



Gold in Islamic Finance

AAOIFI Shari'ah Standard on Gold, developed in collaboration with the World Gold Council

Aram Shishmanian, CEO
World Gold Council

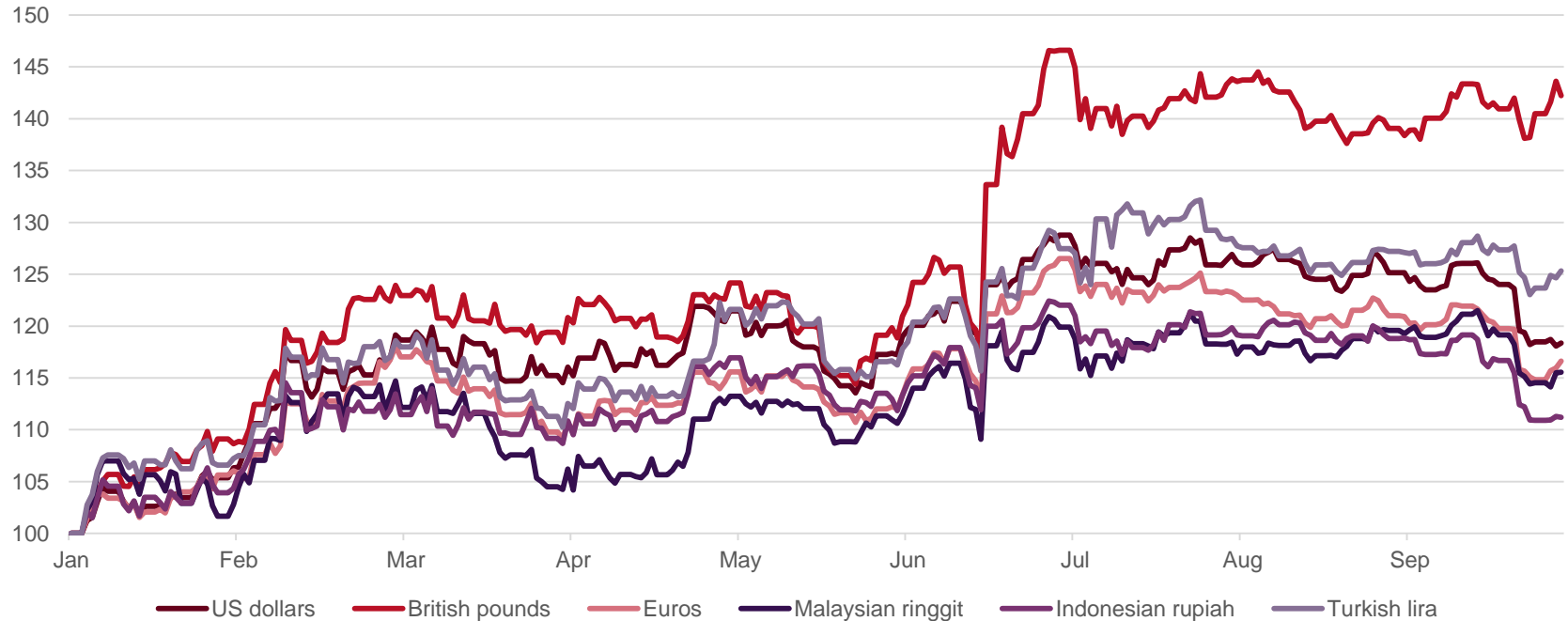
8 November, Manama, Bahrain



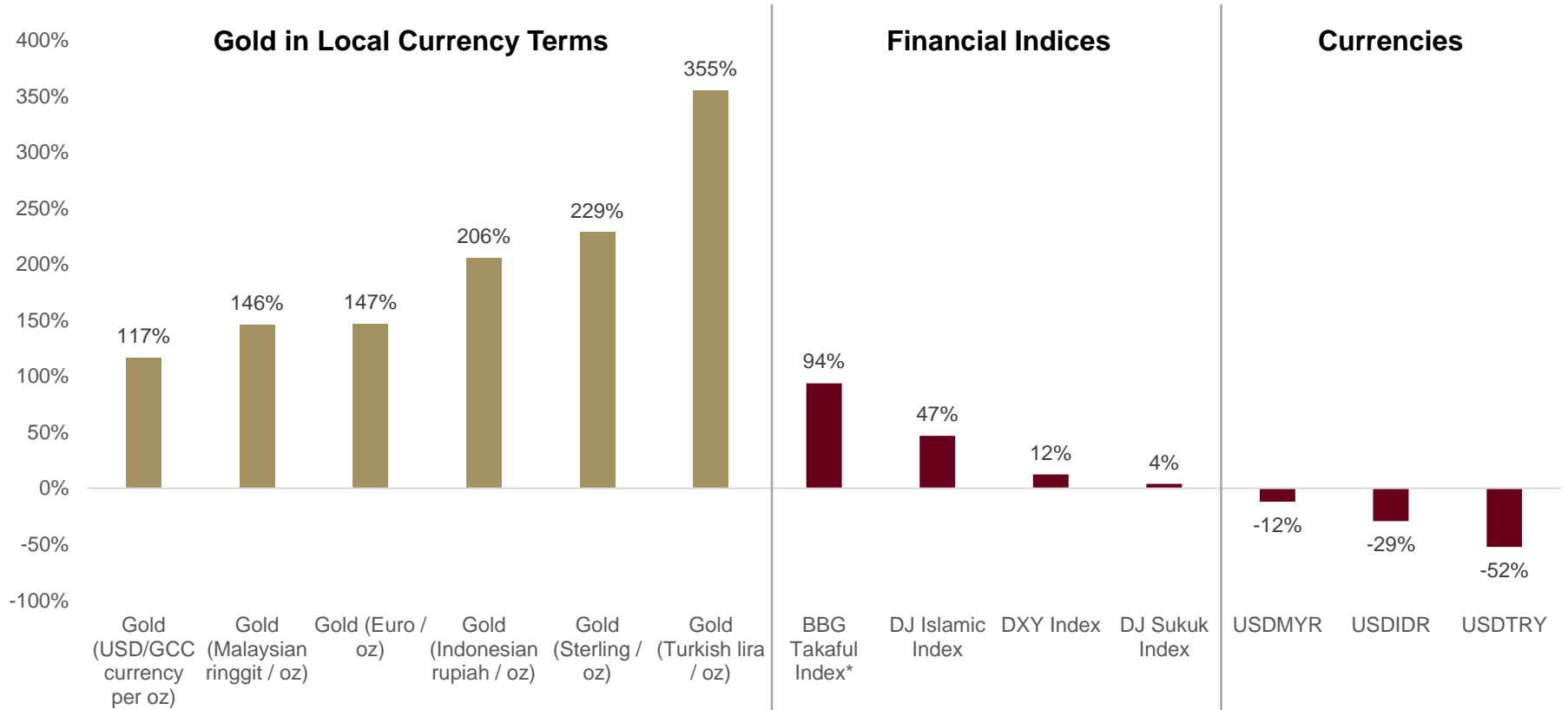
Gold up 20%, strongest H1 gain since 1980

