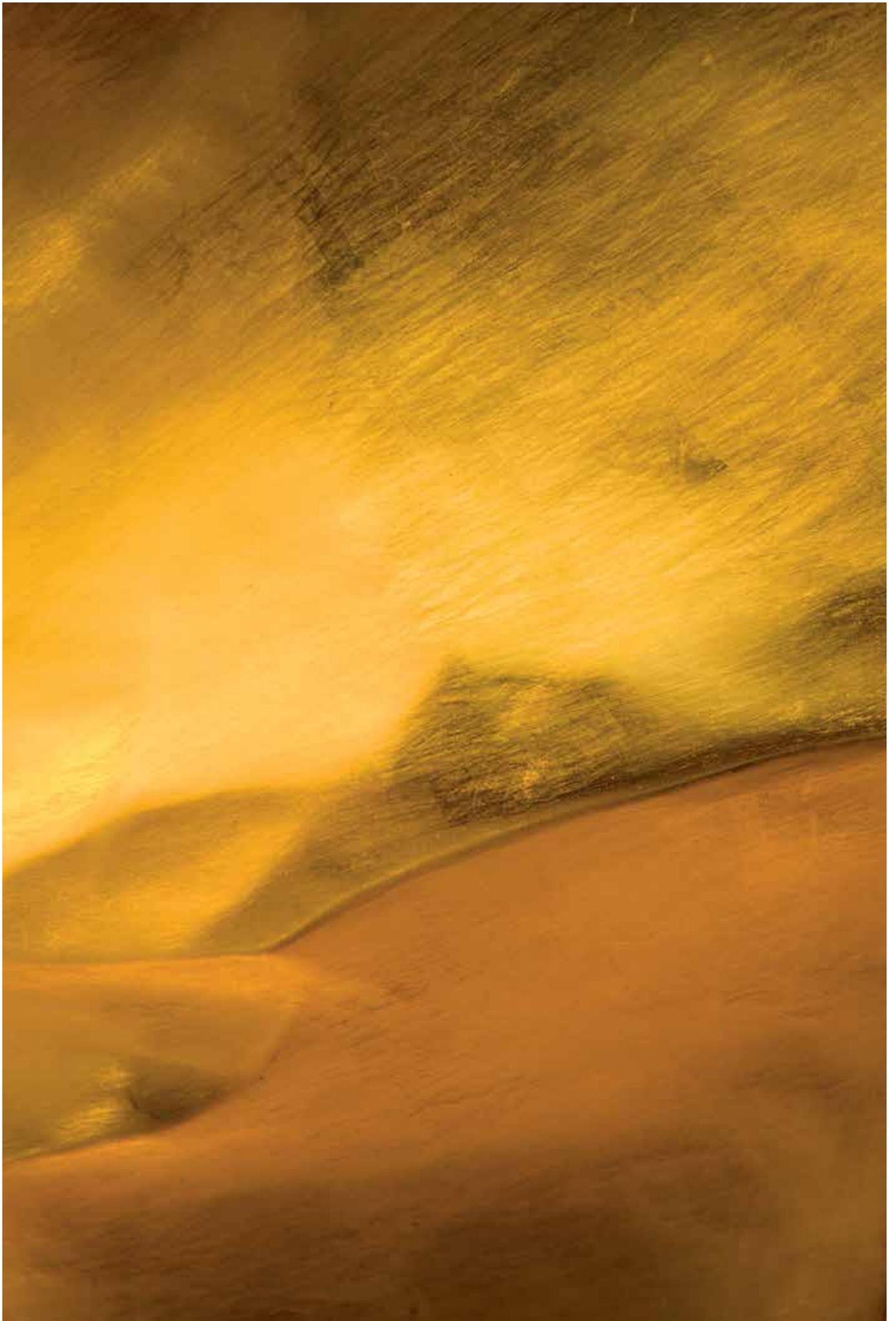


# Advancing Islamic finance through gold

*Shari'ah-compliant gold savings  
and investments*





# Foreword by Dr. Hamed Hassen Merah

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## Secretary-General, Accounting and Auditing Organisation of Islamic Financial Institutions (AAOIFI)

On behalf of AAOIFI, I would first like to thank the World Gold Council for this great initiative. We agree with and support the World Gold Council's view that the launch of the Shari'ah Standard on Gold will not simply enable more Shari'ah-compliant investment; it may lead towards revolutionary change within the Islamic finance and investment community.

Gold is a unique asset not only in its financial attributes but also in its ability to inspire and its enduring connection with human emotions. Gold has motivated civilizations through the centuries to aim higher and strive harder. Gold is more than just a financial asset; it is an integral component of human life. Gold has always been a form of saving and investment in human society. With certain prohibitions, gold has remained an avenue of investment in Islamic societies and cultures. Gold jewellery in particular has been a continued source of women's upkeep and joy, as well as a contingency investment in Islamic societies and cultures.

From the perspective of Islamic Fiqh and the Islamic economic system, gold has a specific significance. This significance arises from the specific principles provided for gold and silver as Thaman (real money) in Shari'ah. The original sources of Shari'ah, the Holy Quran and Sunnah, contain numerous cautions on the use and hoarding of gold from a moral and ethical perspective. These include several prohibitive uses, as well as general guiding principles against the hoarding of gold and silver.

Today, gold trading is different and demand for gold has also changed. Newer demands include central bank needs and industrial needs, like electronics. Newer avenues include exchange traded futures and other, similar transactions.

Gold can certainly be a good alternative investment opportunity, which is highly liquid. At AAOIFI, however, we would say that one of the reasons for making this standard a priority was to ensure that appropriate products are available to provide investment solutions to customers and manage liquidity for Islamic financial institutions (IFIs) within Shari'ah compliant options.

Finally, we would like to highlight our appreciation of the quality of research in this paper. It has been produced both ably and professionally and the conclusions drawn are certainly correct in theory. However, the proof of the pudding is in the eating. So we need to strive together to make this work in the real world.

**Dr. Hamed Hassan Merah**

# Foreword by Dr. Mark Mobius

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## Executive Chairman, Templeton Emerging Markets Group

Despite challenging times recently, the Islamic finance field has experienced major growth during the last decade. Nevertheless, the opportunity for innovation is great, given the high interest in Islamic finance by Muslims all over the world. Gold is a particularly noteworthy prospect given its significant history in the Muslim world. Moreover, throughout the Middle East, antiquity gold was actively mined and gold coins minted. The gold Dinar was recognised as a trading standard for hundreds of years. Of course, the use of gold in Islamic art is exceptional and gold use in calligraphic documents has given pleasure to millions of people over the years.

