

Media Release

10 July 2003

Gold would have made your Super sparkle

It is estimated working Australians would have been \$14 billion better off if their super funds had invested a small amount in gold rather than international shares in the past three financial years.

With performance figures for the latest financial year now being released, most Australians continue to watch their superannuation savings shrink, mainly due to falling sharemarkets throughout the world.

Performance figures obtained by Gold Bullion Limited show a benchmark Australian portfolio would have **lost** 0.2% pa over the last 3 years. However, the company says that loss would have been turned into a **gain** of 0.8% pa if only 5% of the portfolio had been invested in gold bullion rather than in international shares. A turnaround of that magnitude, on roughly \$500 billion of funds invested in superannuation, would have saved working Australians \$14 billion over the period.

Based on the results of an actuarial report by PricewaterhouseCoopers (PwC) last year (available at www.goldbullion.com.au), Gold Bullion Limited has been arguing the case for a small allocation to gold. The PwC report showed that a 5% allocation to gold would have reduced the volatility of investment returns.

“The benefit of gold is that it is very different from the traditional asset classes and acts as an ideal counter-balance to them. Whereas the earlier work suggested that an allocation to gold might involve a small give-up in yield (for the benefit of more stable returns), the latest performance figures show that gold would also have increased overall returns” Mr Tuckwell, Chairman of Gold Bullion, said.

He explained that the introduction of gold tends to smooth the performance of super funds, slightly reducing the returns in bumper performance periods, but preventing losses of the scale experienced in recent years.

Mr Tuckwell said international and local managed funds are beginning to realise the benefits of including gold as an asset class in their portfolio.

Earlier this year Gold Bullion developed the world's first stock exchange listed Gold Bullion Securities (ASX code: GOLD), which gives superannuation funds a simple, low cost way of owning gold. Already, more than \$50 million has been invested in these securities and, as superannuation funds gradually become acquainted with the concept of investing in gold, Mr Tuckwell believes the fund size will grow substantially.

Mr Tuckwell acknowledged that it may take time for local superannuation funds to regard gold as a regular part of their portfolio, as it is only through the recent introduction of GOLD securities that funds have had the opportunity to invest in gold.

Further information

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Additional Information

- 'Gold bullion and superannuation investment policies' report by PricewaterhouseCoopers Actuarial : www.goldbullion.com.au/download/PWCreport.pdf
The report was commissioned by Gold Bullion Limited.

Legal Disclosure

Any comments expressed in this media release do not constitute financial advice. Anyone considering making an investment in Gold Bullion Securities should consult their financial planner and read the Prospectus in full first, as every individual's investment objectives and circumstances are different.