

Why Australian Investors are turning to Gold

Gold has been the best performing asset of the new millennium, having outperformed shares and property since 2000. This outperformance looks set to continue going forward.



Long-term capital growth

Gold prices have risen from less than AUD \$500 to almost AUD \$3,000 per troy ounce since the turn of the century, as highlighted in the chart. That's a return of more than 500% in total, or more than 8.5% per annum, with an AUD \$20,000 investment made in 1999 growing in value to more than \$120,000 by the end of 2022.

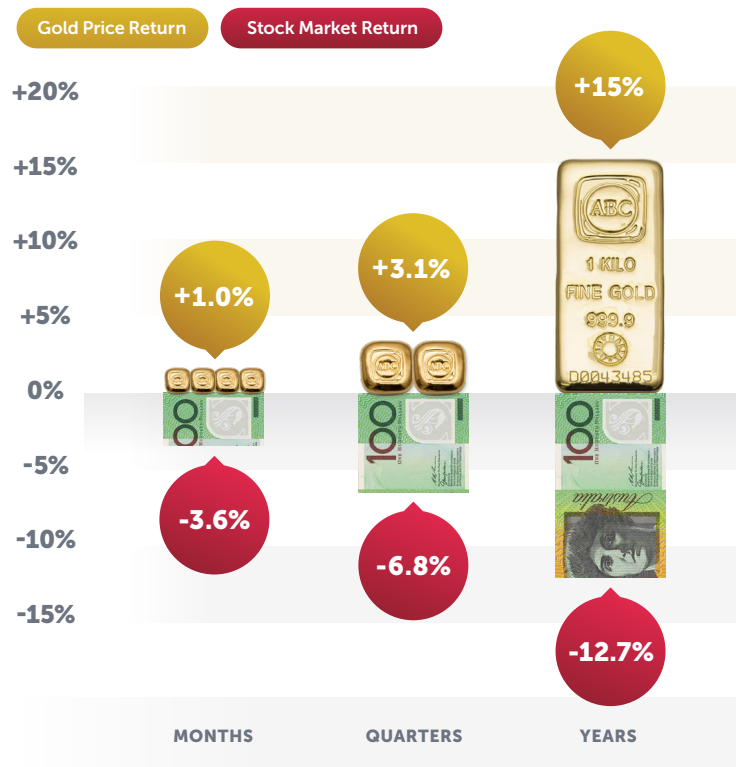
The gold price has outperformed all other mainstream assets over this time period, including Australian shares and property.



Source: World Gold Council

Protection when it is needed most

Gold has an excellent track record during periods when the share market is uncertain. This can be seen in the chart, which shows the average return for gold, and for the share market in the months, quarters and years that the share market falls in value.



Source: London Bullion Market Association, Yahoo Finance, ABC Bullion

Not only has gold risen strongly when share markets are volatile, it's also outperformed other safe havens like cash and bonds in the process.

Effective hedge against inflation

Gold has long been seen as a trusted hedge against inflation. This is unsurprising, given the fact that throughout history, it has formed the backbone of the monetary system, and to this day remains an important asset held by central banks.

World Gold Council research looking at data from the past fifty years found that in years that inflation was high (3% or more), the average return that gold delivered was 15% in USD terms. For Australian investors it was even better, with gold on average rising by more than 20% in years inflation was high.



High liquidity

One of gold's great attributes is how liquid it is. It can easily be turned into cash, with businesses like ABC Bullion both selling and buying gold to and from clients 24/7. On any given day, there is almost AUD \$200 billion in turnover in the global gold market. That's almost 30 times more turnover than there is on the Australian stock exchange, which helps visualise just how liquid gold is.

Outperformer when interest rates are rising

Gold tends to thrive in periods interest rates are rising, especially if inflation is also high. This can be seen in the table below, which highlights four periods in the past five decades that rates have risen, and how well gold has performed.

Time Period	Interest Rate Increase	Gold Price Move
Jun 72 – Jul 74	+9.6%	+224%
Jan 77 – Apr 80	+13.0%	+292%
May 04 – Jul 07	+4.3%	+69%
Dec 15 – Jul 19	+2.2%	+34%

Source: St Louis Federal Reserve, London Bullion Market Association, ABC Bullion



Gold Products

Pooled Gold

Pooled gold can be bought either by specific weight (i.e. 1 oz) or in fixed dollar amounts (i.e. \$10,000). Traded 24/7, ABC Bullion offers free storage for pooled gold. Perfect for new investors, SMSF trustees, and other investors who want exposure to gold in their portfolio, but do not want to physically store the gold themselves.



ABC Bullion Gold Cast Bars

ABC Bullion's signature cast bar range includes products ranging in size from ½ ounce (currently selling for less than AUD \$2,000 per bar) all the way up to 400 ounces (worth more than AUD \$1 million each). Cast bars are the most cost effective bullion products to purchase.



Gold Coins

ABC Bullion offers a wide range of gold coins to invest in. Coins have long been a favoured way to own gold bullion, and suit investors wanting to own smaller denomination products.



Gold Minted Tablets

Minted tablets are products manufactured in size from as little as one gram, all the way up to 100 grams of gold (just over 3 ounces). These products are perfect for those looking to acquire small amounts of bullion at a time, or buying bullion as a gift, with minted tablets sold in a protective case.



Please call the ABC Bullion Sales and Customer Service team on 1300 361 261 to discuss the benefits of investing in precious metals

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