Given its history and reputation, the opportunity for the use of gold in Islamic finance is clear. However, in order for this development to take place it will be necessary for the Islamic world to agree on a clear set of rules regarding how gold should be used in Islamic finance. The World Gold Council's cooperation with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) to create a Shari'ah Standard on Gold is a significant development. This Standard will enable the foundation of what could be the most significant event for Shari'ah finance in modern times.

Probably most exciting would be a series of financial products which would appeal not only to Muslims but to people of all faiths. Given its unique and incomparable characteristics of rarity and durability, gold has for millennia been considered the best store of value for all civilizations. Gold's reputation for safety and stability has made it a haven for many investors around the world, particularly during the high volatility experienced in financial markets in recent times. The fact that gold's market behaviour is remarkably different from other asset classes means that it offers an excellent diversification tool for investors. In addition, it has proven to be less volatile than equities. Furthermore, gold carries no credit risk.

Perhaps one of the most important characteristics of gold is its liquidity. Gold is traded all over the world and a market for sellers and buyers can be found in large quantities. In addition, the most important argument for the use of gold in Shari'ah and other kinds of finance is the fact that it has been shown to be a long-term preserver of wealth. Compared to paper money, gold over the long term has provided investors with a bulwark against irresponsible issuance of paper money by governments all over the world. The study of paper money since the time it was first issued shows that no paper money has held its value for the long term. Franz Pick, a renowned expert on currencies who spent a lifetime studying money, showed that over the centuries paper currency has never held its value. He once said: "Buy gold and sit on it. That is the key to success." The time has come for gold instruments in Islamic finance.

**Dr. Mark Mobius**

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# Introduction

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The Islamic finance industry is at a crossroads. After years of rapid expansion in size and scope, the pace of growth has moderated due to weaker economic conditions, lower hydrocarbon prices and heightened geopolitical risk.

The sluggish global economic environment and a prolonged decline in oil prices have prompted many policymakers to prioritise the development of new industries, championing Islamic finance as a potential driver for economic innovation.

Today, Islamic finance covers a number of asset classes, including equities, sukuk, real estate, takaful, and certain types of commodities. But it still lags behind conventional finance in terms of market size, product diversity and liquidity.

So the Islamic finance industry is faced with a critical question: how do we deliver continued growth in asset size, service quality and product innovation amidst ongoing economic uncertainty?

## 1. Introduction (continued)

# The market today

The total value of the global Islamic finance industry stood at US\$1.88 trillion in 2015, having grown 0.7% year-on-year<sup>1</sup>.

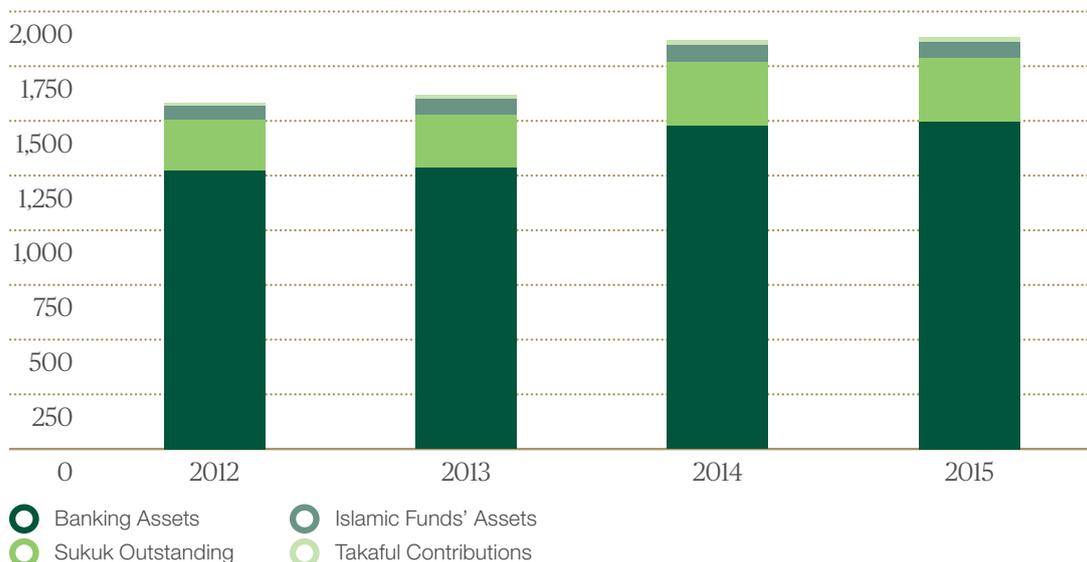
This represents a marked slowdown from the growth rates seen in previous years. While Islamic banking assets and takaful contributions grew modestly, the outstanding volume of sukuk – perhaps the most internationally visible element of Islamic finance – declined by 1.4% in 2015, including a more than 50% decline in new issuance, following the suspension of the Malaysian central bank’s short-term sukuk issuance programme. Although there are many reasons for the slowdown, one point is clear: Islamic finance must look beyond its existing product portfolio to thrive (see **chart 1**).

Investment options in Islamic finance remain limited compared to the choices available in conventional finance. The outstanding volume

of sukuk issuance stood at US\$290.6 billion in 2015, down from US\$294.7 billion the previous year<sup>2</sup>. Although new and non-traditional sovereign issuers, such as the UK, Hong Kong and the International Finance Corporation have made forays into the sukuk market in recent years, the termination of the Malaysian central bank’s short-term sukuk issuance programme poses a serious challenge to liquidity management in Islamic finance.

In our view, the constrained universe of investible Shari’ah-compliant assets, particularly highly liquid and low credit risk assets, represents one of the most significant barriers to the growth of the industry.