Gold's impressive price rise in a range of key currencies in 2016

Index Level



Gold has outperformed in the past 10 years

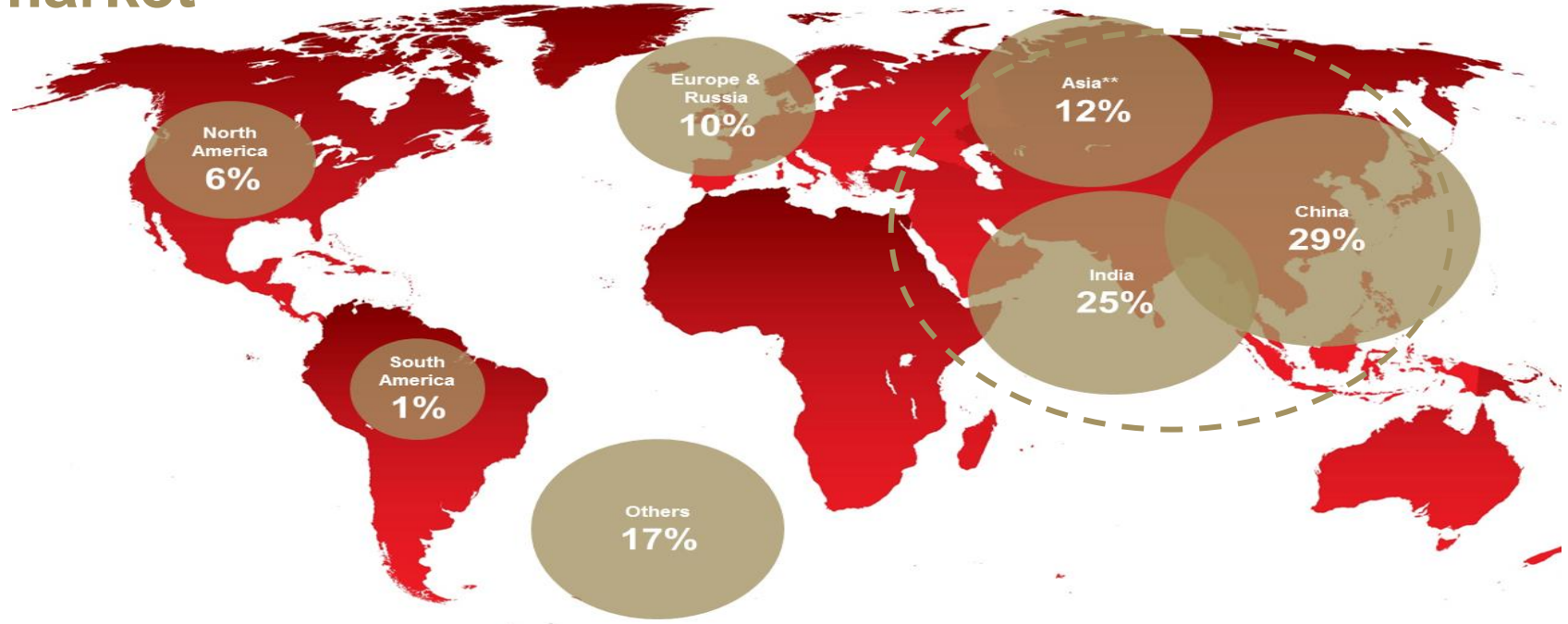


Source: World Gold Council, Bloomberg as of 12 October 2016

* The Bloomberg Takaful Index was initiated on 16 April 2007. The performance reflects the Index's movement since that date

Gold in Islamic Finance AES presentation Nov 6 2016

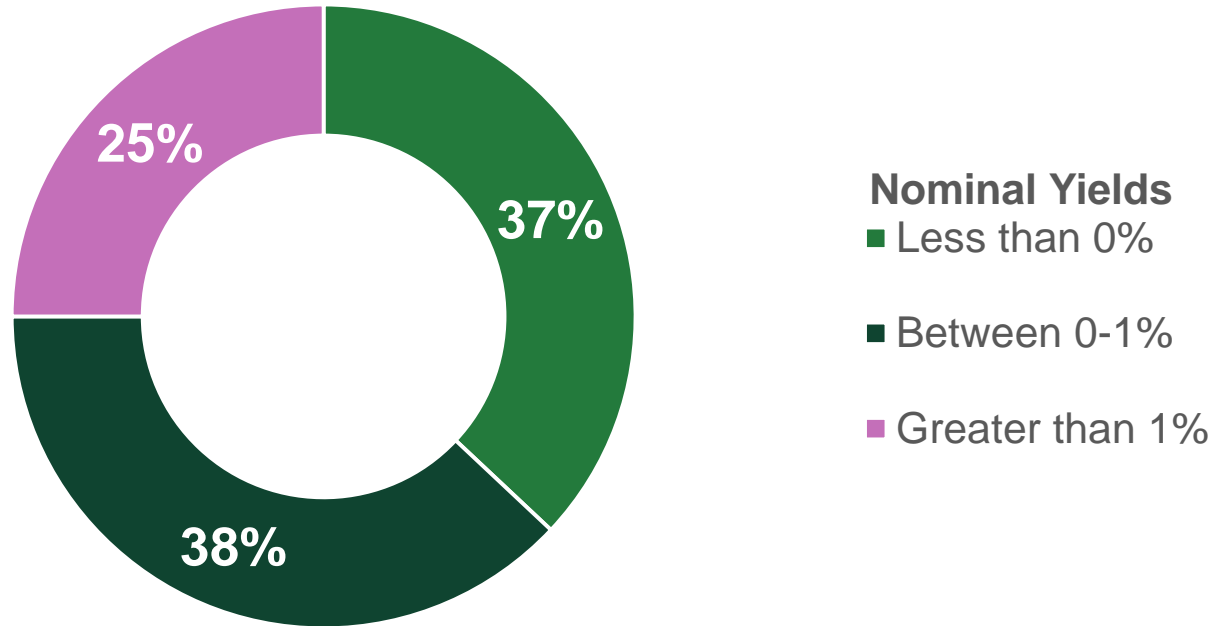
Shift from West to East: China: rapid growth to become the world's largest gold market



