

Passive Speak:

Gold & Silver: Safe havens during uncertain times!

July 2025



Gold and Silver – Simplified Taxation

- ◆ For fresh purchases made today, a 12.5% LTCG rate (> 12 months holding period for ETFs, > 24 months holding period for ETF FoFs) would be applicable if redeemed after Mar 31, 2025

	Instrument	Holding Period	Units acquired prior to April 01, 2023		Units acquired on or after April 01, 2023	
			Short-Term Capital Gains Tax	Long-Term Capital Gains Tax	Short-Term Capital Gains Tax	Long-Term Capital Gains Tax
Units redeemed between July 23, 2024 and March 31, 2025	Gold / Silver ETF	12 months	Investor's Income Tax Slab Rate*	12.5%*	Investor's Income Tax Slab Rate*	Investor's Income Tax Slab Rate*
	Gold / Silver ETF FOF	24 months				
Units redeemed after March 31, 2025	Gold / Silver ETF	12 months	Investor's Income Tax Slab Rate*	12.5%*	Investor's Income Tax Slab Rate*	12.5%*
	Gold / Silver ETF FOF	24 months				

Source: India Budget. *Surcharge and Health & Education Cess as applicable. In view of the individual nature of the tax consequences, each investor is advised to consult his/ her own professional tax advisor.
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- ◆ **Gold and silver prices have been supported by trade war tensions, Central Bank buying, geopolitical risks and uncertainty around the US Federal Reserve interest rate cutting cycle etc.**
- ◆ **Gold has particularly benefitted from Central Bank purchases. Most notably-**
 - ✓ RBI purchased 73 tonnes (t) till December 2024, surpassing total 2023 and 2022 purchases at 16t and 33t respectively
 - ✓ Total RBI gold reserves totalled 876t at the end of 2024. Gold accounts for 11% of RBI's total Foreign Exchange (FX) reserves, up from 7.5% a year ago
 - ✓ The People's Bank of China (PBoC) added 44t of gold to its reserves across 2024. It was the single largest gold buyer in 2023, adding 225 tonnes (t) to its gold reserves. Despite these large purchases, gold still accounts for just 5% of China's FX reserves
- ◆ **The Gold-Silver Ratio recently reached 91.1 (as on June 30, 2025), above its 10y average of 81.1. This suggests silver could catch-up with gold's recent rally**
- ◆ **Going forward gold and silver can continue to benefit from:**
 - ✓ Trade war and geopolitical tensions remaining high in an increasingly multipolar world
 - ✓ Central Bank buying as they diversify their reserves and reduce USD exposure
 - ✓ Potential for global gold ETF demand to recover
 - ✓ Uncertainty around the Fed's willingness to deliver rate cuts (room for additional cuts to be priced in)
 - ✓ Long-term drivers of silver demand including in electric vehicles, solar panels etc. remain intact

Source: World Gold Council, Bloomberg, internal calculations

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About Gold and Why invest in it?

- ◆ **Gold is a precious metal which has served as a store of value across millennia**
- ◆ **Gold's atomic symbol, Au, is derived from the Latin word Aurum, which means 'shining dawn'**
- ◆ **Why invest in Gold?**
 - ✓ **Portfolio diversification:**
Gold is considered to balance portfolios against the volatility of other asset classes
 - ✓ **Buffer against currency depreciation:**
Being a globally priced metal, it acts as a hedge against currency depreciation
 - ✓ **Buffer against geopolitical shocks:**
Gold has been perceived as a safe haven since ancient times. Investors generally turn towards gold when adverse geopolitical events occur
 - ✓ **Demand from Central Banks could support prices:**
Central Banks have increased gold purchases to diversify their Foreign Forex Reserve holdings



Gold & Equities -

Historically, Gold has performed well or fallen less when Equity markets struggled

Financial Year	Gold (in INR)	NIFTY 50 TRI	Financial Year	Gold (in INR)	NIFTY 50 TRI
FY00	-3.2%	-3.8%	FY13	2.3%	8.7%
FY01	-1.2%	-24.2%	FY14	-10.8%	19.3%
FY02	22.9%	-0.1%	FY15	-4.9%	28.3%
FY03	8.4%	-11.7%	FY16	10.6%	-7.8%
FY04	16.1%	86.3%	FY17	-0.7%	20.2%
FY05	0.8%	17.3%	FY18	6.7%	11.8%
FY06	39.0%	70.0%	FY19	3.8%	16.4%
FY07	10.8%	14.3%	FY20	32.5%	-25.0%
FY08	27.5%	25.1%	FY21	5.3%	72.5%
FY09	26.8%	-35.4%	FY22	17.6%	20.3%
FY10	7.0%	75.3%	FY23	10.4%	0.6%
FY11	28.0%	12.4%	FY24	13.2%	30.1%
FY12	33.1%	-8.2%	FY25	43.1%	6.7%

Source: Bloomberg, internal calculations. Gold prices in INR do not include any customs duties, local taxes etc. **Past performance may or may not be sustained in the future and is not a guarantee of any future returns. HDFC AMC/Mutual Fund is not guaranteeing or promising or forecasting any returns**

Since FY2000, Gold outperformed or fell less than Equities in every FY that Equities had a negative return

