

## Investment Opportunity - Gold & Silver

### **Outlook on Gold:**

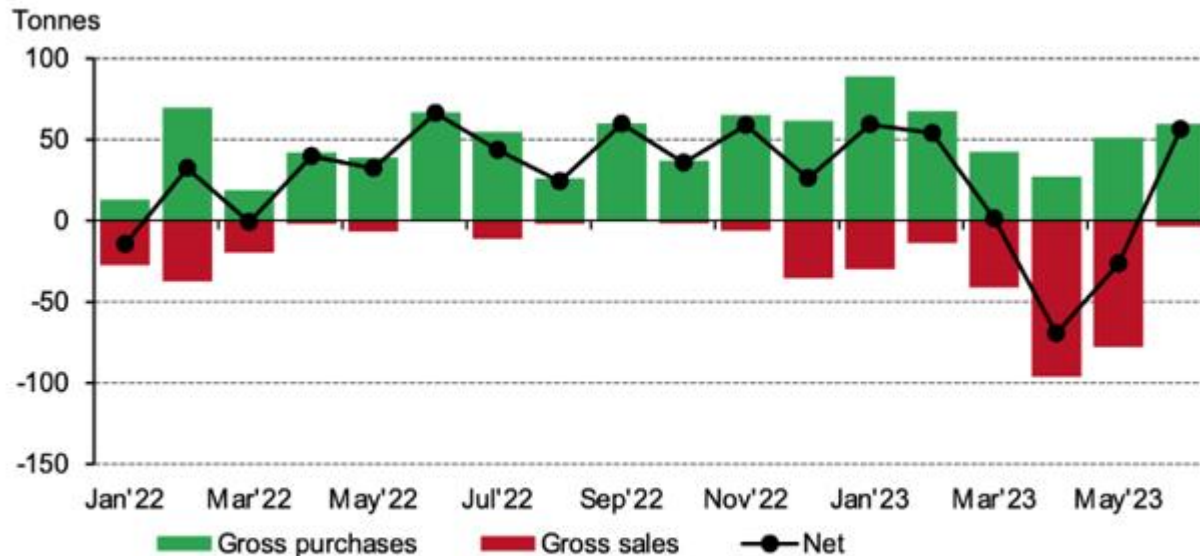
A Potential Goldilocks\* scenario is on the horizon for Gold.

- The Macro View developing for the coming 3-4 Quarters could be favorable for Gold.
- Stagnating global economic growth, inflation falling but expected to remain above long-term historical averages, well baked equity markets and elevated currency volatility appear conducive for gold demand from investors and consumers.
- The medium-term view on INR remains muddled as moderating energy and commodity prices, stronger flows into capital markets, and FDI (Foreign Direct Investment) obscures a challenging environment for exports ahead.

### **Key Drivers for Gold Demand**

- In a research done, “Gold is the only commodity that had a positive average return during recessions”.
- Investors looking for a hedge against recession may consider diversifying into gold and we may see flows in gold funds globally.
- Central banks gold demand in 2022 was at 55 years high. The demand may continue to be steady in 2023 so far.
- Chinese Central bank has been a steady buyer this year (CY 2023).
- Global Physical demand in H1 (Calendar of 2023) was steady despite record prices.
- World Bank and the IMF (International Monetary Fund) foresee the world edging into a recession and a string of financial crises in the emerging market and developing economies. If this turns out to be the case, gold may perform better.
- A WGC (World Gold Council) historic study reveals that gold has been a better asset class in times when the U.S. slips into a recession and when many major economies (developed and emerging) may not be insulated or decoupled.

**Fig: Gold Consumption**



Source: IMF IFS, respective central banks, World Gold Council

## Outlook on Silver

### 'Silver – third year in a row of deficit

- Net demand-supply for silver was in deficit for the third year. 2023 is also expected to be another year of deficit. This may imply a tighter market for silver despite record-high prices.
- With new demand emanating from new age/tech industries like Solar (solar manufacturers would require over 20% of the current annual silver supply), EV (Addition of Silver allows a battery to be 'solid state' thus reducing the incidents of Fire and explosions), 5G, etc., the equilibrium prices may be materially higher than the long-term historical average.
- Historically it has been observed that Silver tends to underperform at times of economic uncertainties and recession.
- However, investors holding a view of a so-called "soft landing" for the global economy and an optimistic view on risk assets in the next 3-4 quarters may want to consider adding silver to their portfolio.
- According to 'The Silver Institute, at the of end 2022, silver ETF holdings in India stood at an estimated 8 million ounces, a good start given the fact that these products were only released in late 2021. Thus, indicating that markets may have an appetite for the shiny metal.

**Source: World Gold Council, Bloomberg, NIMF Research**

## Recent Developments around application of Silver:

### Lithium Batteries

Replacing lithium with argyrodite, a mineral that contains silver.

- Allows battery to be 'solid state' thus avoid 'thermal catastrophes' like fires & explosions.
- Every electric vehicle manufacturer is trying to move to new solid-state battery designs.

