



Sovereign Gold Bonds – Series IV

A Smart Choice for Gold Investments

February 2024

WHY INVEST IN GOLD ?



Safe Haven during
Economic Turmoil



Upside Potential due to
Inherent Demand



Portfolio
Diversification



Easy Liquidity & No
Credit Risk



Hedge against Inflation &
Currency Depreciation



Low/negative Correlation
to other Assets



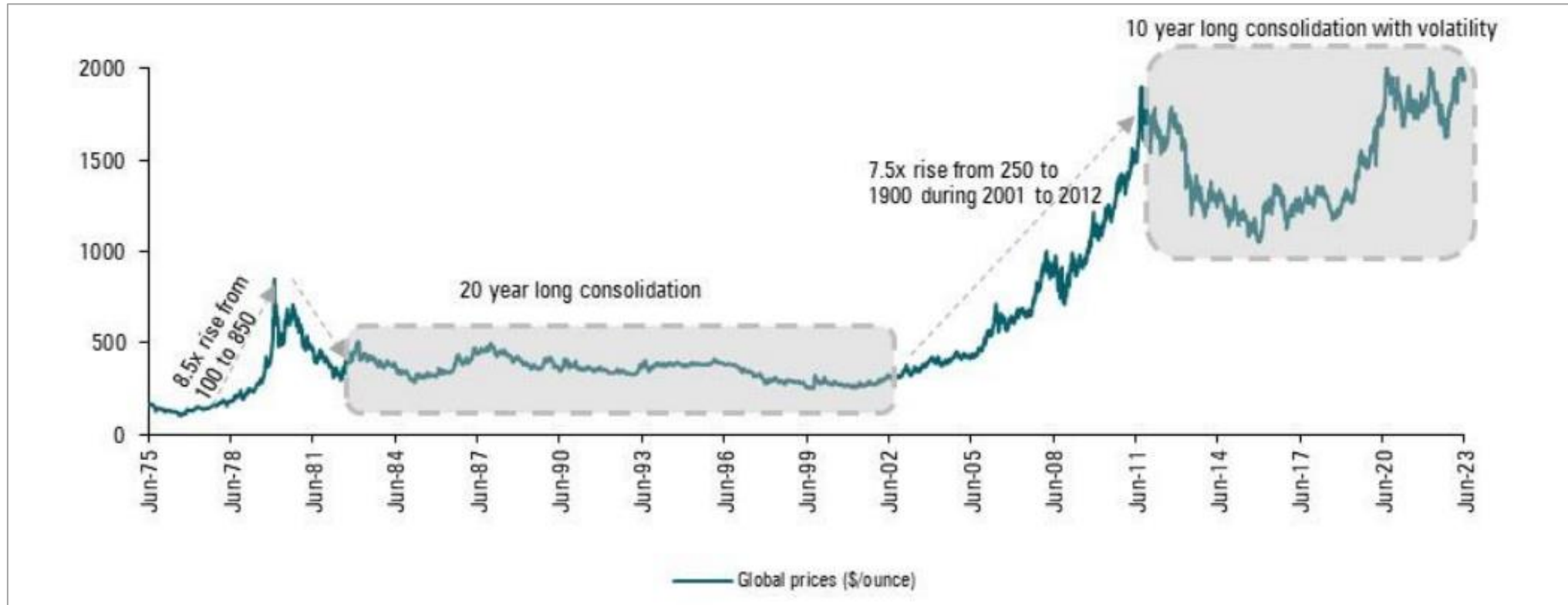
Low/negative Bond
Yields and Real Rates



QE & B/S expansion by
Central Banks



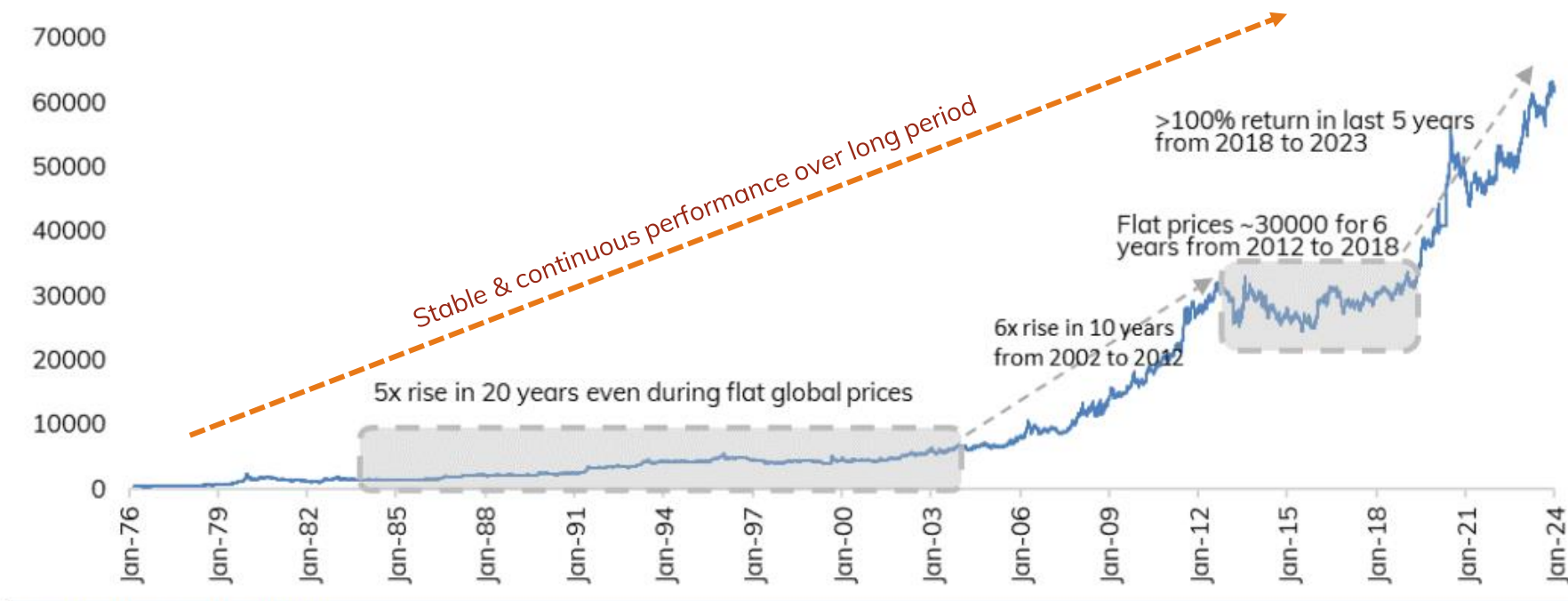
LONG TERM PERFORMANCE OF GOLD (\$)



- Annualised long term Gold return since **1970s in US\$ terms** is ~3.3%
- In \$ terms, Gold return is non-linear. It is marked by periodic up move followed by long period of consolidation



LONG TERM PERFORMANCE OF GOLD (₹)



Source: Bloomberg. Prices in ₹ per 10 gram

- **Gold has delivered 8.8% CAGR** aided by rupee depreciation and strong domestic demand.
- Gold prices globally have been on an uptrend since November 2022
 - Amid moderating US retail inflation numbers & anticipation of a less aggressive US Federal Reserve
 - US dollar as well as US bond yields have begun to cool off
 - Buying by global central banks and opening up of Chinese markets have also boosted prices



INVESTMENT OPTIONS IN GOLD



Physical Gold



Gold ETF



Digital Gold



**Sovereign
Gold Bonds**



KEY FEATURES AND BENEFITS OF SGBs



2.5% Assured Interest p.a.
on initial investment



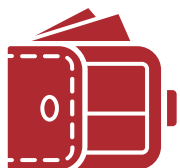
Capital Gain Opportunity as
Returns are linked to Gold Price



₹ 50 discount per gram on
investment price



No Capital Gain Tax at
Maturity*



Zero Holding Cost



No TDS on Interest



KEY FEATURES AND BENEFITS OF SGBs



No Credit Risk & Cost of Storage



Securely Held in Demat form



Can be used as Collateral