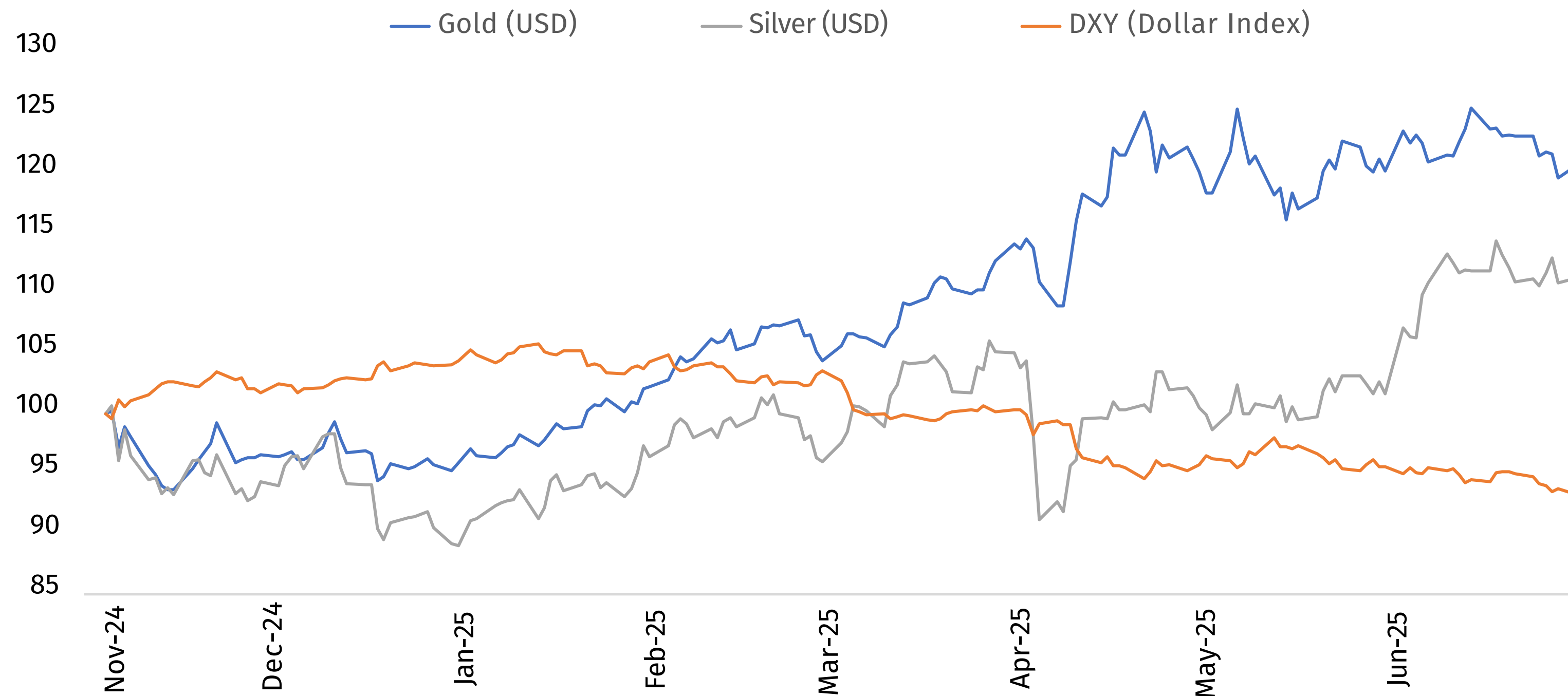
Ongoing trade war and geopolitical uncertainties have led investors to turn to gold as a hedge to protect their portfolios due to:

- Fears of global slowdown and increased risk of world splitting into fragmented trade and financial blocs
- Tensions in the Middle East remain with the Hamas-Israel conflict and broader tensions with Iran remain high
- Russia - Ukraine conflict continues



Gold – safe haven during tariff uncertainty

Indices rebased to 100



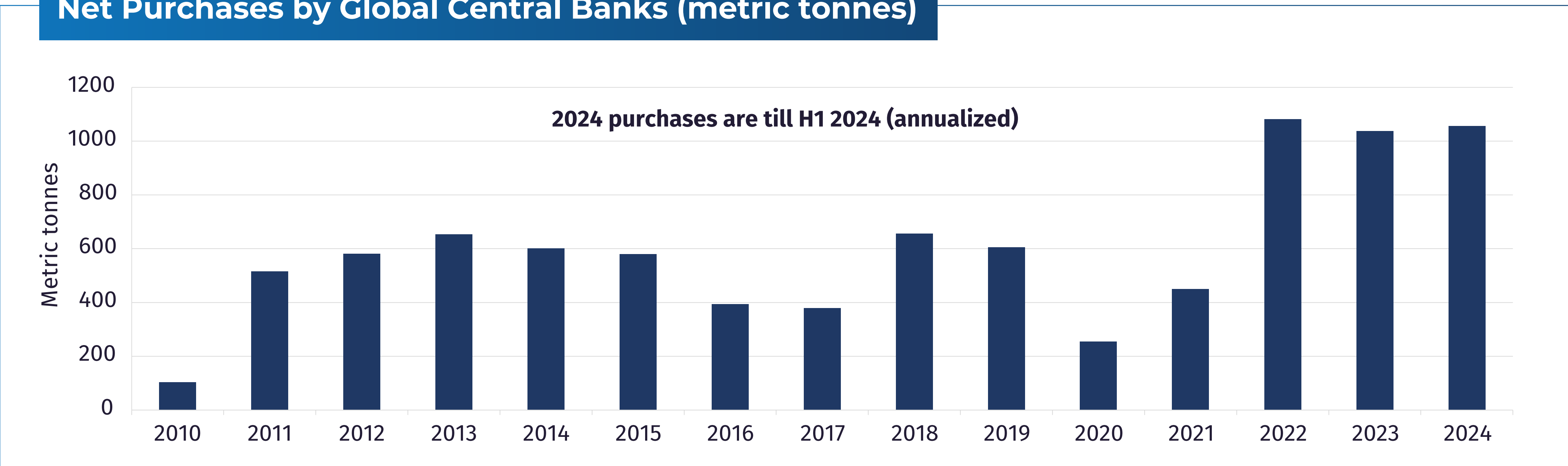
Source: Bloomberg. Data from Nov 4, 2024 (US Elections) to June 30, 2025