*Chart 1*  
**Islamic finance AUM growth is moderating**  
(in US\$ billions)



Source: IFSB, Islamic Financial Services Industry Stability Report 2016

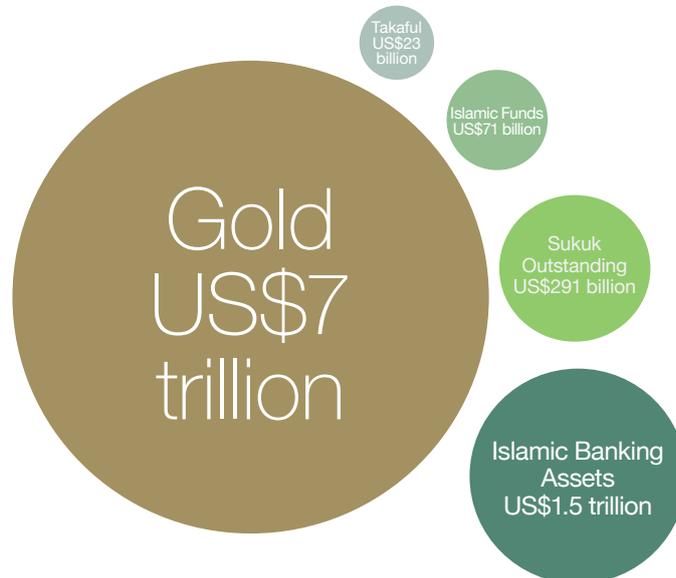
# A potential solution: the Shari'ah Standard on Gold

The AAOIFI Shari'ah Standard on Gold can help to solve the growth constraints facing Islamic finance.

Gold has a deep and historical connection with Islamic civilisations. The region around Mecca was home to an active gold mining industry during the time of the Prophet, and the wealth of these gold mines helped to sustain the new religion's early expansion<sup>3</sup>. Gold dinar coins were first issued in 696-7 CE under

Caliph Abd al-Malik ibn Marwan, and, as Islam expanded geographically, gold dinars became widespread from the Middle East to North Africa and to Spain. As in other cultures, gold played an important role in Islamic artistic expression, where it was used to produce exquisite works of jewellery, calligraphy and other creations.

*Chart 2*  
**The gold market dwarves many existing Islamic finance asset classes**



Source: IFSB, World Gold Council  
Gold market size based on total above ground stocks

1. Islamic Financial Services Industry Stability Report 2016, IFSB  
2. Islamic Financial Services Industry Stability Report 2016, IFSB  
3. Heck, Gene W. (1999), Gold Mining in Arabia..., Journal of the Economic and Social History of the Orient, Vol. 42, No. 3, pp 364-395

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## 1. Introduction (continued)

# A potential solution: the Shari'ah Standard on Gold (continued)

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Chart 3  
**The geographic reach of Islamic finance**  
(2015)



Source: Islamic Financial Services Industry Stability Report 2016, IFSB

However, the complex treatment of gold in Islamic tradition has limited its development as an investable asset class. Gold is one of the six ribawi items alongside silver, wheat, dates, barley and salt. Ribawi items are staple, everyday commodities so stringent transaction rules apply to prevent injustice or inequality between transacting parties. For example, ribawi items must be transferred immediately. In a modern financial context, this means that gold products must be spot traded. There is also a longstanding debate about whether gold is a currency or a commodity, making the design of consistent Shari'ah rules for modern gold products more difficult.

The complexity of Islamic attitudes toward gold products has led to a scattered and fragmented set of rulings. This lack of uniformity is a major impediment to the development of gold financial products in Islamic finance. Creating harmonised and authoritative Shari'ah guidance for gold is imperative therefore, if the asset class is to become more widely accepted by Islamic investors.

Recognising this need, the World Gold Council has partnered with the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) to develop the Shari'ah Standard on Gold<sup>4</sup> ("the Standard"). AAOIFI is the recognised world leader in Islamic finance standards, and its rulings are widely accepted across the majority of Islamic markets. The Standard offers definitive guidance on the use of modern gold financial products in a Shar'iah-compliant manner, opening up a new investment asset class, enabling Islamic banks and other financial institutions to grow their customer bases and facilitating the creation of a broader range of saving, hedging, and diversification products.

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4. The Standard is formally known as Shari'ah Standard No. 57 on Gold and its Trading Controls

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## The investment case for gold in Islamic finance

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Gold has long been valued for its distinctive investment benefits. Since ancient times, gold's rarity and durability has made it a universally accepted store of wealth, while its beauty and lustre have inspired civilisations through the ages. Although gold is no longer the basis of the international monetary system, its status as a bastion of stability has endured, a role which has become ever more important in today's uncertain environment.

Over the years, gold's reputation for safety and stability has made it a mainstay for investors seeking to safeguard the long-term value of their capital, not least central banks around the world which consider gold to be the ultimate wealth preservation tool. The reasons for this are clear. First, gold exhibits little or no correlation with most other asset classes, making it a powerful tool for investment diversification. Second, gold has no credit risk and derives its worth from intrinsic value, allowing it to be the ultimate safe haven asset during times of market stress.

2. **The investment case for gold in Islamic finance**  
(continued)

## The investment case for gold in Islamic finance (continued)

### Gold is a highly effective diversification tool

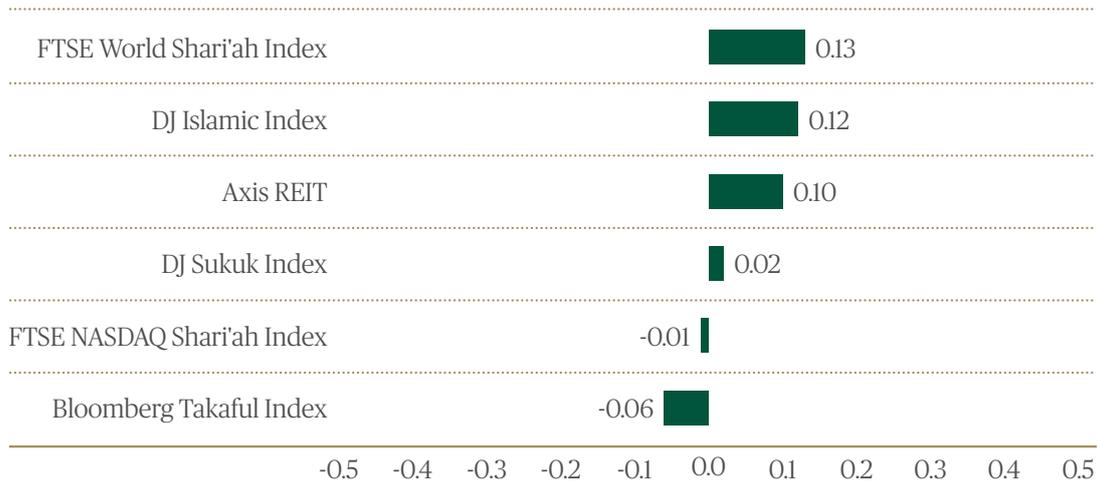
Gold shows virtually no correlation to major Islamic asset classes, making it an extremely useful asset for Shari'ah-compliant investors.