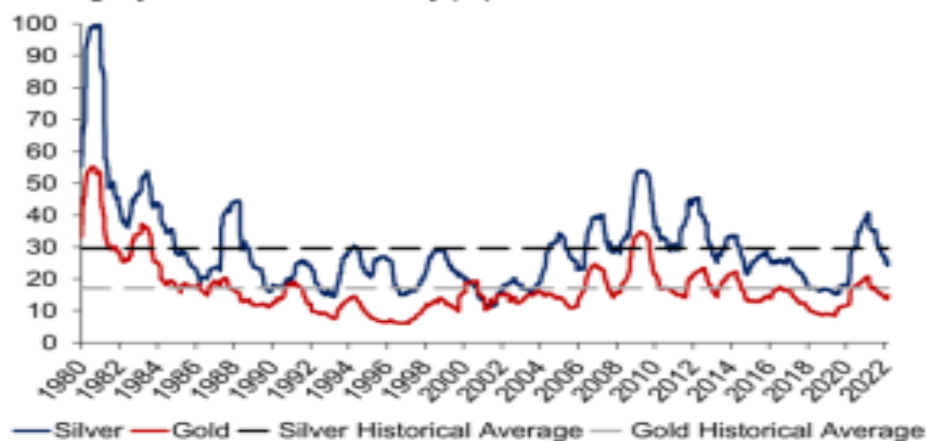
### Solar Cells

By introducing Silver the efficiency of Solar Cells increase.

- Introducing silver layers in solar cells has increased their efficiency by 3-1/2 times as they are able to capture electrons at better capacity.

### Volatility of Gold and Silver

Rolling 1-year annualised volatility (%)



Source: Oxford Economics/Refinitiv

**Investment Solutions for Gold at Nippon India Mutual Fund**

**Nippon India ETF Gold BeES**  
*(An Open Ended Gold Exchange Traded Scheme)*

A passively managed exchange traded fund which endeavors to track and provide similar returns to its benchmark- the domestic price of gold, through investment in physical gold and money market instruments.

**Investment Philosophy:**

- Invests exclusively in physical gold which shall be of fineness (or purity) of 995 parts per 1000 (99.5 %)
- Portfolio focused on providing returns that closely correspond to the returns provided by physical gold
- Open-ended exchange traded fund – entry & exit through the stock exchange (NSE)

**Benefits:**

- Low cost as investors have to pay brokerage charges, which is usually much lower than paying for markup charges while buying physical gold.
- The rates are transparent as they are traded like a share on the National Stock Exchange
- Safeguard in the form of electronic mode in the case of unforeseen circumstances
- Nippon India ETF Gold BeES is accepted as margin for trading on NSE with applicable haircut
- Ability to buy in small units: Unit is approximately equal to 0.01 gram of gold
- No securities transaction tax for trading Nippon India ETF Gold BeES

**Exchange Listed** NSE

**Exchange Symbol** GOLDBEES

**Nippon India Gold Savings Fund**  
*(An open ended Fund of Fund Scheme)*

A passively managed Fund of Fund investing in units of Nippon India ETF Gold BeES

**Investment Philosophy:**

- Invests exclusively in Nippon India ETF Gold BeES which in turn invests in physical gold which shall be of fineness (or purity) of 995 parts per 1000 (99.5 %)
- Portfolio focused on providing returns that closely correspond to the returns provided by Nippon India ETF Gold BeES

**Benefits:**

- Open door for non - demat a/c holders: Investors need not have a demat account for investment
- Investors can avail the benefit of Systematic Investment Plan (SIP)
- Liquidity: An investor can subscribe and redeem units on all business days directly from the AMC
- Ease of investing as investors can directly subscribe/ redeem units through the physical mode at the various designated investor service centers
- Cost Effective: Investor does not have to incur charges like storage cost of physical gold, annual maintenance charges for demat account, delivery brokerages charges, transaction charges incurred for investing through the dematerialized mode.

Note: The investors will be bearing the recurring expenses of the scheme, in addition to the expenses of underlying Scheme.

**Investment Solutions for Silver at Nippon India Mutual Fund**

**Nippon India Silver ETF**

*(An open-ended scheme, listed on the Exchange in the form of an Exchange Traded Fund (ETF) investing in physical silver and / or Exchange Traded Commodity Derivatives (ETCD) in Silver)*

A passively managed exchange traded fund which endeavors to track and provide similar returns to its benchmark - domestic price of silver by investing in physical silver, silver related instruments, money market instruments and cash & cash equivalents.

