

No investment portfolio can be complete without gold - World Gold Council

Mumbai, October 21, 2008: *"Gold's investment characteristics make it a relevant asset for all investors, whether private individuals or institutions"* pointed Marcus Grubb - Managing Director, Investment Research & Marketing - World Gold Council.

Physical gold is a favourite of the masses in India. The HNI portfolio currently consists of private equity and real estate funds as these asset classes have had a good return on investment which is no longer true in the current scenario.

In a constructive move to maximize the opportunities available for gold investment, World Gold Council and FPSB India held a round table meeting with important industry members and financial planners to draft a strategic plan for the future of gold investment. Present were senior company officials with diverse portfolios who shared their views on the future of gold investment and its key role in the Indian investor's portfolio, highlighting the need for education on the opportunities available through gold investment.

Mr. Marcus Grubb, Managing Director, Investment Research and Marketing, World Gold Council said, *"Gold is an irreplaceable part of Indian culture and unique monetary asset. In the light of the current financial crisis, the problem of credit over leveraging the derivatives has affected people's portfolios. Gold's real value is not that it provided a quick speculative fix, but that it offered a sure and steady means of protecting wealth. Gold is an attractive investment that should form an important part of ones investment portfolio."*

Mr. Ajay Mitra, Managing Director, World Gold Council Indian Subcontinent added, *"Gold continues to remain the most universally accepted and time tested asset class. As a global currency, it has proven its ability to preserve value over time and act as an effective portfolio diversifier. The value of gold in terms of real goods and services that it can buy has remained remarkably stable. In contrast, the purchasing power of many currencies has generally declined. Gold has consistently reverted to its historic purchasing power parity."*

Mr. Ajay Bagga, Chairman, FPSB India says, *“Indian masses have bought and sold gold since ages, solely from the standpoint of a valuable commodity and a ‘store of value’. Gold as an asset class for investment requires conversion of gold into a monetary asset to deliver the virtues of liquidity and transparency in price discovery.”*

Mr. Ranjeet Mudholkar, Principal Advisor, FPSB India added, *“An effort has already been made in the direction of gold as an investment. Gold ETFs and gold Mutual Funds are an example. The need of the time is to spread its awareness for the masses to benefit.”*

Members present agreed on the importance of gold investment, admitting that the modern day HNI segment in India is yet to recognize the full potential of gold as an asset class for investment. There was unanimity among fund managers across all portfolios, agreeing that gold is an asset to be recognized and invested in. An important view shared by all experts present was the necessity of education on Gold as an asset class for investment - Education for both, investors as well as financial planners, which will optimize the Indian investor’s portfolio. The diversification benefits of gold provide the most compelling case for longer-term investors.

India has always been a traditional market for gold, with physical gold proving to be popular. A popular view discussed was the possibility of gold moving away from its ‘commodity’ tag and viewed as a primary asset class.

Discussion on the volatility of gold highlighted a lesser known fact that gold is less volatile than other asset classes and definitely has lower volatility than other precious metals.

The panel agreed that gold improves the overall performance of a portfolio, with the amount of investment in gold differing on each investor’s portfolio. As a group, they stressed on the need for growth of education amongst the HNI segment in India to include gold as a part of their portfolio and simultaneously find solutions to increase acceptability of gold products in all its forms (physical as well as non-physical).

About FPSB India

Financial Planning Standards Board (FPSB), India is a Professional Standards Setting body that proactively guides the development and promotion of standards for Financial Planning professionals



to benefit and protect the public in the country. FPSB, India closely works with all the stakeholders viz. the Government, the Regulators, the Industries / Associations, the Corporate, the Media and the General Public to achieve its objectives.

About World Gold Council

World Gold Council (WGC), a commercially-driven marketing organisation, is funded by the world's leading gold mining companies. A global advocate for gold, WGC aims to promote the demand for gold in all its forms through marketing activities in major international markets.