AUGMONT®

GOLD FOR ALL

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KNOWLEDGE SERIES

GOLD INVESTMENT AVENUES IN INDIA

For Indian investors who want to make gold part of their portfolio, there are six main options: Physical Gold, Digital Gold, ETF, Mutual Fund, Gold Futures, Sovereign Gold Bond. Augmont gives facility to customers to invest in Physical Gold, Digital Gold, Gold ETF and through Gold SGB. The ways to invest, advantages and disadvantages are discussed here. Augmont also offers most of these products and customers can buy or sell as little as Re 1 of gold/ silver, store in secured & insured vaults through most of the products discussed here.

For Indian investors who want to make gold part of their portfolio, there are six main options:

- **Physical Gold**

  The age-old practice of owning gold, popularly known as gold bullion, means having actual, physical ownership of coins and gold bars. Gold plays a key role in Indian culture. Indians are known to give out gold coins as gifts at auspicious occasions. The best way to buy gold bullion is to route the investment via a trusted source. Jewellers who give written guarantees of the percentage of gold purity in the bullion sold are preferable. Banks can also help you purchase physical gold. Sellers may also add fees and markups.

- **Digital Gold**

  Buying digital gold refers to the purchase of physical gold via an investment platform online, usually from authorized dealers. When you invest in digital gold, you take ownership of 99.9% 24K pure gold, which is held by the dealer. These gold units are bought digitally and stored by these vendors until a request is made for trade purposes. Digital gold can also be traded via Augmont, which helps investors purchase gold via a programme called DigiGold. DigiGold enables you to create an online account where funds can be added to accumulate gold for as low as INR 100. Customers can withdraw gold at their convenience.

- **Gold Exchange Traded Funds (ETFs)**

  Exchange traded funds have emerged as a very simple way to invest in gold. Gold ETFs are simply funds that invest in gold and can be bought and sold on stock exchanges, like common stock. Investors are required to purchase a minimum of one unit that is equivalent to one gram of gold to begin trading in gold ETFs.

- Gold Mutual Funds

  Investors can add gold to their portfolios by purchasing shares in mutual funds. These mutual funds track the price of gold as the assets they own rise and fall in value. These mutual funds charge investors an expense ratio, a charge for managing the fund, as well as charge of buying the underlying assets. That means you'll be paying fees to own gold mutual funds.

- Gold Futures

  Gold futures are standardized contracts that trade on organized exchanges. In India, Multi Commodity Exchange or the MCX and NCDEX are popular exchanges for gold futures trading. The way a gold futures contract works is that the investor makes a commitment to buy or sell a specific quantity of gold at an agreed price in the future. These gold futures contracts have to be honored by investors by either purchase or sale in anticipation of a profit or loss. In any case, the settlement of the contract happens at an expiry date and the investor is free to buy, sell or hold the contract till expiry.

- Sovereign Gold Bonds

  The Government of India offers sovereign gold bonds via the Reserve Bank of India. These bonds, which launched in 2015, aren't the most popular among Indian masses yet. Though they are considered lucrative given their sustained return on investment. A sovereign gold bond gives added advantages, i.e. price appreciation plus a 2.5% yield. Irrespective of how gold prices fluctuate, an investor makes at least a 12.5% over the five-year minimum investment tenure. On completion of the eight-year maturity, the investor makes a minimum of 20% return.

Gold Investing Vehicle	Advantages	Disadvantages
Physical Gold	It is easy to trade. Assets can be passed on to the next generation.	Security is a constant worry. There are additional costs for security and storage. Passive investment; returns can only be realized upon sale.
Digital Gold	It is easy to trade. Can be converted to physical gold (once a certain number of units are held).	No government regulations currently. Transaction fees for purchase, sale and storage of gold units. Account activity required every six months.
Gold ETFs	Excellent liquidity for short-term and medium-term investors. No wealth tax, sales tax, value added tax or securities transaction tax levied.	Extra costs from asset management fees. Can't be converted into physical gold. Capital gains tax breaks applicable to other ETFs may not apply to gold ETFs.
Gold Mutual Funds	Well-understood, well-regulated security, safe to invest in. No need for a demat trading account.	Annual fees in the form of expense ratios. Can't be converted into physical gold.
Gold Futures Contracts	Provides good short-selling opportunities. No storage or security worries.	Risk of total loss on trade. High volatility. Can't be converted to physical gold.
Sovereign Gold Bonds	Offers a fixed 2.5% annual interest rate. Low-risk, since backed by the government. Low impact of market fluctuations. Tax-free capital gains at maturity.	Lower market interest due to lack of awareness on dates of issue. Low liquidity for trading in the secondary market.

At Augmont "GOLD FOR ALL" platform, retail customers can buy or sell as little as Re 1 of gold/ silver, store in secured & insured vaults. Sell their old gold in the form of scrap gold or avail finance (Gold loans) against gold jewellery. They can even 'monetize' their old gold through gold monetization scheme.

- SPOT - World's largest and India's first gold physical platform since 2008
- Bullion ++ - Borrowing & Lending of Gold
- Digi-gold - India's pioneer digital gold platform
- GMS: Monetize old gold and jewelry
- World's first Gold ETF was conceptualized by Augmont team. Filed with SEBI as 'paper gold' but approval came after 5 years, much later than the world had already adopted it. Launched world's first physical deliverable Gold ETF with Motilal Oswal.