**Chart 6** illustrates this point. It shows the correlation of gold to major Islamic asset classes where a result of 1 or -1 implies perfect positive or negative correlation, and 0 implies no correlation. Gold's correlation to major Islamic equity indices ranges from only 0.13 to -0.01, implying almost no linkage in performance. Similarly, in relation to sukuk and Islamic

Real Estate Investment Trusts (REITs), using Axis REIT as a proxy, gold exhibits a correlation of 0.02 and 0.1 respectively.

This lack of correlation can make gold a powerful diversification tool in an Islamic investment portfolio, minimising risk, reducing volatility and potentially boosting returns.

*Chart 6*  
**Gold shows little or no correlation to major Islamic asset classes**  
(correlation)



Source: Bloomberg, World Gold Council

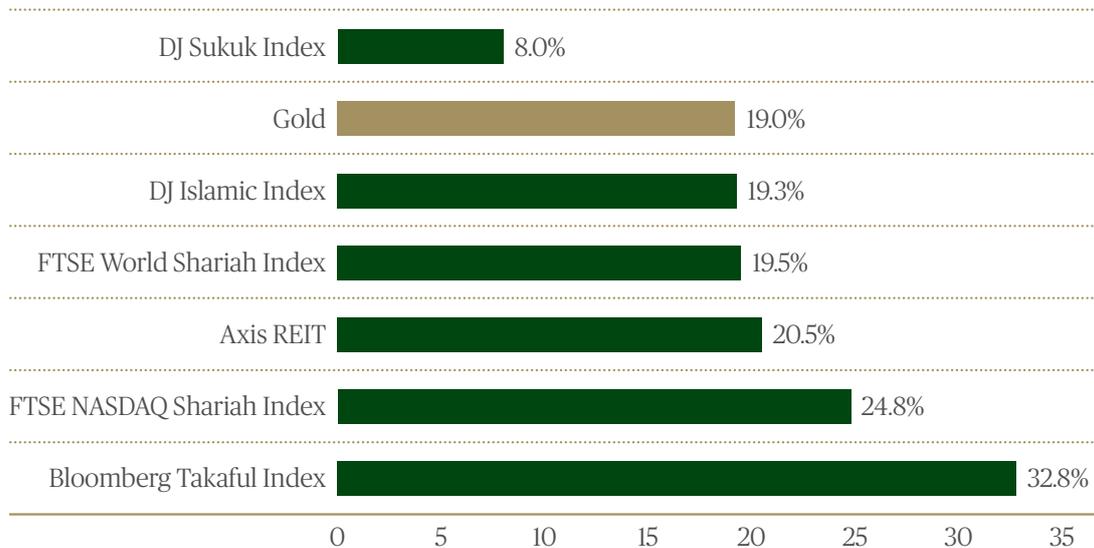
## Gold exhibits relatively low volatility

As **Chart 7** illustrates, gold is less volatile than major Islamic equity indices, REITs and the takaful index. While it can be more volatile than sukuk, it can be a safer asset class because it carries no credit risk or third-party liability.

## Gold outperforms other Islamic asset classes

Gold has also produced better returns than other major Shari'ah-compliant asset classes even as it reduces portfolio volatility. As **Chart 8** illustrates, gold has outperformed Shari'ah compliant assets by 8% over the past eight years and by 28% year-to-date. This makes gold an optimal investment choice for Islamic investors.

*Chart 7*  
**Gold is less volatile than most major Islamic asset classes**  
*(annualised volatility)*

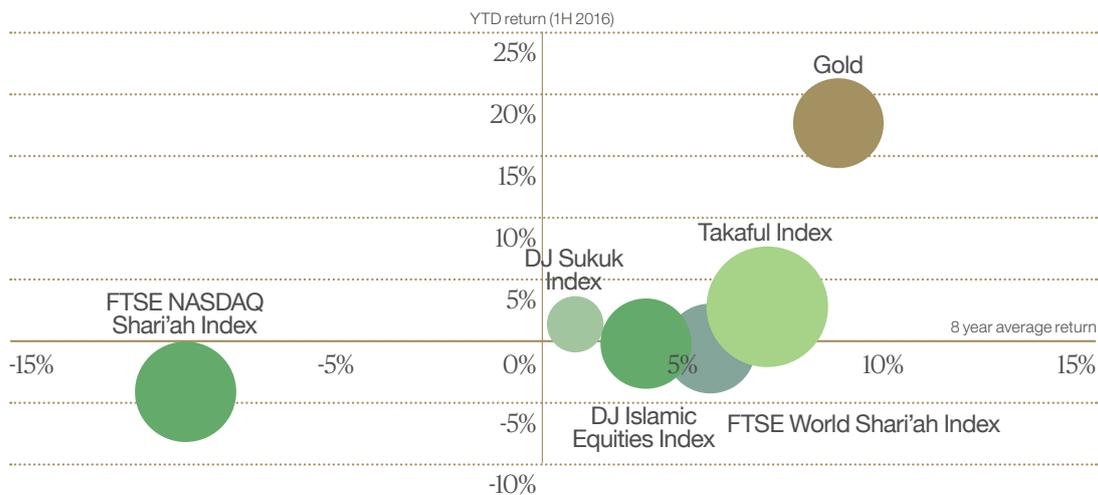


Source: Bloomberg, World Gold Council

2. The investment case for gold in Islamic finance (continued)

## The investment case for gold in Islamic finance (continued)

Chart 8  
**Gold has offered superior short- and long-term returns for similar levels of volatility**  
*(Bubble area = 8 year annualised volatility)*



Source: Bloomberg, World Gold Council

### Gold offers strong risk management features

Gold's distinctive behaviour as a financial asset makes it an excellent risk management tool as well. This is particularly significant for Islamic investors, who cannot use derivative-based risk-management instruments such as credit default swaps, or conventional futures or forwards. Given that gold has functioned as an effective hedge against foreign exchange risk, tail risk events and other types of disruptive market fluctuations, its inclusion as a Shari'ah-compliant asset can give Islamic investors a robust new tool to protect their investment positions.

