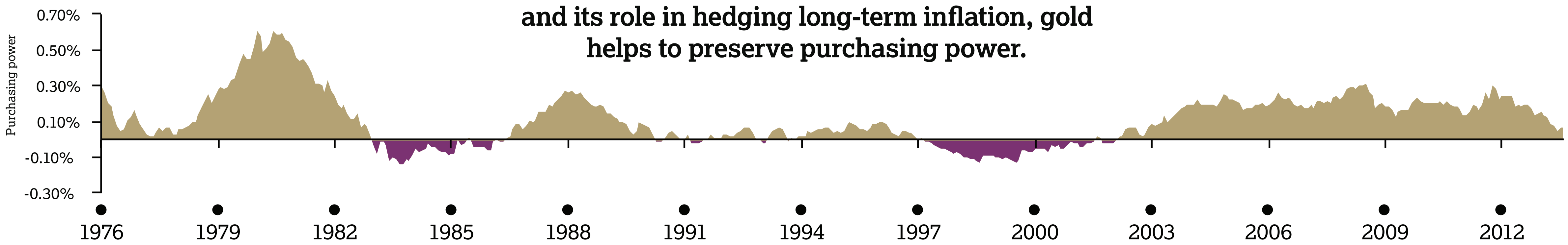
Gold protects investors' purchasing power

With a strong inverse relationship with the US dollar and its role in hedging long-term inflation, gold helps to preserve purchasing power.



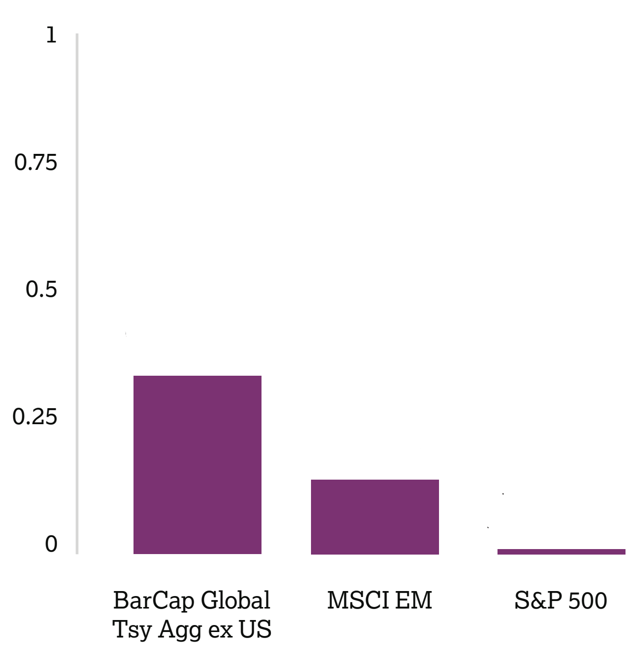
For the majority of the period from 1976 to today (about 75% of months considered), having as little as 10% of 'cash' savings in gold was able to reduce the loss in purchasing power of US$ holdings.

In many instances this outperformance was very significant, especially during the high inflation periods of the late 1970s early 1980s and during the period of dollar devaluation in the 2000s.

Gold helps mitigate risk

Low correlation to most assets over the long run

Its contribution to portfolio volatility is not only small, but in most instances helps significantly reduce it.



Long-term correlation of weekly returns between gold (US$/oz) and select asset classes (US$)

Useful diversifier in good and bad economic times

Demand is driven as much by consumption – as it is by investment – and as a high quality liquid asset, investors use gold in periods of financial turmoil.

1,896t - 43%
Jewellery

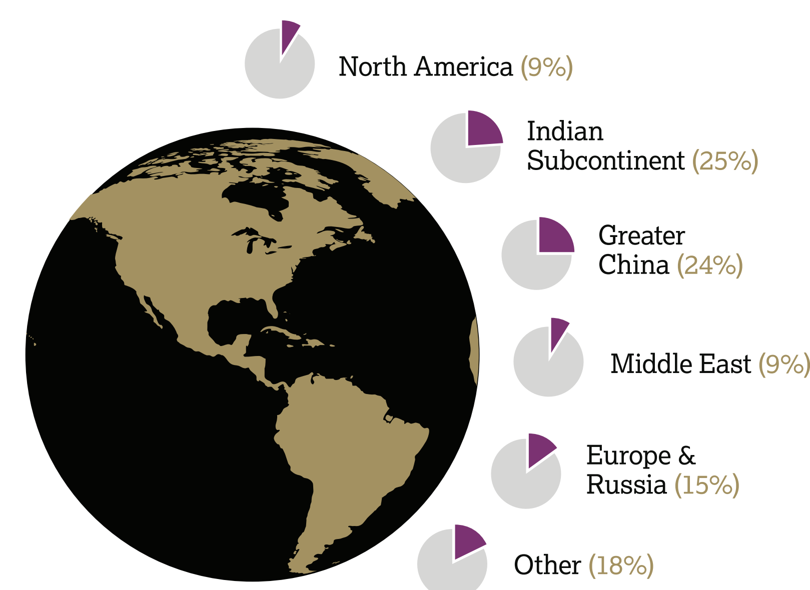
1,565t - 36%
Investment

544t - 12%
Central banks

407t - 9%
Technology

Chart represents 2012

Demand is geographically diverse



While the gold market can be heavily influenced in the short term by trading in developed markets, long-term demand is driven by a more diverse set of factors, many of which are linked to emerging markets.

Chart represents 2012

2-10%

Holding 2%-10% in gold can greatly benefit investors seeking a well- balanced, diversified portfolio.

Gold's role in a portfolio

Similar to the foundation of a house, a modest, strategic allocation of gold serves as a core part of a portfolio.

5-6%

60%
Equities & alternatives assets

40%
Cash & bonds

A 5%-6% allocation to gold is 'optimal' for investors with a well-balanced 60/40 portfolio.

Gold as long-term strategic asset

Gold should not be seen in isolation but as a strategic component in portfolios. It protects purchasing power and helps manage risk.

Source: Gold Investor – Volume 4, sections "Why invest in gold?" and "Gold and currencies", a quarterly investment journal by the World Gold Council. To view the full text of Gold Investor – Volume 4, please visit www.gold.org