Gold prices have risen as the dollar weakened and tariff uncertainty increased

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Central banks have been increasing gold purchases

Net Purchases by Global Central Banks (metric tonnes)



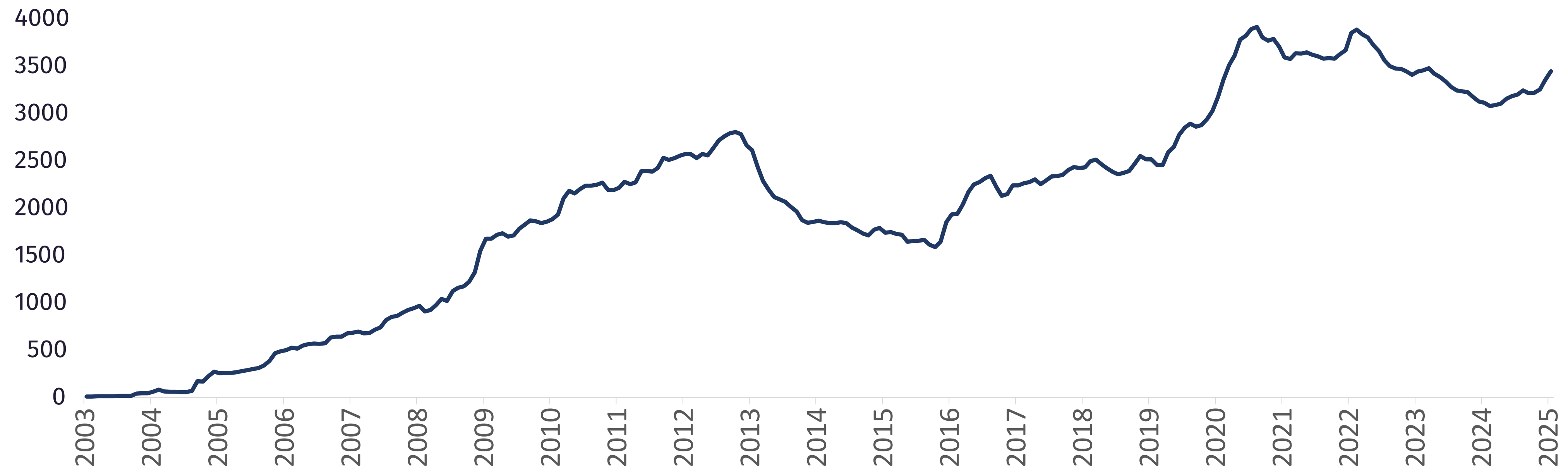
Source: Bloomberg

Net purchases of gold by global central banks increased sharply in 2022, 2023 and 2024, as they sought to diversify their Forex Reserves

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Potential increase in gold ETF demand can push prices higher

Gold holdings in ETFs (tonnes)



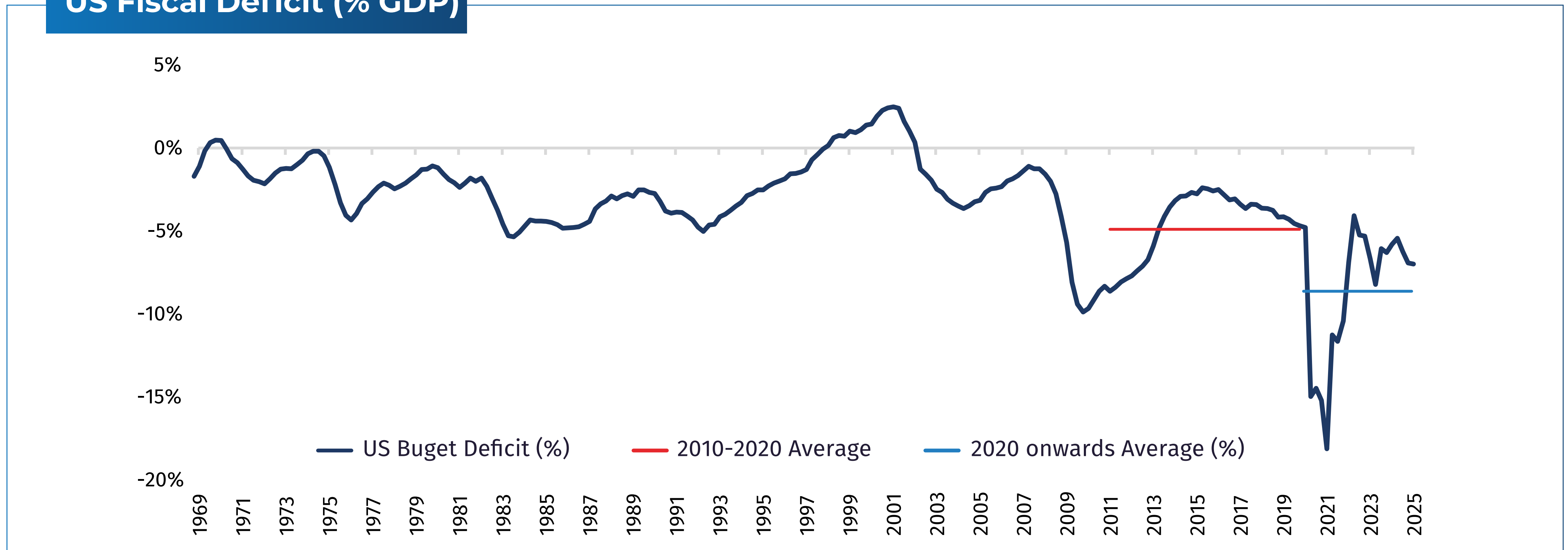
Source: World Gold Council. Data as of Mar 31, 2025

