominator you can create various new assets or introduce financial products that are in use with other assets into the gold world. You will be able to create lending tokens, collateralisation tokens, settlement tokens. And I

do hate the word token because it seems to trivialise the whole issue. But think of them as instruments in various ways. And perhaps, and this is not my intention, the opportunity for gold to be used as a medium of currency, of conversion, possibly. I think it would end up because the degree of confidence you could have that the token maps back to legitimately produced gold in the database one-to-one, non-leveraged, completely traceable, gives it the feel, look and feel of a product that Bitcoin wanted to be but always failed and will always fail because there's nothing of substance behind it. And of course, gold does not correlate with risk assets as we saw on the invasion of Ukraine. And so if we are able to arrive at an instrument such as that, we will be in a really good place as an economy. What I have been trying to achieve though, back to the very beginning, is unpick the institutional world. And I believe by providing a low-capital, digitalised version of gold that maps back in a risk-free manner to this database will open the floodgates to many investment managers, because for the first time, I believe they will have an asset to trade that is capital-light, is fully transparent, that is easy to see the leverage in the market, easy to see the amount of gold that backs it, and you have instant atomic settlement for the first time in history. What's not to like? I also believe it will be backed by pretty much every regulator on Earth going forward, and I think a Darwinian process will drive people from an opaque market to a very transparent market. And I think there's a lot of assets out there that will come to play in the gold market at that point. That is what I personally think is the main driver of price going forward.

#### **Simon Brewer**

So you've got these missions underway, just give us a sense of the timelines.

#### **David Tait**

Like I said, the database is up and running. That's the critical thing. I will come back to that because that is the cornerstone. There is no point digitalising something that is distrusted. That's an exaggeration, but if you understand what I mean, that can be trusted more. And so that's been the critical element. I think by the end of this year, the number of people on the database will have grown significantly and we will be able to pool capital and have a liquidity pool generated from that. That's critical. The work of the FSMB and the precious metals working group, a compendium document that was produced by the Bank of England that is public knowledge now is proceeding. We are doing many consultations with all the banks and their IT departments moving forward. I'm hoping that by the middle of this year, we can start to entertain conversations about the next stage of the gold digitalisation process. But critical, it's critical that people understand that the digitalisation of the ecosystem comes first. It must happen that way. And that everything that we are trying to do as an organisation here is to return value to the gold value chain. It is for the good of the gold value chain in order that we attract participation. There has been common knowledge that the status quo in the gold market has been adored for a little bit too long shall we say. And I've been at pains over my time at the World Gold Council to impress upon people that our role must be to make the market easier to participate in, to grow it. And rather than defend a large slice of a small market, try and help me grow the market to many times its current capacity and still perhaps have a very large slice of a very, very large market going forward, which is what I think we're on the cusp of doing. So this year is a pivotal year. We should see some notable changes around about mid-year.

#### **Simon Brewer**

Yes. In fact, somebody we both know, Nick Finegold from the Curation Corporation was writing about this just the weekend. And I think that one is surprised by the de minimis allocations across nearly all universes. Now, one of the things, and I slightly shall I say reluctantly had- we had an interview on crypto the other day because Will Campion, my partner, thought we should ask the very entertaining, charming and bright Nic Cary from Blockchain.com to come and talk about what was going on in the world of cryptocurrencies. And an observation was made which I picked up on and conflicted in, which was that

gold mining is environmentally unfriendly, etc. Now, you have on your website a really interesting film that you made with Idris Elba talking about the net positives on the community's environment. And as I went through it, this is actually something that Evy Hambro pointed out a while ago, gold mining companies are proving increasingly as a force for good. That sounds like an easy thing to say, but as I watched the hospitals built, the education system, the irrigation, I think there might be 38 billion in tax paid by the collectives of gold mining companies. How are you finding that conversation with investors who too readily kind of want to put a cross or a tick in the ESG box?