Source: *Metals Focus, World Gold Council*
Gold in Islamic Finance AES presentation Nov 6 2016

QE and NIRP

Advanced Economy Sovereign Debt Outstanding (as of 27 July 2016)



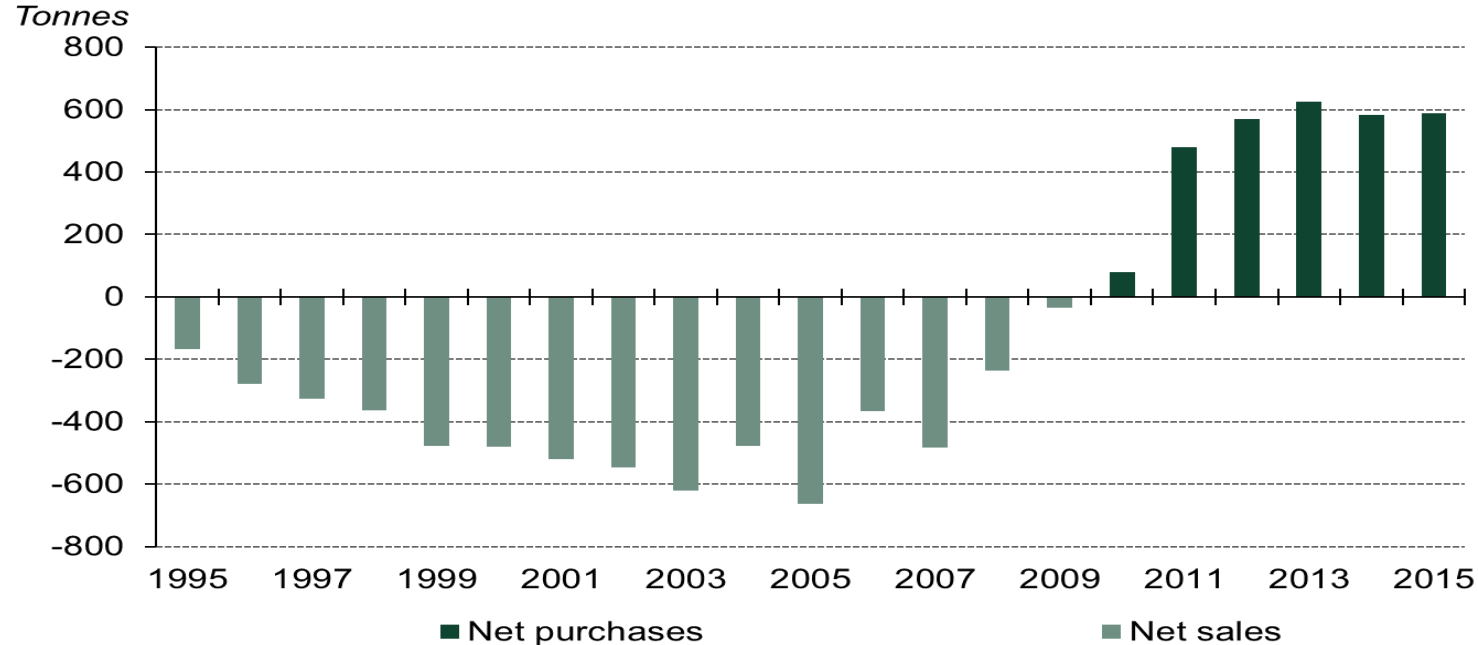
Note: Sovereign debt from Australia, Canada, Denmark, Euro area (investment grade), Japan, Sweden, Switzerland, the United Kingdom, and the United States

Source: Bloomberg

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Central banks: from sellers to buyers