Despite the rally in gold price, physical gold held by global ETFs is still below 2020 levels => increased ETF investments could potentially boost prices

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US fiscal position has been weakening

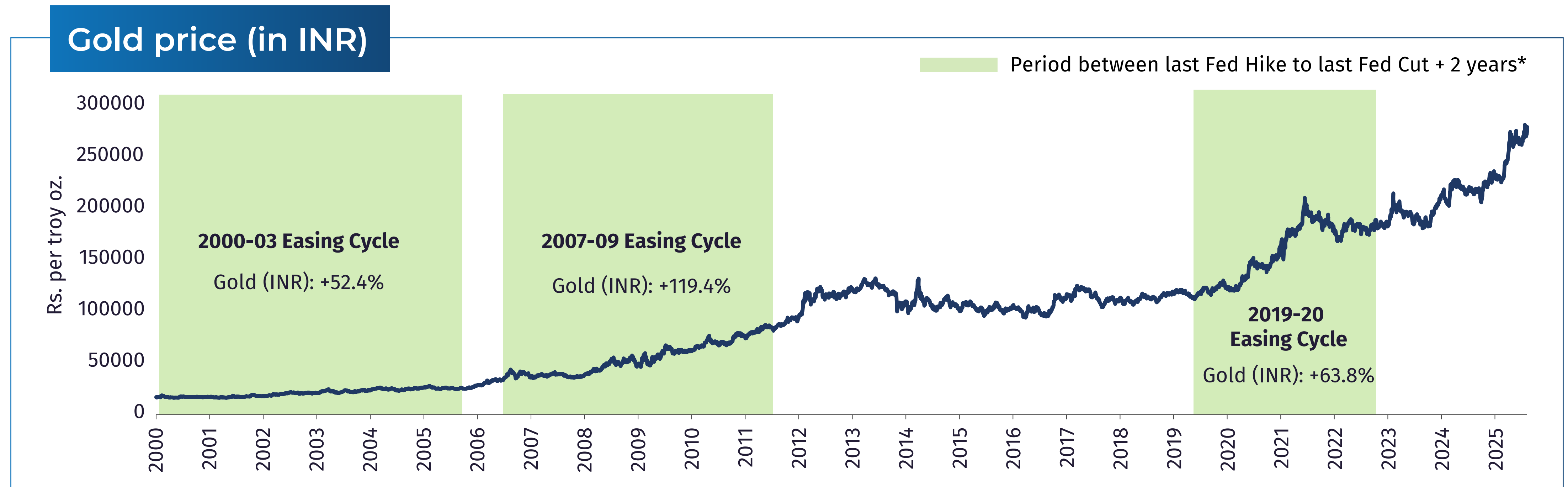
US Fiscal Deficit (% GDP)



