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# GOLDEN OPPORTUNITY

**SECURE SYMBOL OF WEALTH**



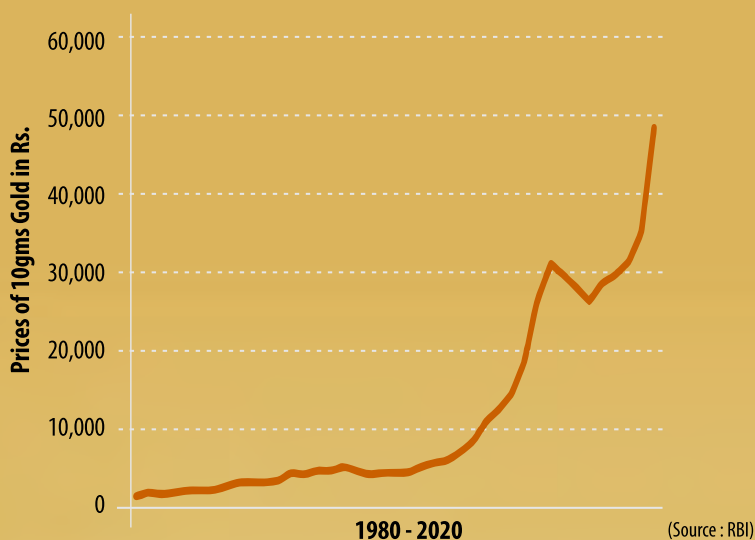
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Investment market has evolved over the decades and dozens of new instruments have been introduced, but Gold remains a preferred choice.

## What makes gold attractive?

- ➔ Traditional indicator of wealth
- ➔ Easy to understand
- ➔ Stable returns
- ➔ Can be invested in small amounts
- ➔ Financial hedge during economic/ market uncertainty

### GOLD PRICES FROM 1980



*Annual average gold price from 1980-2020  
In the past 40 years, annual returns from gold has been negative only on 8 occasions*



# Investor Expectation



**SAFETY**



**STABLE RETURNS**



**LIQUIDITY**



**TAX EFFICIENCY**



**SOVEREIGN GUARANTEE**



# What is Sovereign Gold Bond?

**Sovereign gold bonds are RBI mandated certificates issued against gold. The RBI issues SGBs in multiple tranches every 2-3 months through the year**

- SGB is issued by RBI on behalf of the Government of India
- SGB allows investment in gold without worrying over its safekeeping
- SGB carries sovereign guarantee on payment of interest
- SGB is the only gold investment which offers a fixed annual return
- SGB is easy to store and easy to liquidate
- SGB assures quality, is transparent to deal with and the returns are linked to gold prices

# Sovereign Gold Bond Features



## ELIGIBILITY

Any resident Indian entity including HUFs, Individuals, Trusts, Universities and Charitable institutions can invest in the sovereign gold bond



## KYC

Investor should be KYC compliant with mandatory PAN number



## MINIMUM INVESTMENT

Equivalent to 1 gram of gold



## MAXIMUM INVESTMENT

- Individuals and HUFs can invest a maximum of 4kg worth of gold bonds in a financial year
- Trusts and other similar entities can invest up to 20kg worth of gold bonds in a financial year

*\*The limit is periodically revised by the Govt. of India*

# Sovereign Gold Bond Features



## INTEREST RATE

- Guaranteed 2.5% p.a. on the face value of the bond
  - Interest is paid semi-annually
- 



## TENURE

- SGB has tenure of 8 years
  - Exit option available from end of 5th year
  - The exit option can only be exercised on the day the interest is payable
- 



## REDEMPTION

- Redemption price of the SGB is equal to the simple average of the closing price of 999 purity gold of the previous 3 business days to the date of redemption
- The price published by the Indian Bullion and Jewellers Association Limits is used for this

# Why you should invest in Sovereign Gold Bond

## SAFETY

- Issued by Government of India
- Assured Purity and Safety
- Easy to store and liquidate

## RETURNS

- Assured 2.5% p.a. interest on the face value of the bond

## LIQUIDITY

- Tradable on exchanges
- Can be used as collateral for loans
- Exit option available from end of 5<sup>th</sup> year



# Why you should invest in Sovereign Gold Bond

## TAX EFFICIENT

- No TDS on interest
- Interest is taxed at applicable slab rates
- Capital gains is exempt if held till maturity and taxed if redeemed early for individuals
- Indexation benefits is provided to long term capital gains arising to any person on transfer of bond

## COST EFFECTIVE

- You can invest with a minimum 1 gram equivalent of gold
- ₹50 per gram discount on the nominal value when investing online or with digital payment
- No storage cost





# “How they stack up”

## Physical gold, Gold ETF and Sovereign Gold Bond

	<b>Sovereign Gold Bond</b>	<b>Physical Gold</b>	<b>Gold ETF</b>
Holding form	Physical certificate or Demat	Physical	Demat or physical certificate
Purity of Gold	999 as mentioned in the gold bullion standard	No guarantee	0.995 or as high as stated
Lock-in	<ul style="list-style-type: none"> <li>• 8 years (5-years mandatory) if held till maturity</li> <li>• Can be traded 2 weeks from issuance on stock exchanges</li> </ul>	None	None
Regular income	2.5% p.a. on face value of bond	Nil	Nil
Taxation	<ul style="list-style-type: none"> <li>• <b>No TDS</b> on interest and redemption proceeds</li> <li>• <b>Interest:</b> Taxed at applicable slab rates</li> <li>• <b>Capital gains:</b> Exempt if held till maturity</li> <li>• <b>Capital gains:</b> Taxed if redeemed early or sold in secondary market</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Within 3 years:</b> Realised gains are taxed at applicable slab rates</li> <li>• <b>After 3 years:</b> Realised gains taxed at 20% after indexation</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Within 3 years:</b> Realised gains are taxed at applicable slab rates</li> <li>• <b>After 3 years:</b> Realised gains taxed at 20% after indexation</li> </ul>
Redemption value	Average of closing price of gold of 999 purity of previous 3 business days from the date of repayment	Prevailing gold price	Gold ETFs are represented by 99.5% pure physical gold bars
Collateral against Loan	Yes	Yes	No
Holding cost	Nil	Storage cost	Fund management cost of 0.5-1.0%
Liquidity	<ul style="list-style-type: none"> <li>• Tradable on Exchange</li> <li>• Redemption when held in Demat form or from end of 5th year onwards</li> </ul>	Fairly liquid	Tradable on Exchange

# 10 Advantages of investing in Sovereign Gold Bond

SGB is a good alternate to holding physical gold

**No**  
Physical  
holding of  
gold

**No**  
need for  
Demat  
account

**No**  
**TDS**  
applicable  
on interest

**₹50** per gram  
discount on the  
nominal value when  
investing online  
or with digital  
payment

Bond tenor  
**8 years**

Invest up to  
**₹20,000**  
by cash

Bond can be  
**Gifted**  
or transferred as long as  
the eligibility criteria  
is met

Can be  
used as  
**Collateral**  
for loans

Can be  
**Traded**  
in the secondary  
market two weeks  
from the issuance  
date

**Indexation  
benefit**  
available if an  
investor transfers  
the bonds before  
maturity