Central banks remain firmly on the gold purchasing pedal



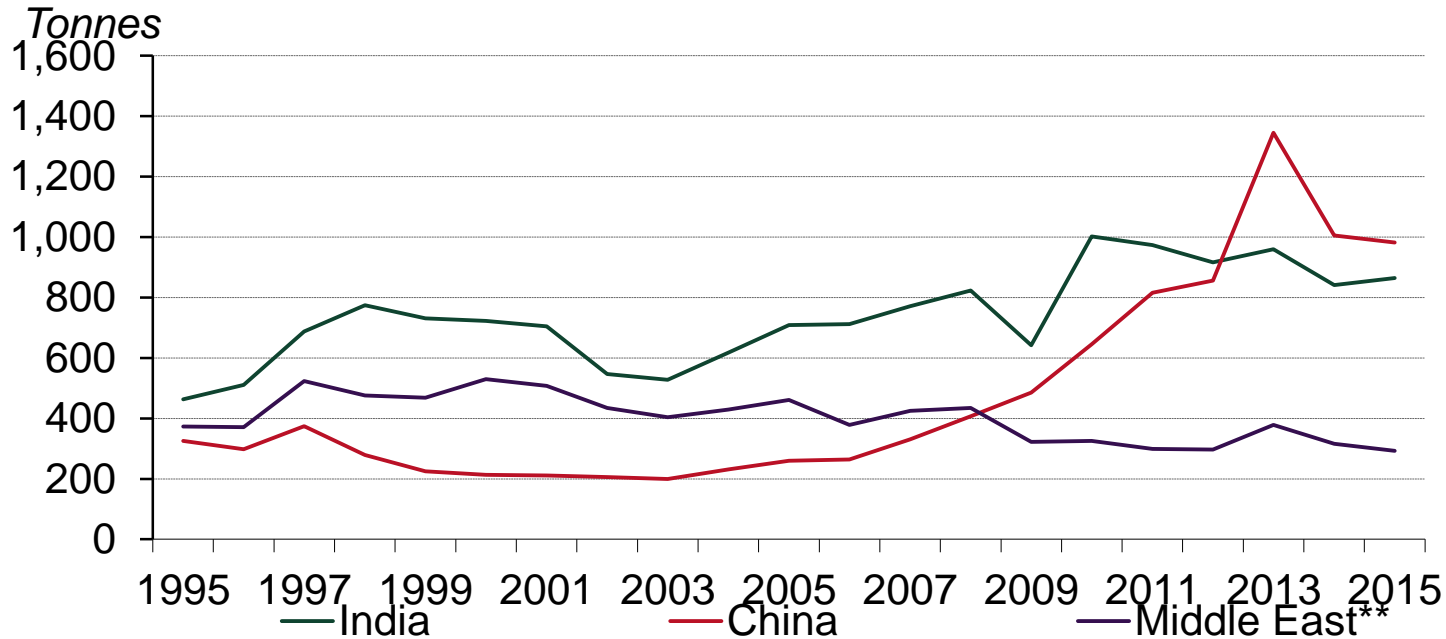
Source: Metals Focus; GFMS, Thomson Reuters; World Gold Council