### **David Tait**

When I first joined, I found it remarkable that the membership as a whole of the World Gold Council on their behalf had not mentioned the good that mining does in situ. I came into the organisation with I suppose the degree of cynicism that most people have when they glance at mining. There's this preconception that you sort of learn along the way almost haphazard. And so I went and had a look since I visited Barrick in Kibali, which was a real eye-opener for me, such that when I were sitting in a seat similar to this, I could speak from firsthand knowledge. And I saw the schools, the hospitals, the roads, the cathedrals, the inoculations, the education that came with the community around that mine site. And I became convinced. And the fact that they hire locals. There's only 5% external staff. That is such a force for good in these places. And then back to practical terms, many of the holes are just filled in. Someone said, can you see where the old open pit mine was? And I couldn't find it. It was completely gone. And so when taken as a whole, I saw this as a hugely beneficial force, and I thought it was necessary, especially when there was an increased focus on the ESG of products, financial products. We needed to bring this into sharper focus. It was somewhat ridiculous that these preconceptions were left unanswered. So I wanted to try and balance that negative skew. I'm not naive enough to think that we can bring it to an even keel, but I do think that we've done a good job in raising the prospect of changing perceptions in people's minds, especially as we go into decarbonisation, the decarbonisation of the economy, and the fact that we are going to have to confront the fact that many of the things that are necessary to decarbonise the economy come out of the ground. In fact, most people don't realise that pretty much everything they touch, feel, and ride in comes out of the ground. When people appreciate what gold does for you, your iPhone right the way through to your COVID tests, then people would start to look upon these things differently if they knew that you were doing a positive societal impact at the actual mine site, and that these things were not ransacking the local countryside and exploiting people. Quite the contrary. I needed convincing. I went and saw it. And so I invite anybody who has any doubts about it, give me a call. We can arrange for someone to go and have a look if they have any doubts about it. So in that context, is it part of the package that we deliver to investors? Yes, it's the case for gold. It's what the mines do and what they do for the local societies and plowing back the taxes as you mentioned. The supply chains are immense. The number of people who would have no subsistence if the cause to stop mining were ever listened to. And lastly, of course, the reforms as we previously mentioned. Taken together, that's an enormously compelling argument. But I do think people's minds are about to change. The necessity to mine cobalt and zinc and all these things, suddenly mining is a good thing. Because it's decarbonisation, how can it be good and bad at the same time? It's got to be thought of as a complete package.

### **Simon Brewer**

Yeah, we had Brian Menell who runs TechMet on our curated channel talking about the extraction of those rare earth elements and other kinds of technology-essential metals and just how the West has been asleep essentially in the last two decades. One of the most horrific things that I read in the materials is that there are still today some of these artisanal miners were children who might try and



steal some of this gold might even have their limbs chopped off by gangs. Tell me a little bit about is that really happening and the imperative therefore to have provenance in the equation.

### **David Tait**

A subject close to my heart. I'm very much part of the GBI, Gold Bullion Integrity project. Some would think it could appear a bit of a digression, but it is not. I'm trying to set up in that context, and have set up a group of central banks, seven to eight central banks from Ecuador through to the Philippines, in whose country artisanal mining proliferates. Because, as you mentioned, those horrific things you mentioned do actually happen in certain quarters of the world. My goal is to try and provide those miners an incentive by which they would try and deliver their gold to the local central bank as opposed to local criminal gangs. We're trying to figure out the mechanism by which we do that. We've had two meetings so far, once in Paris last year and once in Vienna in October, where we came together to arrive at a set of 12 principles by which they will work. And some of the principles were meaningful. Discounted funding as an example. As long as the artisanal miners register, the gold will go to LBMA refiners. And it's not always a simple case as providing the best price in town. It's not that simple. But I do believe we have an opportunity currently, specifically as it pertains to incentives, because the big governments of the world, the US, the UK, are intimately fascinated by where artisanally produced gold is going at the moment, namely to for instance the Putin regime, and are more than focused on gold than they've ever been in the history of time. Now, if there was a time to engage government to provide the necessary financial incentives to redirect this gold to say the good guys on my database and away from nefarious regimes, now's the time to do it. And I will draw the comparison between the American government realising that Taiwan produced 95% or 90% of all chips and miraculously found \$350 billion to build a chip plant in Texas when needs must, that this could be of a similar magnitude if those flows to support illicit regimes is deemed necessary for change. And so that combination is up and running. We have four central banks who are about to sign on the dotted line. We are on what we call the Manila Principles by the end of this year. I have a very high-profile politician working on a document for me in support of this and I'm trying to bring the rest of those central banks together. Government is engaged here. And I think if we can get children out of mines, the ESG criteria they are to work to are no mercury and no children. Simply put, keep it simple. I think we're onto something. That is the thing that gets me out of bed. If I can retire eventually, if there is ever that day, knowing that we put that in train, I will be particularly proud.

### **Simon Brewer**

So we alluded to earlier on mining equities. They have been a miserable place to invest capital for a long time. One of the answers that may come to mind I think is that they've not been good allocators of capital and have a propensity to buy stuff at the wrong price and haven't been as disciplined. And therefore, the market capitalisation of the whole universe has shrunk. I think we talked about Evy Hambro's fund, the BlackRock gold mining fund that's a fraction of what it was at the peak. And yet they are cheap on historic measures. There's no question about that. I think that it's also true that investors don't really care because there's much more sex, drugs and rock'n'roll elsewhere in the market. Are the mining companies of whom you know, the 80 or so that are members of the World Gold Council, are they pulling their hair out? Are they licking their lips? Are they buying their own stock?

