



# The Talent

*beyond currency ...*



## WELCOME TO THE TALENT – *beyond currency*

**The Talent is coming.** Say farewell to inflation. Soon you can get paid, save, shop, spend and invest *without using currency at all*. The Talent replaces worthless paper with real assets.

**The Talent is an ingenious innovation** in personal, corporate, public and international finance. Thanks to the Talent, the reign of the ever-depreciating fiat currency – sterling, the dollar, the euro and other paper currencies not backed by real assets – is at last over.

**One Talent is one unit share** in the Talent Fund, a professionally-managed investment fund administered by experienced fund managers. But there is one important difference: you can use your Talents for your day-to-day transactions. You can invest, save and spend using the same simple, secure account. As the Fund grows, the value of your Talents grows with it.

**Illustration:** Over the past 25 years Ms Foolish Virgin has kept \$1000 in her current account to pay day-to-day bills. At the end of the 25 years, dollar inflation measured by the Consumer Price Index has halved the value of her \$1000. Ms Wise Virgin has kept her account at the Talent Bank. If the Talent Fund had kept pace with the Dow Jones Industrial Average over the period, after the Talent Fund's 1% annual charge Ms Wise Virgin has \$5175 in her account.

**NB:** Illustrative past performance of the Talent Fund does not guarantee future performance. Investments can go down as well as up.

**Once we go live,** you will be able to follow the step-by-step instructions to open an account in Talents at the Talent Bank online. You can deposit funds in any major currency at that day's rate of exchange. The value of each Talent, determined by dividing the Talent Fund's total asset value by the total number of Talents in issue, will be updated every few seconds on the [talentbank.com](http://talentbank.com) ticker.

**But how can I spend my Talents if they are locked up in real assets?** Your account will be denominated in Talents. But you can use your Talent Bank credit or debit card in your own country or anywhere in the world to make purchases in any currency, just as you can now. You can also link your existing card to your Talent Bank account.

**How does that work?** The great majority of inflows and outflows every day are simply netted off against each other. As necessary, the fund managers will buy or sell assets to match any residual net inflows or outflows. The one thing they will keep very little of is cash.



## WHY THE TALENT? WHAT'S IN IT FOR ME?

**If you want a savings income from your current account**, switch your current account – and any savings account that gives you little or no return – to an account at the Talent Bank.

**If you now hold a current account** that offers no capital growth and pays little or no interest, the Talent is for you. Holding Talents replaces inflation with capital growth, giving you all the flexibility of a current account with all the growth potential of a savings account.

**If you pay or are paid in Talents**, you will not need to negotiate annual pay increases to compensate for inflation. Even if the Talent does no better than the stock market, on past form the Talent will gain rather than losing value in most years.

**If your shop prices its goods in Talents**, you will not have to keep changing the price labels to allow for inflation, because the Talent does not inflate. In most years it will appreciate in value.

**If you are an internet shopper**, the Talent will be a standard unit of account for prices of all goods traded on the internet. The Talent Bank will offer a simpler, cheaper internet settlement system than PayPal, as well as an asset-backed internet “currency” service, minimizing the chances of disasters like the 2014 loss of 75% of the value of Bitcoins, which are not backed by real assets.

**If you are a saver**, and you open an interest-bearing account denominated in Talents, you will pay less tax on your savings interest because the nominal interest rate (on which tax is levied) will be the same as the real interest rate. With inflating currencies, the nominal rate has to be higher than the real rate to compensate you for inflation, so you pay more tax.

**If you do business across borders**, you can agree to denominate your transactions in Talents so that both parties gain the advantage of a stable, non-inflating unit of account.

**If you are worried about collapsing currencies**, you can avoid the collapse by holding your funds in Talents, which are unit shares in real assets – property, land, corporations, gold, silver and other commodities that will tend to hold their value when currencies fall.

**If you do not want governments to rob you through inflation**, the Talent is for you. The Talent cannot inflate, for it is a unit share in real, tangible, tradable assets. It can fall in value, but the broad sectoral and geographical spread of the Talent Fund's assets will ensure, to the best of the fund managers' ability, that the Fund continues to hold its value.

**If you don't trust paper money**, the Talent provides a safer home for your cash. The Talent Fund's full list of holdings will be published online and kept updated in real time. You will be able to see for yourself what assets underpin your Talents. You will be able to verify that the assets are indeed held by the Talent Fund's Trustees. You will be able to check whether the value of each of the assets is correctly stated and updated. Unlike paper currencies, the Talent is transparent.



## FREQUENTLY ASKED QUESTIONS

**But is it safe?** Any investment – and a holding in Talents is an investment – can go down in value as well as up. However, the Talent, backed by real assets, is not likely to perform anything like as badly as a paper currency over the longer term. Take the dollar as an example. Over the century since the founding of the Federal Reserve, the dollar has lost 96 cents of its 1913 value. Over the same period, the pound sterling has lost 97 pence of its 1913 value. Holding paper money, even in small amounts, is not prudent. The Talent Fund will be conservatively run like a prudentially-managed pension fund.

**Will there be enough assets to pay holders of Talents?** The fund managers' aim will be to keep the Talent over-funded to a small degree, so that if everyone withdrew Talents there would be enough for all. For 250 years the Bank of the Hanseatic Principality of Hamburg administered a fully-funded unit of account known as the Mark Banco. Every unit the bank issued was fully backed by silver in the bank's vaults. The system was so stable that contracts throughout Europe, from Hamburg to Venice, were denominated in Marks Banco. When Bismarck introduced the Reichsmark in Germany, he named it after the Mark Banco, whose fund managers had kept the fund 3% over-funded for a quarter of a millennium. Our fund managers will make their best endeavours to do the same.

**What happens to my dollars or pounds when I buy Talents?** Our fund managers will immediately spend your cash on buying assets for the Talent Fund. That way, the Talent Fund should always have enough assets in it to meet its obligations.

**What are your charges?** There is an annual deduction of 1% from the Talent Fund. Half of this goes to the fund managers; a quarter to Talentco; and a quarter to the overfunding reserve, a segregated part of the Talent Fund that gradually increases the overfunding of the Talent to provide a degree of rainy-day defense against a crash in the value of the assets.

**What happens when I sell my Talents for dollars or pounds?** Our fund managers will sell enough assets to allow you to be paid out in full. Suppose you had bought \$1000-worth of Talents a year ago and now wanted to cash out in dollars. Suppose the Talent Fund had grown in value by 5%. The annual charge of 1% is deducted and you get \$1040 back – or \$40 more than you started with. If there had been 2% inflation, that would be worth \$1019.20 in last year's dollars, or \$39.20 more than the \$980 value you would have had in an ordinary current account.

**When can I get Talents?** We hope to have the Talent Fund up and running by late 2015, initially for private investors only so that the systems can be tested. As soon as possible, we will apply for regulatory consent to go live.

**What does TAAANTA EKERATHEA mean?** It is a quotation from the Greek text of the Gospel according to St. Matthew, meaning "I have gained Talents".

**Will there be Talent coins and notes?** No. The Talent is not a currency. It is *beyond currency*.