New Investors

Seeking security and financial protection

Pension and insurance funds

Middle Eastern Investors: Under supported

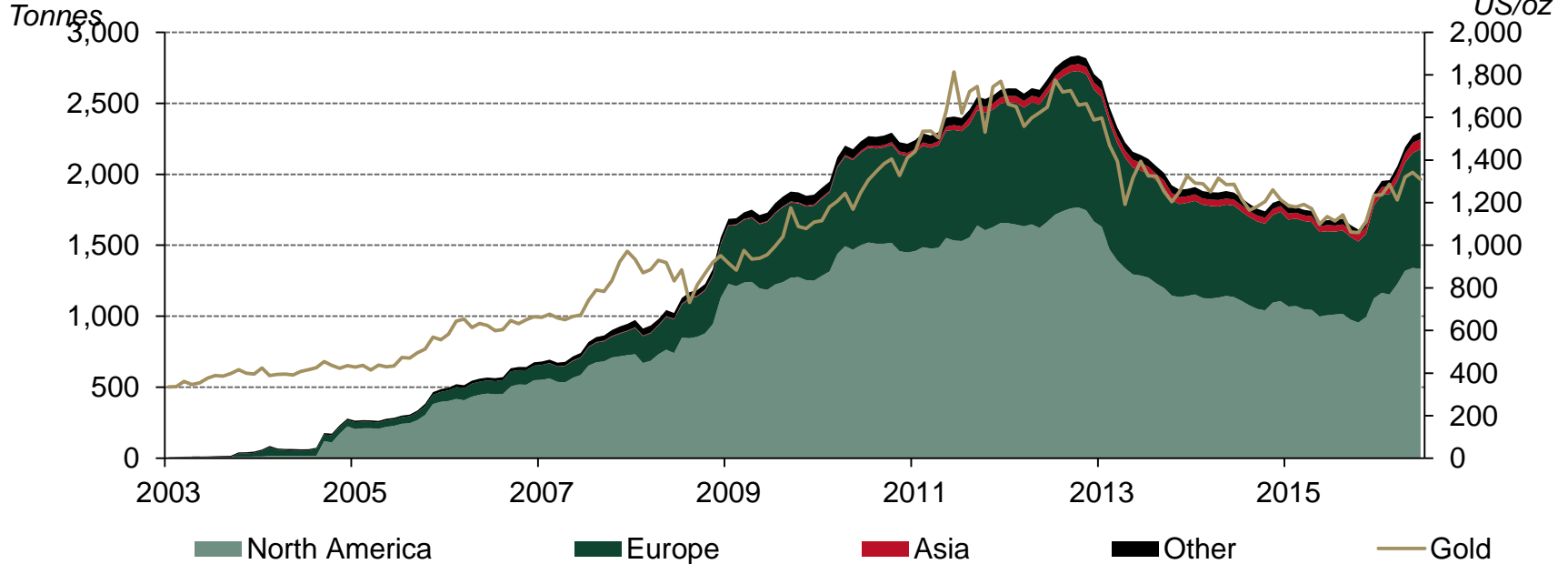


*Consumer demand comprises jewellery and total bar and coin demand. **Middle East comprises Saudi Arabia, United Arab Emirates, Kuwait, Egypt, Iran and Other Middle East

Source: World Gold Council

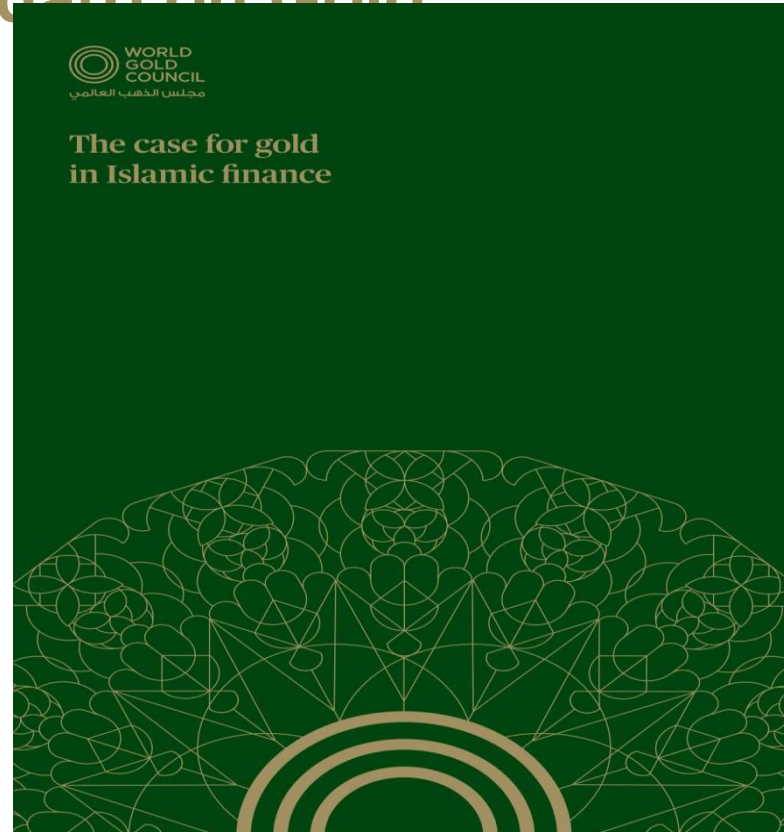
Gold ETP have grown rapidly elsewhere Middle East falling behind