for Loan



Tenor of 8 years



Listed on Stock Exchanges



Sovereign Guarantee on
Redemption Amount &
Interest Payment



COMPARISON OF SGBs, PHYSICAL GOLD AND GOLD ETFs

	Physical Gold	Gold MFs / Gold ETFs	Sovereign Gold Bond
Lock-In	None	None	5 Years
Fixed Interest	No Interest	No Interest	2.50% p.a. payable half-yearly
Maturity	NA	NA	8 Years
Taxation	STCG– Slab Rate LTCG – 20% with indexation	Slab Rate	Tax-free on Maturity
GST	3%	No	No
Expense Ratio	NA	0.1% - 1%	NA
Ease of Transaction	Low	High	Low



1st SGB TRANCHE MATURED ON 30th Nov'23

Investment Price : ₹ 2,684 /gm

Price at Maturity : ₹6,132/gm

Timeline of Holding : 8 Years

Absolute Returns : 128.5% ▲

XIRR (Pre-Tax) : 12.9% ▲

XIRR (Post-Tax) : 12.2% ▲

Quantity Invested : 100 Grams

Investment Value : ₹2,68,400/-

Maturity Value : ₹ 6,13,200/-

Return from Capital Gains : ₹ 3,44,800/-

Tax on Capital Gains : ₹ 0/-

Returns from Interest Earned : ₹ 59,048/-

Tax on Interest Earned : ₹ 20,666/-



COMPARISON OF SGBs, PHYSICAL GOLD AND GOLD ETFs

Particulars	Physical Gold	Gold ETF	SGB
Rate after discount	₹ 6,261	₹ 6,261	₹ 6,211
Weightage in Gm	100	100	100
Investment	₹ 6,26,100	₹ 6,26,100	₹ 6,21,100
GST @ 3%	₹ 18,783	₹ 0	₹ 0
Making Charges @ 8%	₹ 50,088	₹ 0	₹ 0
GST on Making Charges @ 5%	₹ 2,504	₹ 0	₹ 0
Locker Charges @1.2k p.a. for 8 Years	₹ 9,600		
Expense Ratio @0.80% p.a. for 8 years		₹ 40,070	
Total Investment (Cost to Customer)	₹ 7,07,075	₹ 6,66,170	₹ 6,21,100
After 8 Years of holding			
Maturity Value (Considering 9% CAGR)	₹ 12,47,543	₹ 12,47,543	₹ 12,47,543
Fixed Interest @ 2.5% p.a.	₹ 0	₹ 0	₹ 1,24,220
Pre-tax Profit	5,40,468	5,81,373	7,50,663
Tax (assuming indexation @ 6%)	₹ 49,927	₹ 1,91,853	₹ 40,993
Post Tax Gain	4,90,541	3,89,520	7,09,671
Annualised Post tax Return (%)	6.8%	5.9%	10.0%

