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Gold as an Asset Class: A Timeless Hedge for Investors

Gold has long been intertwined with India's cultural fabric, revered not just as a symbol of prosperity and purity, but as a **store of enduring value**. In recent years, it has also asserted its relevance as a **strategic financial asset**, especially amid economic uncertainty, market volatility, and currency depreciation. For Indian investors, gold remains both a **legacy holding** and a **modern portfolio stabilizer**.

Why Gold Matters in Investment Portfolios

Despite being a non-yielding asset, gold offers **unique benefits**:

- Globally accepted & highly liquid
- Resilient across market cycles
- Low or negative correlation with equities & bonds
- Hedge against inflation, currency depreciation & geopolitical risks

In periods of financial instability, gold **preserves purchasing power** and adds **defensive strength** to diversified portfolios.

Performance Snapshot: June 2024 – June 2025 Among the best-performing global asset classes

<u>Asset Class</u>	<u>12-Month Return</u>
Gold (India)	↑ ~28–40%
Gold (Global)	↑ ~25–38%
Indian Equities (Nifty/Sensex)	~2–4% (Flat)
Global Equities (S&P 500)	↑ ~5–8%

During crises: Gold averages +20.7% vs Equities at -8.1%

Gold Price Outlook: 2025–2026 Projections

- **Global Target:** \$2,700–\$3,000/oz
- **Indian Target:** ₹72,000–78,000 per 10g

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• Key Drivers:

- o Central bank accumulation (China, India, Russia)
- o Real interest rate trends
- o Fiscal deficits and geopolitical tension
- o USD weakness boosting gold appeal

Investment Options for Indian Investors

1. Sovereign Gold Bonds (SGBs)

- 2.5% annual interest (taxable)
- Tax-free capital gains on maturity

2. Gold ETFs

- SEBI-regulated, liquid, Demat-based

3. Digital Gold

- Convenient micro-investing, less regulated

4. Gold Mutual Funds

- SIP-enabled via ETFs, suitable for retail investors

5. Physical Gold

- Traditional, but involves purity, storage & insurance risks

6. Gold Mining Companies / ETFs

- Indirect exposure with potential for leveraged returns
- Higher risk due to operational & market factors
- Suitable for informed investors seeking growth

Tax Implications Across Gold Investment Types (India, 2025)

Investment Type	Short-Term (≤ 3 yrs)	Long-Term (> 3 yrs)	Notes
Physical Gold	Taxed at slab rate	20% with indexation	Includes jewellery, bars, coins
Digital Gold	Taxed at slab rate	20% with indexation	Not SEBI-regulated; audit/redemption risks
Gold ETFs	Taxed at slab rate	20% with indexation	SEBI-regulated, traded via Demat
Gold Mutual Funds	Taxed at slab rate	20% with indexation	Ideal for SIPs; invests in ETFs
SGBs	Interest: Taxed (2.5%)	Capital Gains: Tax-Free	Only if held to maturity (8 yrs); else LTCG rules apply

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Strategic Considerations

- ✓ **Suggested Allocation:** 5–15% of portfolio
- ✓ **Inflation Hedge:** Real value protection during rising prices
- ✓ **Currency Shield:** INR depreciation enhances returns
- ✓ **Tax Efficiency:** SGBs offer the best post-tax outcomes
- ✓ **Liquidity & Safety:** ETFs and SGBs are SEBI-regulated

Long-Term Wealth Planning with Gold

Gold is **not speculative**; it is a **core strategic allocation**. It aligns with the Indian ethos of **stability, continuity, and legacy-building**. With enduring relevance across generations and growing global demand, gold's role in portfolios will only strengthen.

Conclusion: Heritage Meets Strategy

Gold remains a bridge between India's **cultural heritage** and its **financial future**. Its outperformance in 2024–25 reaffirms its value in modern wealth strategies.

A thoughtfully chosen gold allocation provides both **protection and long-term promise**.

- Preferred Formats: SGBs for long-term, ETFs for liquidity
- For a bespoke gold allocation strategy, connect with your Prisha Wealth Advisor today.

Disclosures:

- Investment in securities market are subject to market risks. Read all the related documents carefully before investing
- The securities quoted are for illustration only and are not recommendatory
- Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

- **Suggested Allocation:** 5–15%
- **12-Month Outlook:** \$2,700–\$3,000/oz (Global), ₹72,000–78,000/10g (India)