Source: Bloomberg

Investors are diversifying away from the USD as US fiscal health worsens

Gold & Interest Rates - Performance of gold during US easing cycles

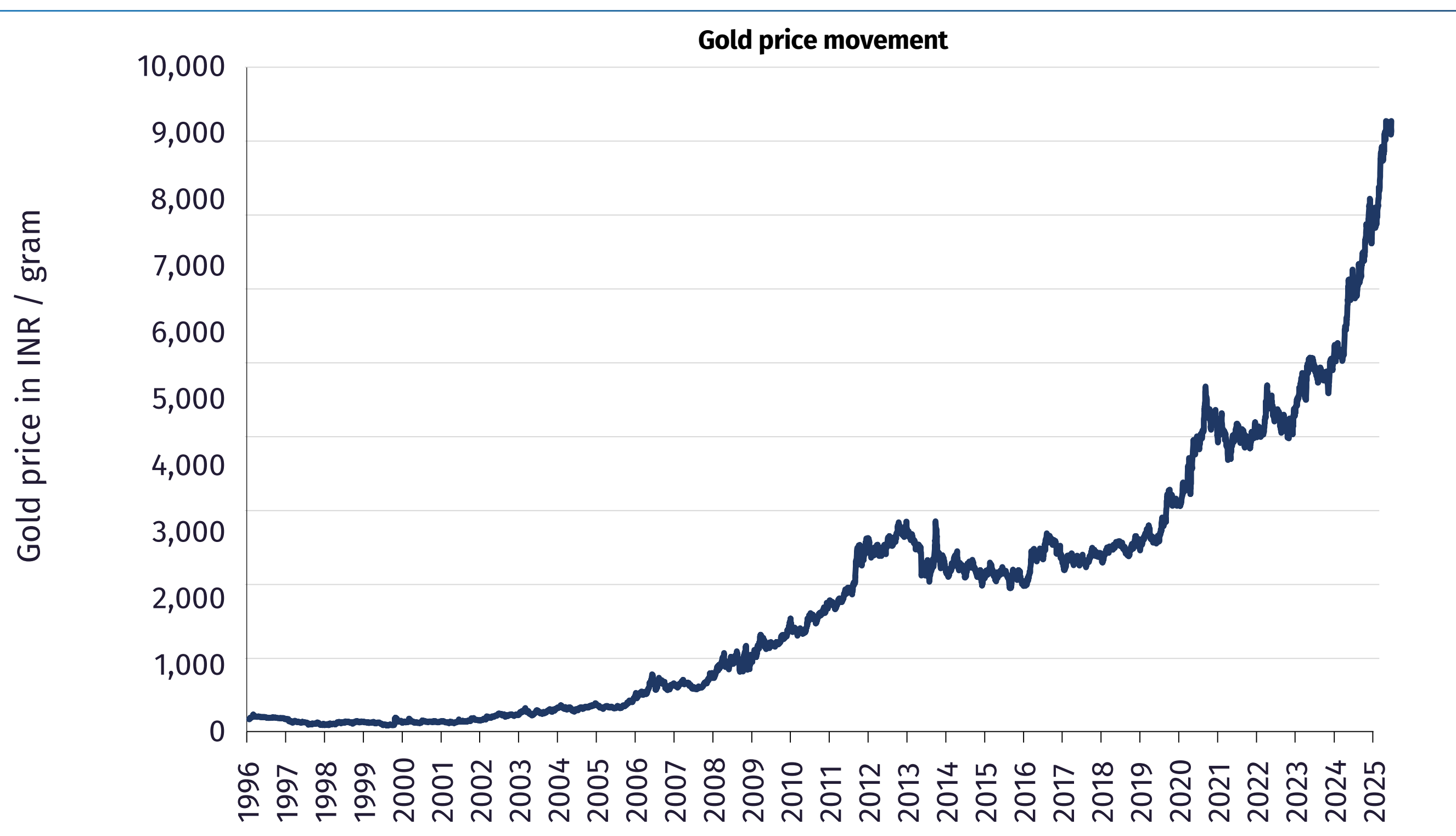


Source: Bloomberg, internal calculations. Gold prices in INR do not include any customs duties, local taxes etc. Returns are simple ie. not annualized. **Past performance may or may not be sustained in the future and is not a guarantee of any future returns. HDFC AMC/Mutual Fund is not guaranteeing or promising or forecasting any returns.** * For example, the shaded period for the 2019-20 easing cycle refers to the period between Dec 2018 to Mar 2022. The breakup is as follows - for 2019-20 cycle, the last Fed hike was in Dec 2018, the last Fed cut of the following easing cycle was March 2020 and 2-year period after the last Fed cut ended in Mar 2022.

Historically, Gold has generally performed well in monetary easing environments

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Gold price movement over the last 25+ years



CAGR* returns		
Period	Gold (INR/gm)	Gold (USD/gm)
20 Years	14.4%	10.6%
15 Years	11.1%	6.7%
10 Years	14.1%	10.8%
5 Years	16.0%	13.1%
3 Years	25.1%	21.8%
1 Year	44.3%	40.8%

Source: Bloomberg, Data as on Jun 30, 2025. Gold prices in INR do not include any customs duties, local taxes etc.

*CAGR: Compounded Annualized Growth Rate.

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- ◆ As a precious metal used in jewellery, silverware
- ◆ As an industrial commodity, it has large industrial use – from electrical switches to solar to chemical producing catalysts.
- ◆ Considered as an auspicious metal in most parts of the country – bought especially around events like Dhanteras, Akshaya Tritiya, etc.
- ◆ Also serves as an investment tool - investment demand formed 25% of global demand over 2012-2021 (Source: Silver Institute)

Did you know?

- Silver's atomic symbol, **Ag**, is from Latin argentum, taken from the Greek ἄργυρος meaning 'shiny'
- Silver was also used as a currency till about 1930s



Why consider investing in Silver?

As an Industrial Commodity

- Play on industrial recovery – with heavy usage in portable devices, industrial equipment
- Improving demand outlook on account of higher adoption in new age and green technologies – solar panels, electronic devices, electric vehicles, new age pharmaceutical products, water purification