**Investment Philosophy:**

- Invests exclusively in physical silver which shall be of fineness (or purity) of 999 parts per 1000 (99.9 %)
- Portfolio focused on providing returns that closely correspond to the returns provided by physical silver
- Open-ended exchange traded fund – entry & exit through the stock exchange (NSE)

**Benefits:**

- Metal Purity: The scheme will invest in physical silver bars having 99.9% silver purity
- Hassle free investment: Investors need not worry about fear of theft as well as storage issues and insurance costs, as physical silver will be stored with SEBI registered custodian
- Small Denomination: A unit of Silver ETF on exchange is approx. equal to 1 gram of Silver
- No Lockin: Buying and selling of units on stock exchange and also directly with mutual fund in creation unit size at real time price



- Asset Allocation: Easy diversification in commodity as an asset class
- Relative low correlation to Indian indices
- Investment in silver acts as a hedge against inflation

**Exchange Listed** NSE

**Exchange Symbol** SILVERBEEES

### **Nippon India Silver ETF Fund of Fund (FoF)**

*(An Open Ended Fund of Fund scheme investing in units of Nippon India Silver ETF)*

A passively managed Fund of Fund investing in the units of Nippon India Silver ETF

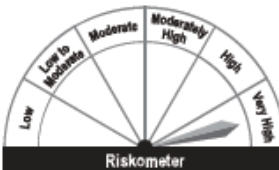
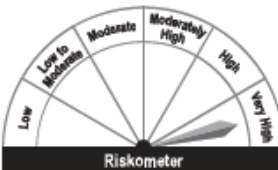
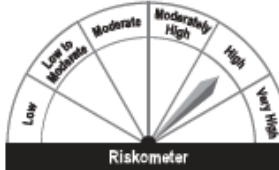
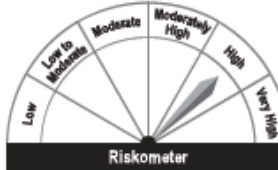
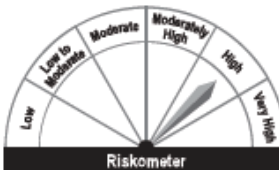
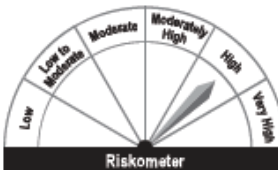


#### **Investment Philosophy:**

- Invests exclusively in Nippon India Silver ETF which in turn invests in physical silver which shall be of fineness (or purity) of 999 parts per 1000 (99.9 %)
- Portfolio focused on providing returns that closely correspond to the returns provided by Nippon India Silver ETF

#### **Benefits:**

- Even Non demat account holders can also seek exposure in Silver via investing in Nippon India Silver ETF Fund of Fund
- Metal Purity: The scheme will invest in the units of Nippon India Silver ETF which will further invest in physical silver bars having 99.9% silver purity
- Hassle Free Investment: Investors need not worry about fear of theft as well as storage issues and insurance costs, as physical silver will be stored with SEBI registered custodian
- Smaller Denomination: Investors can buy a unit of Silver FOF by investing as low as Rs.100
- Investors can avail the benefit of Systematic Investment Plan (SIP)
- Asset Allocation: Easy diversification in commodity as an asset class
- Relative low correlation to Indian indices
- Investment in silver acts as a hedge against inflation

Note: The investors will be bearing the recurring expenses of the scheme, in addition to the expenses of underlying Scheme.

Product Label	Fund Riskometer	Benchmark Riskometer
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>Portfolio diversification through asset allocation</li> <li>Investment in physical Silver</li> </ul>	<p>Nippon India Silver ETF</p>  <p>Riskometer Investors understand that their principal will be at Very High Risk</p>	<p>Domestic Price of Silver (based on LBMA Silver daily spot fixing price)</p>  <p>Riskometer Benchmark Riskometer is at Very High Risk</p>
*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.		
Product Label	Fund Riskometer	Benchmark Riskometer
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>Portfolio diversification through asset allocation</li> <li>Investment in physical gold</li> </ul>	<p>Nippon India ETF Gold BeES</p>  <p>Riskometer Investors understand that their principal will be at High Risk</p>	<p>Domestic Price of Gold</p>  <p>Riskometer Benchmark Riskometer is at High Risk</p>
*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.		
Product Label	Fund Riskometer	Benchmark Riskometer
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>Long term capital growth</li> <li>Returns that are commensurate with the performance of Nippon India ETF Gold BeES through investment in securities of Nippon India ETF Gold BeES</li> </ul>	<p>Nippon India Gold Savings Fund</p>  <p>Riskometer Investors understand that their principal will be at High Risk</p>	<p>Domestic Price of Gold</p>  <p>Riskometer Benchmark Riskometer is at High Risk</p>
*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.		
Product Label	Fund Riskometer	Benchmark Riskometer
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>Long term capital growth</li> <li>Returns that are commensurate with the performance of Nippon India Silver ETF through investment in units of Nippon India Silver ETF</li> </ul>	<p>Nippon India Silver ETF Fund of Fund (FOF)</p>  <p>Riskometer Investors understand that their principal will be at Very High Risk</p>	<p>Domestic Price of Silver (based on LBMA Silver daily spot fixing price)</p>  <p>Riskometer Benchmark Riskometer is at Very High Risk</p>
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## Disclaimer:

Common Source: World Gold Council, The Silver Institute, Bloomberg & NIMF Research.

\*Goldilocks Zone: A Goldilocks economy describes an ideal state for an economy whereby the economy is not expanding or contracting by too much.

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