### Gold is the ultimate safe haven asset

Gold is perhaps best known as a refuge during times of market stress – it bears no credit risk, is no one else's liability and derives its value intrinsically. This role is arguably even more relevant for Islamic investors.

As shown in **Chart 9**, gold has consistently appreciated against risk assets during tail risk events, performing particularly well when unforeseen shocks occur, especially those that may pose systemic risk. This characteristic was graphically illustrated earlier this year, when gold appreciated by 8% in the 10 trading days after the UK's referendum on EU membership in June.

### Gold is a larger and more liquid asset than existing Islamic assets

Perhaps the most pressing constraint facing Islamic finance is the relative illiquidity and limited size of its investable asset classes. Reliable measures of liquidity are difficult to obtain, but illiquidity in Islamic markets has long been considered a major hindrance to the growth of Islamic finance.

Illiquidity is compounded by the scarcity of investable assets, which encourages investors to hoard assets, once they have acquired them. The recent suspension of Bank Negara Malaysia's short-term sukuk issuance programme has further reduced the liquidity management tools available to Islamic investors.

Gold, by contrast, is one of the world's largest and most liquid asset classes. The gold market is 24 times larger than the current volume of issued sukuk<sup>5</sup>, with an average daily turnover of US\$240<sup>6</sup> billion in the London market alone. Gold's daily trading volume is similar to the GBP-US\$ currency pair, and larger than major markets, such as UK gilts or German bunds. This makes gold one of the safest and most accessible asset classes during times of market instability.

### Gold has no credit risk, making it safer than many sovereign sukuk

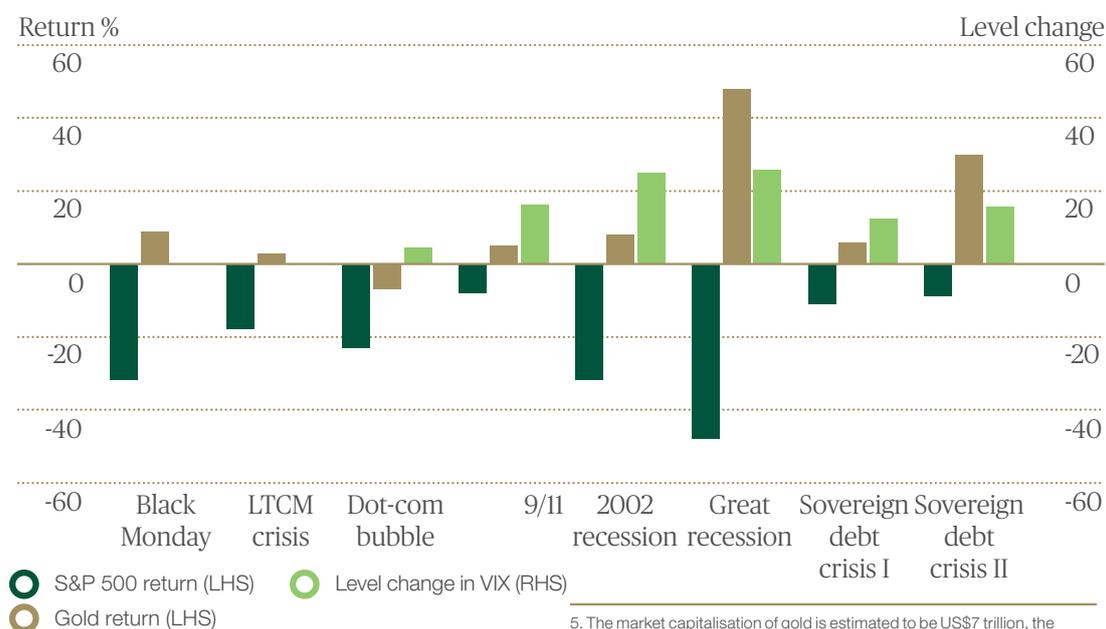
Even the safest Shari'ah-compliant investments carry a degree of credit risk. But allocated gold carries no credit risk and is no one's liability. While Islamic finance has had notable success in attracting highly-rated issuers, including Luxembourg, Hong Kong, and the International Finance Corporation, there is still a dearth of high

quality sukuk instruments in the market. Of the 39 component sukuk in the Dow Jones Sukuk Index (which has a minimum credit rating of BBB-/Baa3 for inclusion), only four are AAA rated and only seven are AA rated. These AAA and AA rated instruments account for 34.0%<sup>7</sup> of the total index and total just US\$32.6bn in size. The gold market, by contrast, is valued at US\$7.0 trillion.

### Gold is Shari'ah-compliant whereas many traditional safe haven assets are not

Islamic investors cannot access traditional safe haven assets, including US Treasuries, conventional money market funds or other developed market sovereign bonds. And the sukuk market is constrained by limited liquidity and a lack of highly-rated instruments. This makes gold the only asset class that is both safe enough and large enough to absorb flight-to-quality inflows from Islamic investors.

**Chart 9**  
**Gold outperforms during periods of market stress**  
*S&P 500 and gold return versus change VIX level*



Source: Bloomberg, World Gold Council

5. The market capitalisation of gold is estimated to be US\$7 trillion, the value of issued outstanding sukuk issuance is US\$290.6 billion in 2015  
 6. Source: LBMA, World Gold Council  
 7. Dow Jones Sukuk Index Factsheet, as of December 31, 2012

