



Why invest in Gold on Dhanteras?

- Dhanteras is the day that marks the onset of the festival of Diwali in India and is celebrated as the herald of wealth and prosperity in the Hindu New Year.
- Buying gold on this auspicious day is considered to bring good luck and prosperity, among the Hindu community, who generally make at least a token purchase of the precious metal on this day.
- There are various ways of purchasing gold such as coins, jewelry, bullion and Exchange Traded Fund (ETF). However, the most efficient and tax friendly manner of investment is through ETF. It can also be purchased on MCX exchange and take the delivery of physical gold.

Outlook on Gold:

- **India's gold Imports jump** to 91 T vs 12 T yr ago in September.
- **Fed to start tapering** from mid-November to mid- December, with plans to wrap up in the middle of next year.
- **Global gold ETF** saw inflows of 40.7 tonnes (t) (US\$2.5 billion (bn)) in Q2. Inflows were concentrated in Western markets, with US, Germany and France all seeing double-digit tonnage growth in holdings.
- In a third consecutive quarter of net **central bank buying**, global gold reserves grew by 200t in Q2, 73% above the five-year quarterly average. Gross purchases by the IMF totalled 287.7t over the first six months, with nine central banks accounting for the vast majority of this.



Technical View on Gold

After forming a bottom near 45511 marks, the MCX Gold future contract has been trading higher for the past month. It has nearly crossed 2700 points on the upside and is trading towards the key resistance level of 48200. It recently broke out of a falling channel pattern, and any sustained move over 48200 will propel it higher towards 49500 marks. Furthermore, a bullish MA crossover of the 20*50 DMA indicates a medium-term positive trend, suggesting a buy-on-dip approach. Furthermore, the

Sovereign Gold Bonds (SGBs) – A background:

The Government of India (GoI) has launched the sovereign gold bond scheme, which was announced by the Finance Minister in Union Budget 2015-16. SGBs are papers or certificates issued by the Government of India indicating that investors bought the stated quantum (in grams) of gold. The value of the bond will be linked to the price of gold. They are substitutes for holding physical gold. Investors have to pay the issue price in cash and the bonds will be traded on secondary market.

Comparison between Physical Gold, Gold ETFs and Sovereign Gold Bonds:

Gold ETF Vs Physical Gold Vs SGB			
Parameters	Physical Gold (Jewelry)	Gold ETF	Sovereign Gold Bonds
Investment Limit	No limit	Minimum 1 gram and maximum no limit	Minimum 1 gram and maximum 4 KG for an individual (as per rules for SGB 2018-19)
Safety and Security	Higher risk of theft than other forms	More safe in terms of reduced risk of theft	Safer in terms of reduced risk of theft
Income earned	No income Earned	Based on the prevalent gold prices the return on your Initial Investment	At 2.5% per annum in the form of Interest
Can it be used as collateral for loan	Yes	No	Yes
Tradability	Conditional	Tradable on exchange	Tradable on exchange. You can redeem from 5th year onwards
Liquidity	At a discounted price	It trade close to the fair value	At a discounted value
Lock in Period	Not Required	Not Required	8 years with 5 years early maturity from the date of issuance
Purity of Gold	Differs	High (as it is held in electronic form)	As per the gold bullion standard
Storage Cost	Can be high if kept in locker (locker cost)	Low (held in demat form). Demat account charges may be spread over several securities.	Very low (The bond is issued by RBI and is held in the books of central bank.) or Demat form
Availability & Purchase	From Jewelers	Via members of BSE/NSE (including Systematix)	On – tap monthly, as per schedule of dates announced by the RBI, from Banks or through markets participants (including Systematix)
Redemption pricing	Differs with each jeweller	Real Time basis	Based on simple average of closing price of previous 3 business days from the date of repayment
Tax treatment if held for <3 years (STCGS)	Income tax slab rate	Income tax slab rate	Income tax slab rate
Tax treatment if held for >3 years (LTCGS)	20% tax with indexation on capital gain	20% tax with indexation on capital gain	On redemption:- 1.Upon Maturity exempted from tax for an Individual . 2. Before maturity, gains will be taxed at 20% with Indexation

Existing listed bonds are traded in the secondary market on NSE & BSE. Following is the brief snapshot of the actively traded bonds:

Sr No	NSE Symbol	LTP	Traded Value (Rs lakh)	Spot Price (Rs.)
1	SGBAUG28V	4,731	51.16	4,780
2	SGBMAY29I	4,680	38.59	4,780
3	SGBJUL28IV	4,675	26.51	4,780
4	SGBSEP29VI	4,670	25.18	4,780
5	SGBAPR28I	4,684	22.62	4,780
6	SGBAUG24	4,666	18.22	4,780

*Data as on 22-October-21

Price is for 1 unit, 1 Unit:- 1 gram

*Spot price:- Average of closing price of gold of 999 purity, published by IBJA for the last 3 working days

Gold Exchange Traded Funds (Gold ETFs) :

An exchange-traded fund (ETF) is a basket of securities that trade on an exchange, just like a stock. ETF Units may be bought and sold any time during the day on exchange terminals, unlike mutual fund which are transacted after the market closes. Gold Exchange Traded Funds are the ETFs having Gold as the underlying.

Our Recommended ETF Schemes:

Scheme Name	NAV (Rs.)	Face Value (Rs.)	Corpus (Rs. Cr.)	Expense Ratio (%)	Absolute Return (%)			Annualised Return (%)		
					1 Mth	3 Mths	6 Mths	1 Yr	3 Yr	Since Inception
AXIS Gold ETF	41.35	1	453	0.53	2.11	-0.04	0.11	-7.08	13.77	6.82
Kotak GOLD ETF	41.45	1	1770	0.55	2.11	-0.05	0.09	-7.21	13.69	11.48
Nippon India ETF Gold BeES	41.38	1	5872	0.82	2.00	-0.07	-0.34	-7.67	13.47	10.65

Source: NAV India, Data as on 22-October-21

Other ETF Schemes:

Scheme Name	NAV (Rs.)	Face Value (Rs.)	Corpus (Rs. Cr.)	Expense Ratio (%)	Absolute Return (%)			Annualised Return (%)		
					1 Mth	3 Mths	6 Mths	1 Yr	3 Yr	Since Inception
Aditya Birla SL Gold ETF	4362.04	10	292	0.52	2.12	-0.03	0.14	-7.15	13.80	6.64
HDFC Gold ETF	42.48	100	2527	0.62	2.10	-0.06	0.07	-7.25	13.44	7.97
ICICI Pru Gold ETF	42.40	1	2113	0.66	2.12	-0.03	0.09	-7.22	13.47	7.49
IDBI Gold ETF	4404.69	100	84	0.35	2.16	0.01	0.21	-7.05	13.66	4.28
Invesco India Gold ETF	4303.54	100	77	0.45	2.12	-0.04	0.12	-7.15	13.83	8.41
Quantum Gold Fund (G)	2057.90	100	131	0.78	2.11	-0.10	-0.02	-7.43	13.44	9.24
SBI ETF Gold	4254.55	100	2306	0.51	2.11	-0.05	0.10	-7.21	13.71	8.83

Source: NAV India, Data as on 22-October-21

Commodity Futures Contracts on MCX

Gold may also be bought or sold on Multi Commodity Exchange (MCX) as a Future Contracts. These are available in four denominations, brief specifications of which are given below:-

Commodity	GOLD(1KG)	GOLDMINI (100 grams)	GOLDGUINEA (8 grams)	GOLDPETAL (1 gram)
Trading Related Parameters				
Trading period	Mondays through Fridays (except Exchange specified holidays)			
Trading session	09:00 AM to 11:30 PM			
Trading unit	1 KG	100 grams	8 grams	1 gram
Closing Price as on 26 th October 2021	48050	48120	38670	4795
Price Quote/Base Value	10 grams	10 grams	8 grams	1 gram
Tick size	Rs. 1/ 10 grams	Rs. 1/ 10 grams	Rs. 1/ 8 grams	Rs. 1/1 gram
Delivery Related Parameters				
Delivery unit	1 kg	100 grams	8 grams	1 grams
Quality Specifications	995 purity	995 purity	999 purity	999 purity
Delivery Logic	Compulsory			
Delivery Centre	Ahmedabad	Ahmedabad	Ahmedabad	Mumbai
Additional Delivery Centres	Chennai, Hyderabad, Kochi, Bengaluru, Kolkata, Mumbai and New Delhi		Mumbai & New Delhi	Ahmedabad & New Delhi

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Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

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