ETP gold holdings in tonnes by region as of 31-Aug-16



Source: Respective ETP providers, Bloomberg, LBMA, World Gold Council

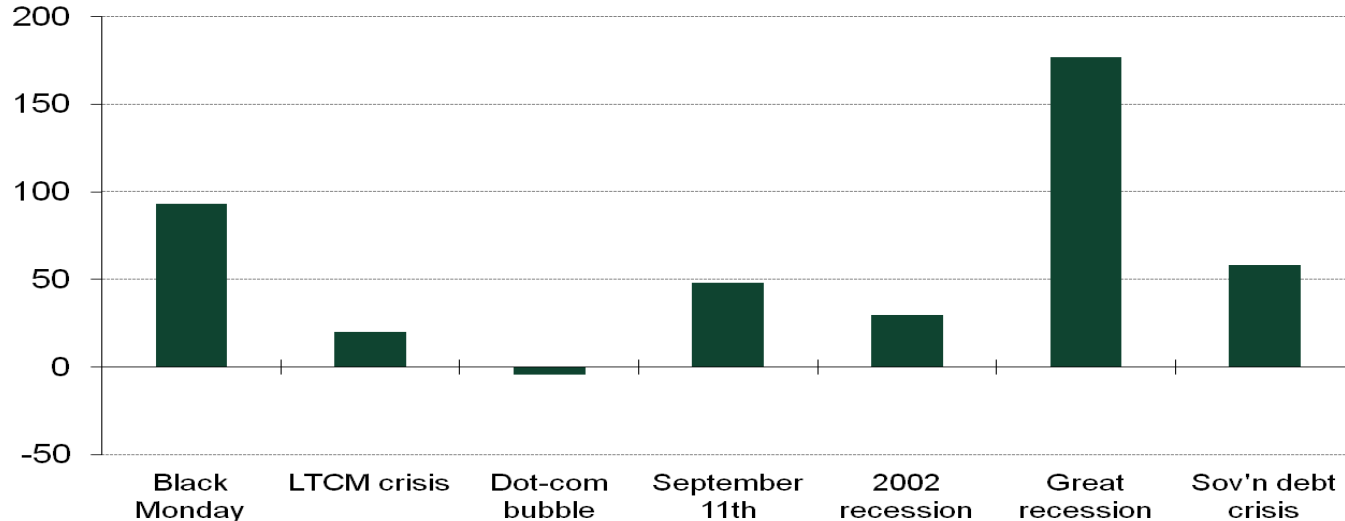
The World Gold Council and AAOIFI partner on the Shari'ah Standard on Gold