## 2. The investment case for gold in Islamic finance (continued)

# The investment case for gold in Islamic finance (continued)

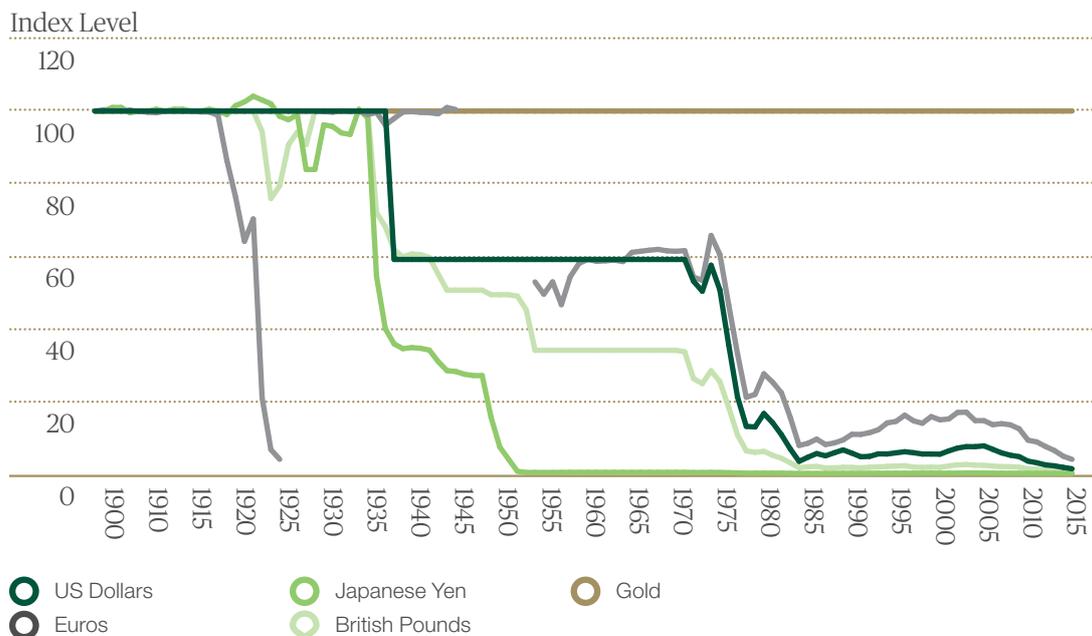
### Gold reduces systemic risk

As the ultimate safe haven asset, gold has one other crucial benefit: it can help to reduce systemic risk within Islamic finance. Allowing access to a large and liquid pool of high-quality gold assets will help to absorb the shock of tail risk events. Although Islamic finance has made strides in expanding the universe of low risk assets, none of them compares to the size, depth and quality of the gold market. Gold is simply a safer and larger asset pool to which Islamic investors can turn during times of market instability. This is perhaps one of the most important benefits that the new Standard will bring to investors.

### Gold is a long-term preserver of wealth

Gold has long been considered the ultimate guardian of wealth. While it experiences short-term bull and bear market cycles, gold has endured over time, while paper money consistently loses value in the long run. Every major currency, for example, has depreciated against gold since the end of the Bretton Woods system in the early 1970s. By contrast, as seen in **Chart 10**, gold has held its value from the 20th century to the present day: through the Great Depression, two World Wars and several financial crises.

Chart 10  
Gold holds its value over the long run



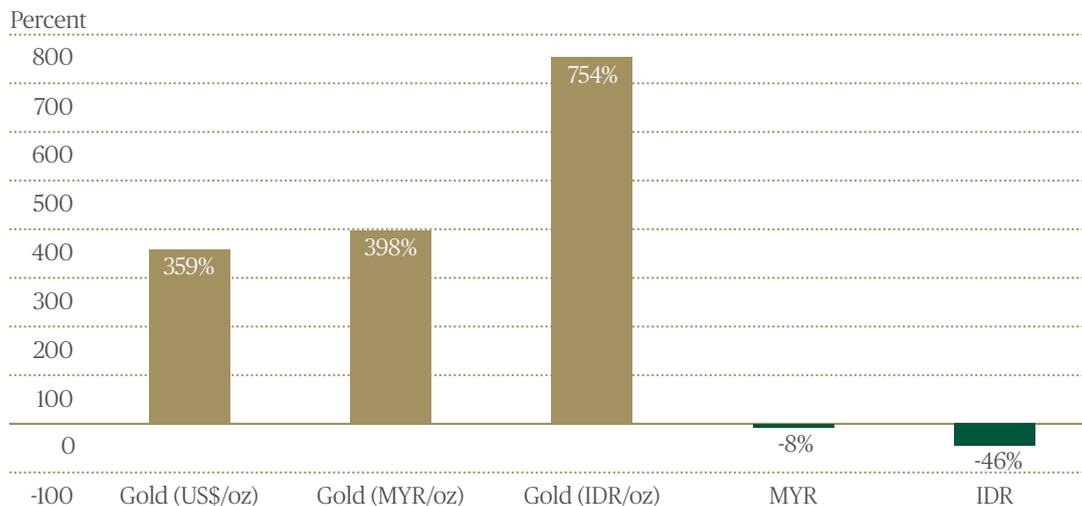
Source: World Gold Council

Gold's role as a preserver of wealth may be particularly significant in Islamic finance. Gulf-based investors generally hold their positions denominated in US dollars or in a currency pegged to the dollar. However, Southeast Asia-based investors generally denominate their positions in local currency, typically Malaysian ringgit or Indonesian rupiah. These currencies have a historical tendency to fluctuate against G10 currencies, and to underperform during periods of acute market instability. Adding gold to a ringgit- or rupiah-denominated investment

portfolio can greatly moderate exchange rate risk, as **Chart 11** illustrates. Since 2000, gold has risen 367% in US\$ and Gulf currency terms, whereas it has risen 393% and an astounding 762% in ringgit and rupiah terms, respectively.

This highlights gold's ability to outperform, especially for local currency-denominated investors.

*Chart 11*  
**Gold has outperformed in US\$ and Southeast Asian currency terms (2000-present)**



Source: Bloomberg, as of September 2016



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## Gold's role in Islamic investment portfolios

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Gold offers many potential benefits to Islamic investors: low correlation to other assets; resilience in the face of market shocks; comparatively low volatility, risk mitigation, wealth preservation and outperformance versus other major Islamic asset classes.

But close analysis of portfolio construction highlights even further the advantages that gold can bring to Islamic finance.