SGB Returns

vs Physical Gold

47%

vs Gold ETF

69%



PAST RETURNS ON SOVEREIGN GOLD BOND

Tranche	Issue Date	Issue Price (Rs)	Current Price (Rs)	Absolute Returns (%)
2021-22, Series I	May 25, 2021	4,777	6,200	29.8%
2021-22, Series II	June 1, 2021	4,842	6,200	28.0%
2021-22, Series III	June 8, 2021	4,889	6,200	26.8%
2021-22, Series IV	July 20, 2021	4,807	6,200	29.0%
2021-22, Series V	August 17, 2021	4,790	6,200	29.4%
2021-22, Series VI	September 7, 2021	4,732	6,200	31.0%
2021-22, Series VII	November 2, 2021	4,761	6,200	30.2%
2021-22, Series VIII	December 7, 2021	4,791	6,200	29.4%
2021-22, Series IX	January 18, 2022	4,786	6,200	29.5%
2021-22, Series X	March 8, 2022	5,109	6,200	21.4%
2022-23, Series I	June 28, 2022	5,091	6,200	21.8%
2022-23, Series II	August 30, 2022	5,197	6,200	19.3%
2022-23, Series III	December 27, 2022	5,409	6,200	14.6%
2022-23, Series IV	March 14, 2023	5,611	6,200	10.5%



SGB vs Nifty 50 Returns

<u>30th Jan</u>	<u>SGB</u>		<u>Nifty 50 TRI</u>	
	Absolute Return	XIRR Return	Absolute Return	XIRR Return
1 Year	12%	13%	23%	23%
2 Years	36%	17%	27%	13%
3 Years	35%	11%	64%	18%
4 Years	64%	14%	87%	17%
5 Years	102%	16%	114%	16%
6 Years	122%	15%	110%	13%
7 Years	135%	14%	172%	15%
8 Years	156%	13%	214%	15%



Total Gold Imports vs Sovereign Gold Bond

FY	Gold Imports (in Cr.)	SGB (in Cr.)	% Contribution
FY'16	2,07,490	1,293	0.6%
FY'17	1,84,439	3,424	1.9%
FY'18	2,17,072	1,862	0.9%
FY'19	2,29,537	633	0.3%
FY'20	1,99,250	2,286	1.1%
FY'21	2,54,288	15,887	6.2%
FY'22	3,44,094	12,856	3.7%
FY'23	2,80,482	6,489	2.3%
FY'24 (YTD Dec)	2,98,712	18,866	6.3%



SGB INVESTMENT CALENDAR FOR FY 2023-24

Reserve Bank of India (RBI) through its notification **dated December 08, 2023** announced the launch of Sovereign Gold Bonds (SGBs) 2023-24. The **fourth issue for the FY 2023-24** is in February 2024 as per the calendar below:

Sr. No	Tranche	Date of Subscription	Date of Issuance
1	2023-24 Series III	December 18-22, 2023	December 28, 2023
2	2023-24 Series IV	February 12-16, 2024	February 21, 2024



WHAT ARE SOVEREIGN GOLD BONDS

- ✓ Issued by RBI on behalf of Government of India
- ✓ Government security denominated in gram(s) of gold (1 unit of SGB = 1 gram of Gold)
- ✓ Superior alternative to buying physical gold
- ✓ Free from issues like making charges and purity as in gold jewelry
- ✓ Assurance of Purity and Safety by RBI
- ✓ Minimum Investment: 1 gram and
Maximum Investment: 4kgs for Individuals & HUF; 20kgs for Trust and similar entities
- ✓ SGBs open for subscription during specified periods during a financial year (Calendar for FY24 on slide 10)
- ✓ On maturity, investors receive redemption proceeds in Indian Rupees into their bank accounts
- ✓ Both Allotment and Redemption price is based on simple average of last 3 business days for 999 purity as published by Indian Bullion and Jewelers Association Limited



DISCLAIMER

- ICICI Securities Ltd. (I-Sec). Registered office: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025., Tel No : 022 - 2288 2460, 022 - 2288 2470. I-Sec acts as a distributor to offer gold bonds.
- The contents herein above shall not be considered as an invitation or persuasion to trade or invest. I-Sec and affiliates accept no liabilities for any loss or damage of any kind arising out of any actions taken in reliance thereon. The information mentioned herein above is only for consumption by the client and such material should not be redistributed.
- The information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities Limited. The contents of this presentation are solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments or any other product.





Thank you