As a Precious Metal

- Hedge against currency depreciation
- Diversification

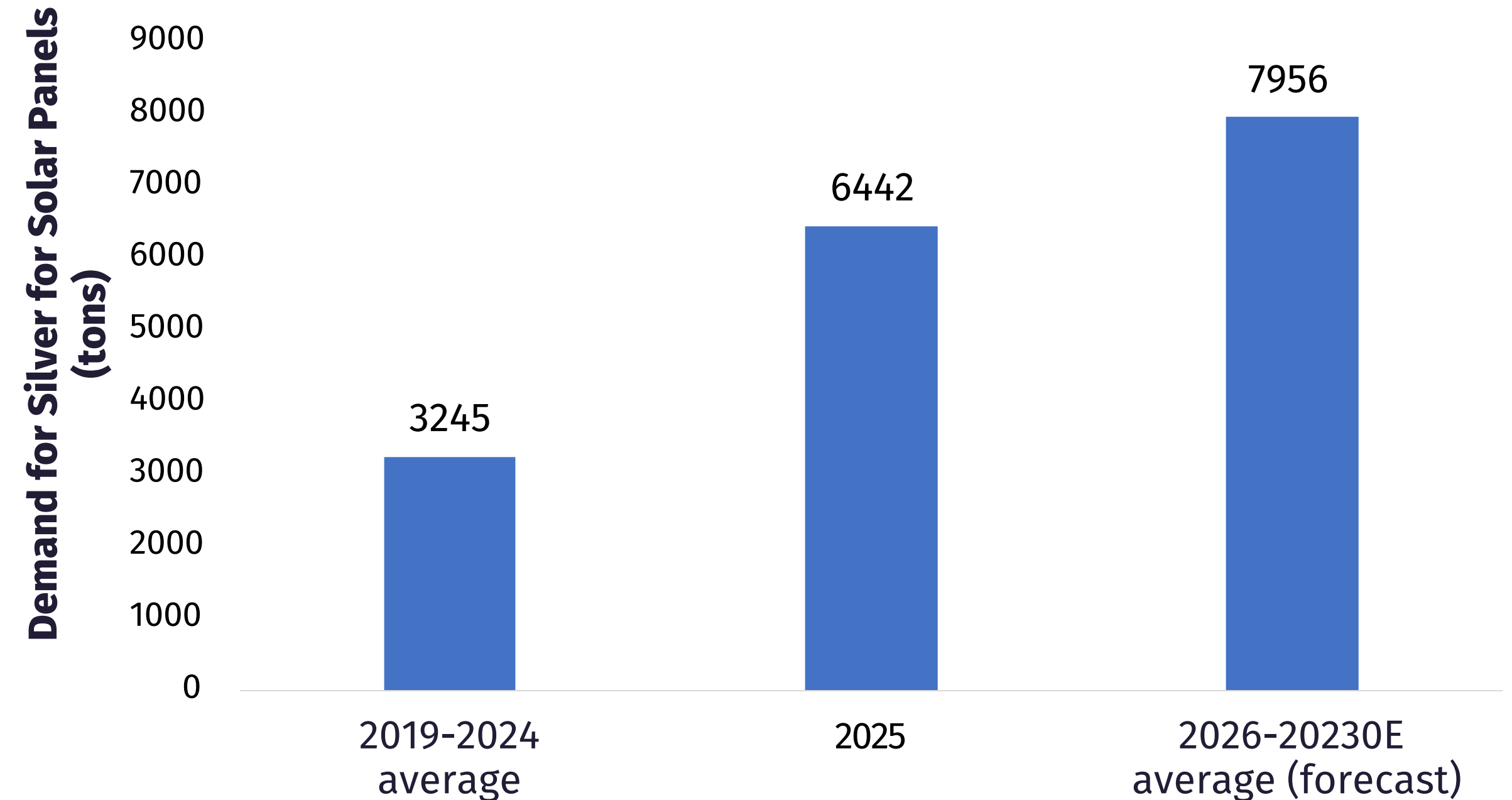
Silver – A Key Component in Solar Energy Generation



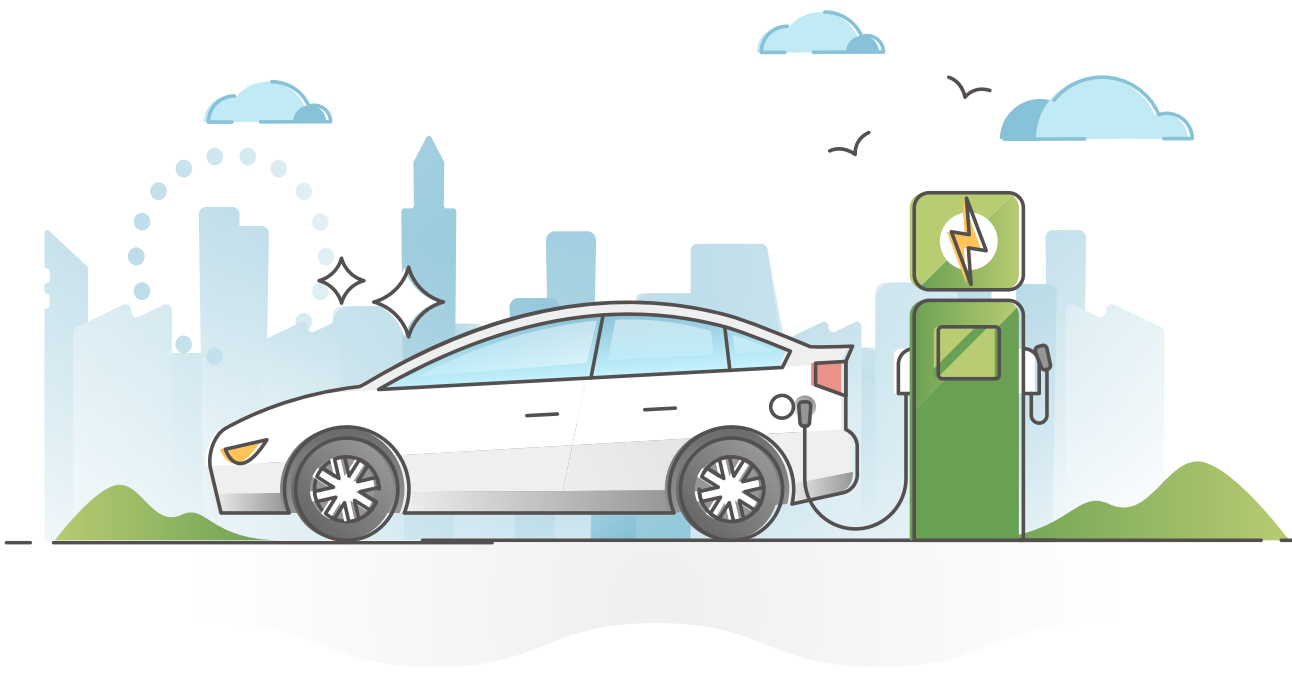
■ Did you know?