### **David Tait**

I think they're a little downbeat because of this disparity. I mean, who wouldn't be? I understand that. But obviously, I'm not intimately involved in the inner workings of the mining companies. But at the

same time, the conversations I have, the improvements they're making intracompany are rather spectacular. They are producing enormous amounts of cash flow, free cash flow, and they are returning some of that to investors, which is obviously of particular interest to some. But I think this is an aberration. I think this should be viewed as a buying opportunity. Because for what I've said over the previous 45 minutes, all those various things are going to come into play that's going to only improve, I believe, the prospects for gold and the product they bring out of the ground. If that is not a good reason for investing in the product they dig up in those companies as well, it seems remarkable to me.

### **Simon Brewer**

Yes. Well, I have advised more of late for anybody who cares. I want to move away from gold. As we always talk to our guests about other things, one of the things that comes up is resilience. Now, David, you have been featured in this film Sulphur and White. For listeners who haven't come across it, the essence is the brutality you suffered as a child. And I wonder whether the making of that film which has got Anna Friel and Dougray Scott, I know you were on television meeting the actors and talking about it, was it and has it been therapy or agony?

### **David Tait**

Well, both. I didn't really think it was ever going to happen. I wrote a manuscript to try and write a book back in '07, six or seven chapters of climbing because I've done a particularly good climb and six or seven chapters of personal anecdotes that I thought made a great story and explained why I was doing the climbing. I never dreamt it was going to be made into a film. Someone else ran with it for many years. And then when I realised it was going to become one, I threw my weight behind it to make sure it happened because I saw an opportunity to try and help many families out there. It's been an extraordinary journey for me culminating in watching my child had been shot in South Africa for two weeks of an eight-week, nine-week shoot. I found forcing it to fruition was something I had to do. It became an absolute obsession. I don't think I've worked harder at anything in my life to get that over the line and get what was lucky for me a royal premiere out of it. And for me, because I have these faces in my mind of the perpetrators against me as a child, I felt I was about to win, and this might sound a little bit abstract. I thought this would be me turning the story on those men by getting the film produced and out there in front of everybody. Much to my horror, Boris Johnson closed the cinemas two weeks after the release. And so that's why I said both. It was the most cathartic thing I've ever done, and at the same time, the most horribly depressing thing knowing that it had been killed by a once-in-a-century event. And it was horrible.

### **Simon Brewer**

We are going to be putting it on our show notes and we will be providing the link to the film. But just because as I relooked at the end of the film last night, 1 in 20 children in the UK have been sexually abused, and 1 in 3 tell no one. Quite staggering for those of us who haven't cast their eyes over this whole space. And you've done this enormous amount of work with the NSPCC. Just give us a sense of where we are in trying to get attention, resolution is too simple a word to use, but the forces that need to be harnessed to improve this situation

### **David Tait**

It's an enormous question. I suppose the first place to start is to ask, do I think it's possible to stop child sexual abuse? No, I don't. As I say in my speech, it's sadly part of the human condition and I don't believe there is adequate incentive to stop it. It's one of those things we are going to have to deal with. But I do think that if we use resources correctly and the charity does the job it is doing, we can change the stigma that's attached to sexual abuse and make people regard it more as a common assault ironically and

somewhat contradictory, because then the shame and the horror you feel every day when you think about it diminishes because you're not treated- you do not feel that you are indelibly stained in any particular way. I think ironically, we focus too much on the horror of it when a child declares or has the competence to say, and that becomes in of itself a problem. The charity is using its resources to try and stop child sexual abuse by educating children from the age of 10. For many, that's way too late. But it's as good as we can possibly do. I am trying at the moment to redirect or direct government as recently quoted in the Lord's much to my amazement, to try and direct £100 million of government funding to something called The Lighthouse, which is a building that sits in Camden at the moment that is a one-stop shop for sexually abused children. Instead of the child historically being dragged around various medical police, social services telling their story time after time and growing up in the process, all the services come to the child in the centre. Testimony sealed, they testify on camera, there is no threat to the child, and we get more of a conviction rate and the child therapy is there. There are about 40 of these things in various different countries. We have one typically. Somewhat, we have only one. My goal is to introduce 30 into this country. So it's an endless battle, but it's a battle that must be fought remorseless. But it's a battle that will not end either, and people need to understand that sadly. It's just one of those peculiarities of the human condition which I obviously lament.