Gold: Ultimate safe haven asset

Impact of a 4% allocation to gold in a standard portfolio during crises*

Basis points

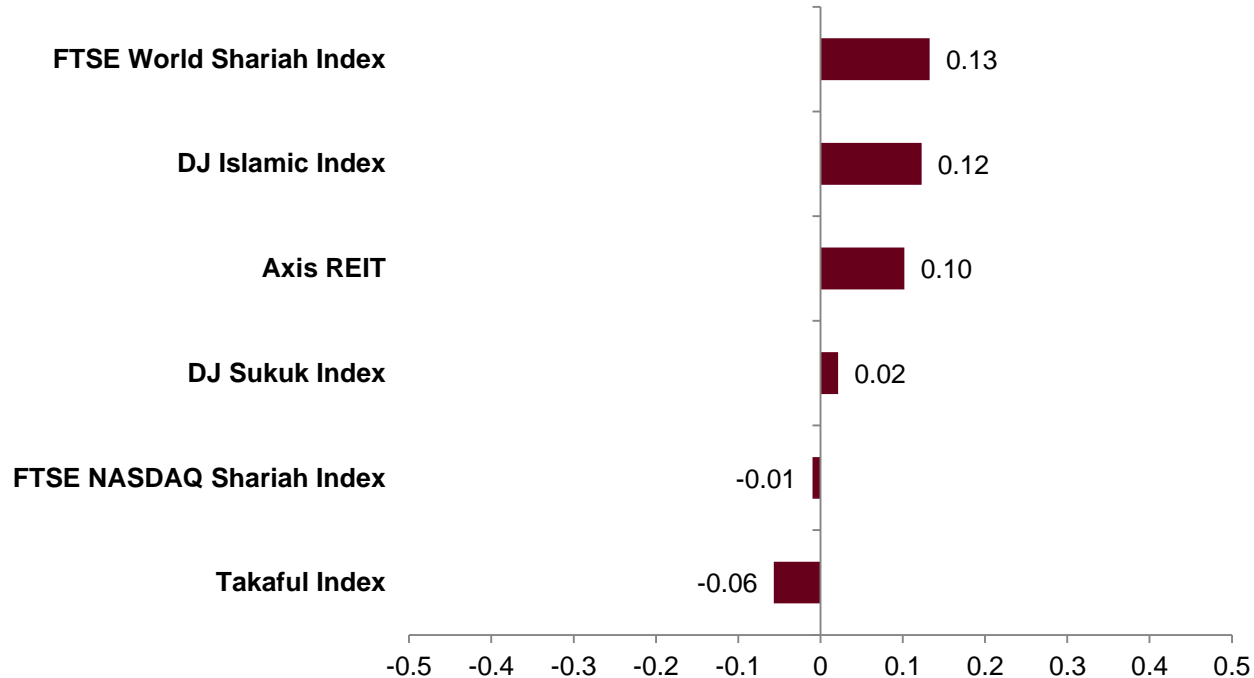


*Standard portfolio defined as having 55% equities, 25% fixed income and at most 5% cash with the remaining weights optimally allocated in alternative assets including real estate, private equity, gold and hedge funds. Black Monday: 9/87-11/87, LTCM: 8/98, Dot-com: 3/00-3/01, Sept 11th: 9/01, 2002 recession: 3/02-7/02, Great recession: 10/07-2/09, Sov'n debt crisis I: 1/10-5/10.

Source: Barclays Capital, Bloomberg, Hedge Fund Research, J.P. Morgan, Thomson Reuters, World Gold Council

Gold: A Powerful Diversifier for Islamic Portfolios

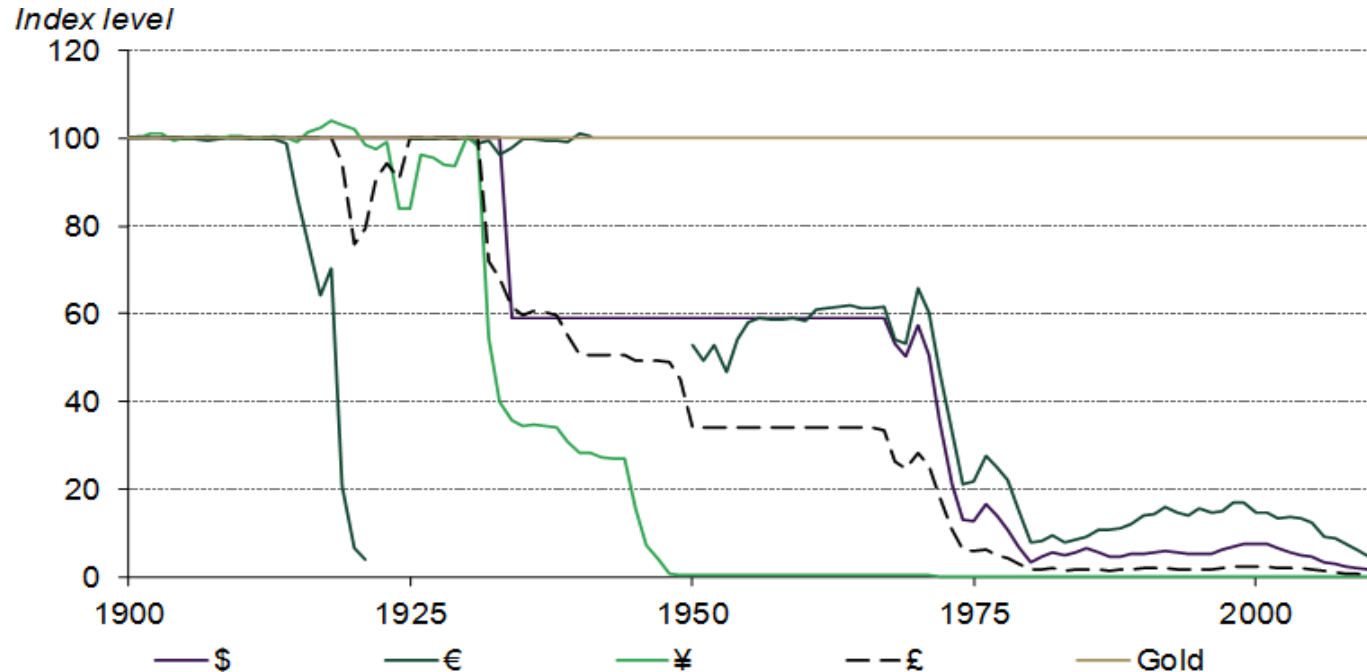
Islamic Asset Classes Correlation to Gold (8 Year)



Source: World Gold Council, Bloomberg. 8-year returns and correlations used due to limitations on data availability for Islamic assets

Gold: A Long-Term Wealth Preservation Tool

Gold vs. Major World Currencies (1900-Present)



Source: World Gold Council, Bloomberg