- Each solar cell uses approximately 100mg of silver
- **Aggressive goals set by countries, including India, regarding renewable energy – Solar holding a significant share in the same**

Increasing Solar Power Demand = Increasing Silver Demand

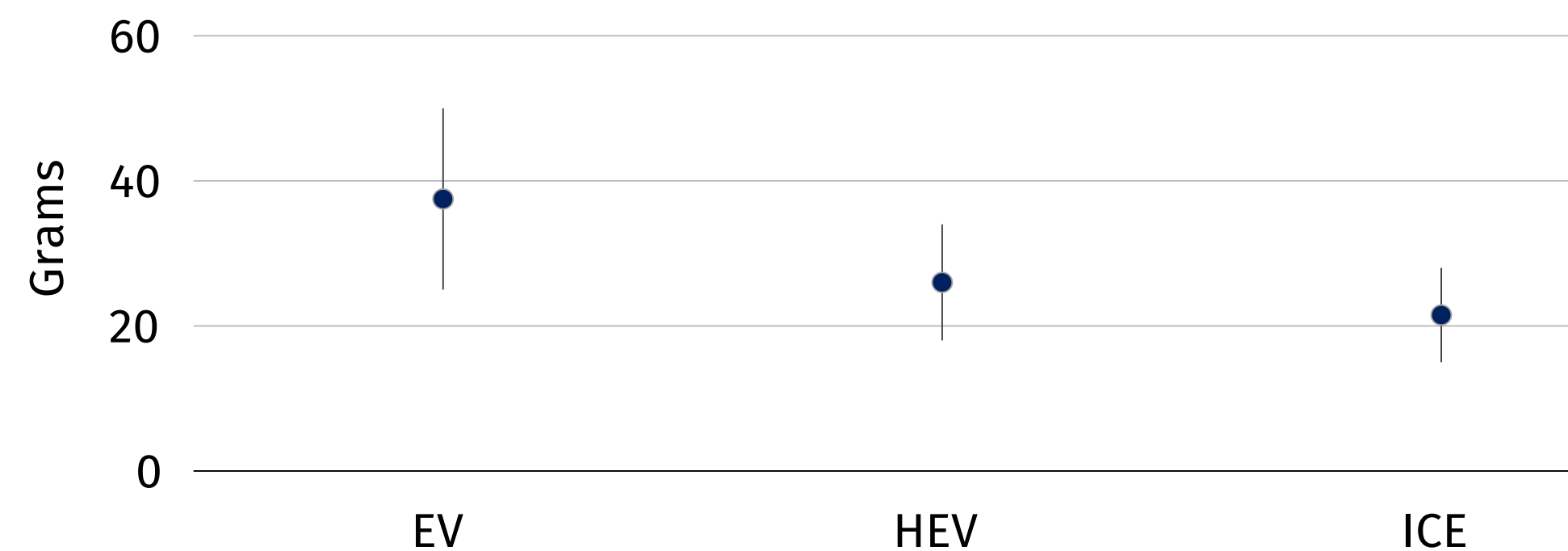


Silver being actively adopted in EVs*

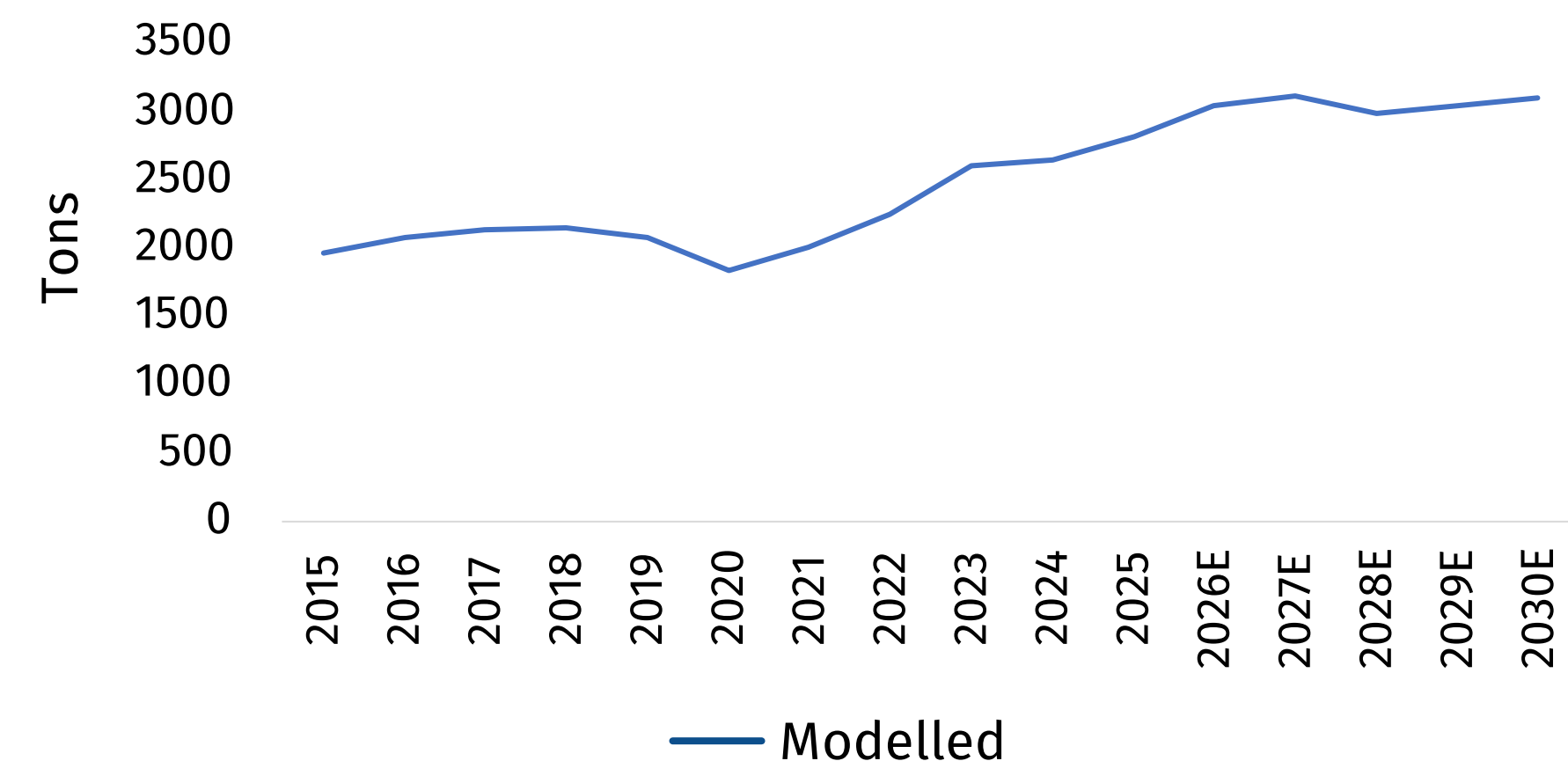


- Increasing share of EVs in the automobile market is expected to increase demand of Silver as EVs use almost twice the silver used in the traditional Internal Combustion Engine (ICE) car.
- Charging stations also expected to increase the demand for silver

Demand of Silver for Different Types of Vehicles



Overall Demand of Silver for EVs



*Note: EV – Electric Vehicle; HEV – Hybrid Electric Vehicle; ICE - Internal Combustion Engine

Source: Silver Institute, BofA Global Research

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Silver Price Movement over the last 25+ years



CAGR* returns		
Period	Silver (INR/gm)	Silver (USD/gm)
20 Years	12.2%	8.5%
15 Years	8.8%	4.4%
10 Years	11.9%	8.6%
5 Years	18.0%	15.1%
3 Years	24.1%	20.8%
1 Year	25.6%	22.5%

Source: Bloomberg, Data as on Jun 30, 2025. Silver prices in INR do not include any customs duties, local taxes etc.

*CAGR: Compounded Annualized Growth Rate.

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Gold / Silver Ratio



Source: Bloomberg, Data as on Jun 30, 2025

The Gold-Silver Price Ratio shows the relative price movement of gold versus silver

Rolling Return Period	Average Rolling Returns				Standard Deviation			