### **Simon Brewer**

So, Lighthouse, we'll be referring to that as well. You've climbed Everest five times. I mean, wow. Of course, it's wow. But how brutal were those climbs? I know conditions obviously vary. I was actually with a friend Neil Laughton who took Bear Grylls off Everest on one of those expeditions. He had to come down because he couldn't make it. I think two or two days earlier was the day Beck Weathers on that great climb in that book 'Into Thin Air' when all that disaster was unfolding. Tell me a little bit about the physical and mental resilience when you are climbing something like Everest as many times as you've done.

### **David Tait**

Yeah. My wife turned to me just before I departed on each of my expeditions when I handed her an envelope that says, do not open unless in the event of my death. And she said, you're the only person in the world who would probably hand that to their wife and just go up to the airport. It takes a particular type of mentality to resign yourself, without sounding overly dramatic, to perhaps dying to achieve a goal. And I don't know whether I'm a bit weird or as a product of my childhood, I'm more inclined to think. I'm prepared to take chances because I don't fear stuff, without sounding macho. I don't fear the same way people fear stuff. I've seen the worst that life can bring in my honest opinion. And so nothing else feels even remotely intimidating. And that's been to my advantage throughout my career when I first joined Goldman right the way through. I realised that I had a vehicle with which to raise significant funds for the charity. In 2003, at Bluecrest, I saw the Chinese summit and broadcast from the summit. I'd pretty much done everything else from crash cars to ice jump to done everything. And I went, okay, that's what I'm going to do. So Everest was the first mountain I climbed, and I hate mountaineering. It's cold and miserable, and I didn't enjoy it one bit. But it raised a ton of money. There were times when I've almost lost my life, very, very close, some amazing stories that form part of my charity speeches. And in 2013, I was carrying a flag given to me by the Queen. She called it her royal assent in celebration of her 60 years on the throne and the 60 years since Henry Tenzing. And in the training session before that, going through the icefall, there were six of us. We were quite spread out. And suddenly, I had Jimi Hendrix playing in one ear of my headphones and I had a helmet on for the very first time and I suddenly heard something run, profanity run. And I looked up and I saw this avalanche or icefall coming towards me. I took two silly little steps to try and get out the way of it and couldn't dive to the ground, put my head behind a rock, the avalanche swept over me. My helmet was cracked by something. Luckily, I was

wearing a helmet for the very first time. I felt a blow. My shoulder came out of joint because it got caught between two rocks. I felt a blow in the small of my back and blow on my leg. The most painful thing of all of them was my leg. I thought I'd broken my leg. And under the snow in the dark, I've never been more scared. And you don't know that you've never been scared until you are scared, and I was utterly terrified. And I realised in that moment, I didn't want to die. That sounds obvious, but there had been times in my life when I was particularly ambivalent to that fact. I remember thinking two other things that wow, your life really does flash in front of your eyes, in that moment, it's like a collage. It's peculiar. You see everything. The last thing I remember was oh, the Queen is going to be really pissed. I'm not going to get a flag to the summit. But I did. I got down. They helped me down. Three days later, the expedition leader came up to me and said, there is a four-hour Everest summit weather window three days away, would you like to go for it or you've got to wait another two weeks? And I was conscious of the fact I had this flag to get up there first. And I called home. I said, what do you think? And she said, go for it. My wife's been trying to kill me for years. I went for it. We got up there in three days, whereas it normally takes five, the hardest physical thing I've ever done. But the thing that drove me on was, what's the worst that can happen? Just keep taking one step. Just keep taking those steps. The impossible will happen. I got to the summit, got the flag up first that year, myself and my Sherpa, got down the other side. I handed it back to the Queen and she asked me to sign up, which was one of the nicest things ever.

### **Simon Brewer**

What a fantastic story. David, I'm not even the last any more questions because it's such a perfect place to end. I will summarise a few points. As somebody who's been or tried to be an investment practitioner for all these years, obviously gold has played a part as would have been evident from our conversations. But you make three really, really important points. One is that the whole process that you're overseeing of making gold more acceptable shall we say for the want of a better word to the institutional community is a really important journey, and that is well underway. And so that is going to change the way that institutional thinking shifts on gold number one. Number two, that we might not like the term token, but the move to a digital era and the digitisation of gold offers avenues that previously didn't exist. And thirdly, that if you're sitting there in gold mining companies right now, not only are you exercising extraordinarily higher levels of attention to good governance than has come before, but as a body, the revolution that's taking place is from end to end be able to understand the inception to the final destination, and in that brings it firmly squarely into acceptable in a potential investment category. So, good luck with your mission, David. It's been a pleasure to meet you here today.

### **David Tait**

Thank you for having me. I'm very flattered to be asked.

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