3. Gold's role in Islamic investment portfolios  
(continued)

## Gold's role in Islamic investment portfolios (continued)

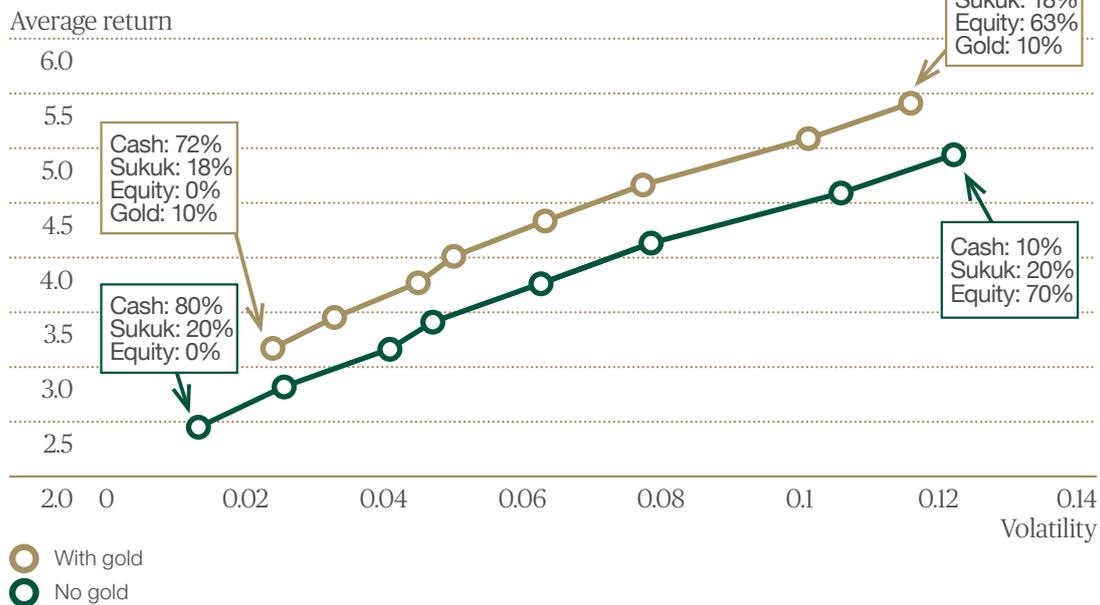
**Chart 12** shows the average return of hypothetical US dollar-denominated Islamic portfolios with and without gold. The US dollar is used as a proxy for the currencies of the Gulf states, which are pegged to the dollar. Average returns are calculated from 2005 onwards and the asset classes included in the portfolio are Islamic equities (using the Dow Jones Islamic index), sukuk (using the Dow Jones sukuk index), and US dollars in cash. The lower line shows average returns versus volatility for different portfolio compositions, from the most risk averse (all cash and sukuk) to the most aggressive (virtually all equity). The higher line shows average

returns versus volatility for the same portfolio compositions, but including a 10% allocation to gold (all the other assets are held at the same proportional weighting as in the lower line).

The inclusion of gold improves every portfolio composition shown, boosting average returns without increasing volatility. This makes gold not only a powerful diversifier and risk mitigant, but also an asset that enhances returns.

Simply put, adding gold to an Islamic portfolio can expand the efficient frontier of Islamic investment.

*Chart 12*  
**US\$ denominated Islamic portfolio returns are enhanced with allocation to gold**



Source: World Gold Council

## Gold is a useful investment tool for the entire complex of Islamic investors

### a) US dollar portfolios (as a proxy for GCC currency portfolios)

**Chart 13** shows the optimal allocation of gold in a US dollar-denominated portfolio, while varying both the volatility and the allocation of Islamic equities, sukuk, real estate, and money market-like instruments. As before, US dollars are used as a proxy for a portfolio denominated in Gulf currency terms. This analysis uses a highly conservative expected return of 4% for gold, even though the expected return on gold based on historical averages is approximately 10%. The analysis reveals the optimal portfolio allocations across the four different asset classes for different levels of volatility. This data can be used to indicate the optimal gold allocation for different classes of Islamic investor<sup>8</sup>.

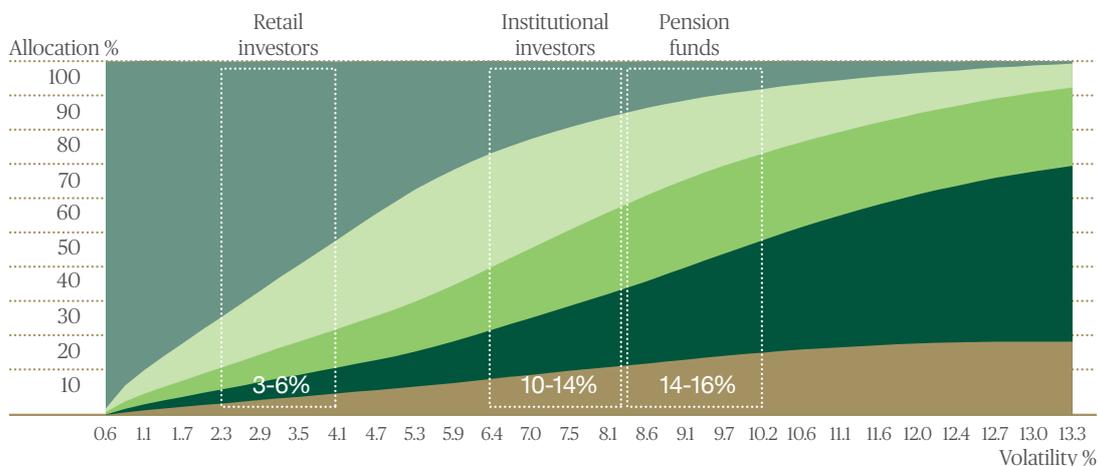
**Retail Investors:** in a portfolio composed of approximately 50-70% money market, 5-15% equity, 25-15% sukuk and 5-10% real estate, the optimal gold allocation is 3-6%.

**Institutional Investors:** in a portfolio composed of approximately 15-25% money market, 15-25% equity, 25-35% sukuk and 15-20% real estate, the optimal gold allocation is 10-14%.

**Pension Funds:** in a portfolio composed of approximately 10-15% money market, 20-25% equity, 20-25% sukuk and 20-25% real estate, the optimal gold allocation is 14-16%.

Across a wide range of scenarios, therefore, this analysis shows that gold can play an important role for both individual and institutional Islamic investors.

