

# MEDIA RELEASE

THE AUSTRALIAN GOLD COUNCIL  
ACN 085 181 159

18 NOVEMBER 2002



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## ***Report Shows Gold Preserves Wealth***

A PricewaterhouseCoopers (PwC) Report released today reveals that the introduction of gold bullion into an investment portfolio in the last five or ten years would have reduced the volatility of investment returns.

The Report was written by one of Australia's leading actuarial consultants and commentators in the superannuation industry, Dr David Knox of PwC Actuarial Pty Ltd.

Australian Gold Council (AGC) CEO, Tamara Stevens, said the Report was commissioned by Melbourne based Investor Resources Limited (IRL) and prompted by recent AGC moves to devise longer-term strategies to promote investment demand for gold.

"IRL was invited to provide input to the AGC's investment initiative and encouraged by investment analysis published overseas, it began investigating the impact gold might have if included in an Australian investment portfolio", she said.

"The preliminary statistical analysis was sufficiently encouraging for IRL to commission an independent team of experts led by Dr Knox, to more rigorously investigate the impact gold might have on investment returns and on reducing risk in an Australian portfolio."

The Report's key findings are:

- The introduction of gold bullion into a portfolio in the last 5 or 10 years would have reduced the volatility of investment returns;
- Over the last 5 years, the "best" asset allocation for the period (being on the efficient frontier) would have included 2.5 per cent to 7.5 per cent in gold bullion.
- Gold is in a class of its own, i.e., it is very different from traditional asset classes such as shares, property and fixed income; and
- Gold has a slightly negative or zero correlation to all the other asset classes, i.e., when other assets fall in price, gold generally does not;

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Graham Tuckwell, Managing Director of IRL has been sufficiently encouraged by the Report's findings to undertake further gold investment research.

"IRL is now working with the AGC to determine how investors might more easily invest in gold bullion," he said.

"Although investors can readily buy shares in Australian gold companies, for many it is not nearly as easy to purchase gold bullion."

The Executive Summary from the PwC Report is attached. The full Report is available on the AGC website at: [http://www.australiangold.org.au/vault/034\\_investment.cfm](http://www.australiangold.org.au/vault/034_investment.cfm).

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