

# ICICI BANK CUSTOMER EDUCATION SERIES

TIMES BUSINESS ASSOCIATE COMMUNICATION

## Did You Know?

Gold is held by central banks as a reserve.



## Gold

As an asset class, gold does not offer spectacular returns over long periods of time. But it is sought-after for two qualities. First, as a safe haven during times of uncertainty; and second, as an asset class that is resilient to risks in other assets like equity and debt. Gold is very useful as a tactical play.

Gold is subject to cyclical movements that provide the scope for market timing. Gold enjoys a low correlation with most assets like equity and debt, and more importantly the US dollar. When the dollar is expected to depreciate, gold prices appreciate.

Investing in gold is now made easier by the availability of gold bars and coins of high purity with banks. To investors who like to participate in the price movement without holding physical gold, gold ETFs (exchange traded funds) are available. This is a gold unit, denominated as the price of one gram of gold, listed on the stock exchange.

ETFs track the prices of gold and can be bought and sold on a stock exchange.

Gold is not an income-yielding asset. But it can provide valuable cushion to a portfolio from its resilience to uncertainty and low correlation with other asset classes.

Centre for Investment Education and Learning

We welcome your questions, suggestions and feedback on this column. Please use the 'Email Us' link at [www.icicibank.com](http://www.icicibank.com) or send us an SMS to 53030. Please include your full name, address and phone number. Your comments may be edited for clarity and space.

Look out for our next article on 'Must Knows of Banking' starting December 17.



### SMS CONTEST

**Question:** Gold ETFs are \_\_\_\_\_.

**Answer:** A. units, each representing the price of one gram of gold  
B. index numbers of gold prices  
C. coins of a specific denomination

To answer, SMS DISHA A, B or C to 53030 and win a 2N 30 holiday.\*  
Contest open for the day of publication.

\*Terms and conditions apply. Visit [www.dishafc.org](http://www.dishafc.org) for details and winners.

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BANKING



Ensure the gold you buy  
is of the highest purity.

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