*Chart 13*  
**The optimal portfolio weights of a US\$ denomination portfolio assuming gold at a 4% return**



Historical average returns used for computing returns: Islamic equities (5.9%), sukuk (4.5%), money markets (1.5%), real estate (8.4%), and gold (4%)



Source: World Gold Council

8. These hypothetical portfolios are based on the typical composition and risk profile observed among these investor classes and are only meant to be an approximate representation of investor preferences. Portfolio allocations are taken as ranges of different asset classes. Adding the minimum and maximum of each range may not add up to 100%

### 3. Gold's role in Islamic investment portfolios (continued)

## Gold's role in Islamic investment portfolios (continued)

#### b) Local currency portfolios

To examine the optimal portfolio allocation for non-US dollar or Gulf currency denominated portfolios, the same analysis was performed using a Malaysian ringgit-denominated portfolio.

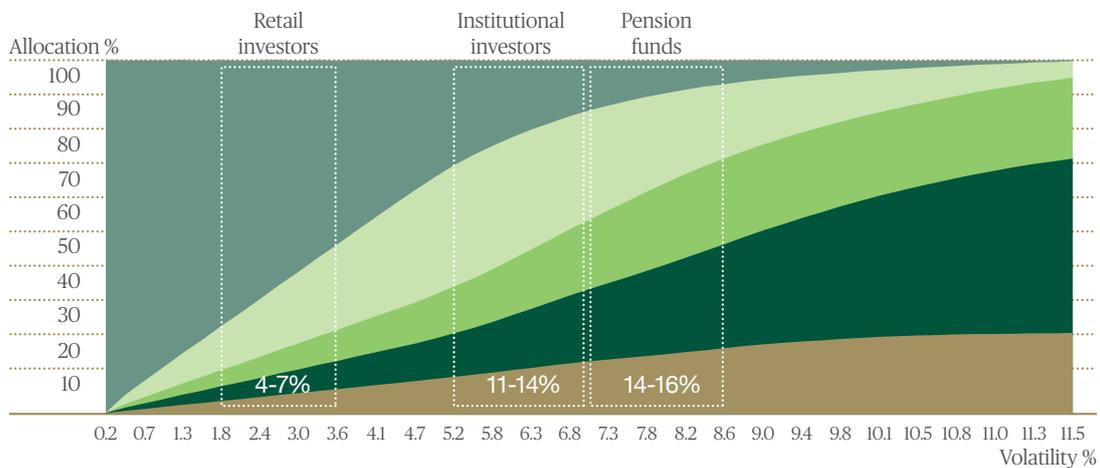
**Chart 14** illustrates the results of this analysis. Notably, the optimal allocation to gold across different investor classes was roughly the same as in a US dollar-denominated portfolio<sup>9</sup>.

**Retail Investors:** in a portfolio composed of approximately 50-70% money market, 5-10% equity, 15-25% sukuk, and 5-10% real estate, the optimal gold allocation is 4-7%.

**Institutional Investors:** in a portfolio composed of approximately 15-25% money market, 15-20% equity, 30-35% sukuk, the optimal gold allocation is 11-14%.

**Pension Funds:** in a portfolio composed of approximately 10-15% money market, 20-25% equity, 25-30% sukuk, and 20-25% real estate, the optimal gold allocation is 14-16%.

*Chart 14*  
**The optimal portfolio weights of MYR-denomination portfolio assuming gold at a 4% return**



Historical average returns used for computing returns: Islamic equities (5.5%), sukuk (4.6%), MYR money markets (0.3%), real estate (8.6%) and gold (4%)



Source: World Gold Council

Note: the analysis on charts 13 and 14 is affected by the lack of reliable data for Islamic finance assets. For example, there are no reliable data sets for Shari'ah-compliant commodities, even though these are commonly used by investors. Furthermore, historical data is generally limited to the last ten years, as Islamic finance is a relatively recent development. This makes it hard to discern truly long-term patterns. Nevertheless, gold delivers relatively high returns for relatively low volatility and, as the analysis makes clear: gold can deliver tangible benefits to every class of Islamic investor

Although there are many private US dollar or GCC currency-denominated Islamic real estate funds, there are none that have sufficient public data to perform this analysis. Therefore, we used Axis REIT in Malaysia as a proxy but converted performance into US dollar terms

9. Islamic investors have access to instruments which replicate the interest that would be paid on an on-demand, liquid money market fund. However, public data on the performance of these funds is unavailable. US Treasury 3-month bills are therefore used as a proxy despite being interest-bearing instruments

These hypothetical portfolios are based on the typical composition and risk profile observed among these investor classes and are only meant to be an approximate representation of investor preferences. Portfolio allocations are taken as ranges of different asset classes. Adding the minimum and maximum of each range may not add up to 100%



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## Conclusion

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### **Islamic finance needs the Shari'ah Standard on Gold**

The launch of the Shari'ah Standard on Gold will not only facilitate more Shari'ah-compliant investment; it can open up an entire asset class to the Islamic finance community. As such, it can help to shape the future of Islamic finance.

### **There is a strong strategic case for Islamic investors to invest in gold**

Gold's distinctive qualities as a diversifier, risk management tool and long-term preserver of wealth mean that it can fill critical missing links in the current array of options available to Islamic investors. Our research shows that virtually any Islamic portfolio can be improved through some allocation to gold, implying that gold can boost returns for every class of Islamic investor. In essence, this asset class is a Pareto improvement to Islamic finance.

### **Gold significantly enhances the Islamic investment universe**

Islamic finance currently lacks a true safe haven asset. Fund flows during times of acute market stress may cause price dislocation and liquidity shocks. Current low risk Islamic assets are either too limited in size or too illiquid. The addition of gold can provide Islamic investors with a vast, safe asset class that is highly accessible in times of need. This can help to reduce systemic risk in Islamic finance, making the market safer and smoother for all investors.

## **Conclusion** *(continued)*

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### **Gold can power the next stage of Islamic finance's development**

The inclusion of gold as a Shari'ah-compliant asset opens up an entirely new asset class, allowing for new opportunities to innovate and expand.

### **A distinctive asset in a distinctive market**

Gold is a distinctive asset. Through the centuries, gold has motivated civilisations to aim higher and strive harder. It has ushered in scientific advances while also sparking artistic genius. Gold is not simply a unique financial asset; it is an integral and inspiring component of the human story. It is perhaps fitting therefore that this most ancient of elements is now able to power the future of Islamic finance.

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