	Gold	Silver	NIFTY 50 TRI	Debt	Gold	Silver	NIFTY 50 TRI	Debt
1 year	13.7%	13.5%	16.3%	7.9%	15.6%	28.3%	25.6%	7.6%
3 year	12.6%	11.4%	15.2%	7.3%	8.9%	14.6%	12.6%	4.8%
5 year	12.5%	11.4%	15.5%	6.8%	7.3%	10.6%	8.8%	2.5%

Source: Bloomberg, Data as on June 30, 2025. Data from June 1999 has been considered for the above analysis. For Debt, we have used the NIFTY 10 yr Benchmark G-Sec Index. For Gold and Silver, we have used international prices converted to INR without considering taxes, duties and charges.

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Consider investing in Gold & Silver Digitally through:

HDFC Gold ETF

BSE Scrip code: 533230
NSE Symbol: HDFCGOLD

HDFC Gold ETF Fund of Fund

HDFC Silver ETF

BSE Scrip Code: 543592
NSE Symbol: HDFCSILVER

HDFC Silver ETF Fund of Fund

Silver is a Voluminous Metal

- Investing INR 15 lakh involves buying **~14kg of silver**
- Density of silver is **10g/cm³**; roughly half of gold
- Storing silver physically in a safe manner could be difficult for an individual



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Why invest in Gold and Silver digitally?



Convenience & Safety

Respective ETFs invest in physical Gold and Silver – investors saved from the hassle of physical storage



Purity

Physical Gold and Silver held with 99.5% fineness or above for Gold, and 99.9% fineness or above for Silver[^]



Liquidity

ETF - Market Makers provide liquidity on Stock Exchange
FoF - Investors can invest / redeem units on a daily basis



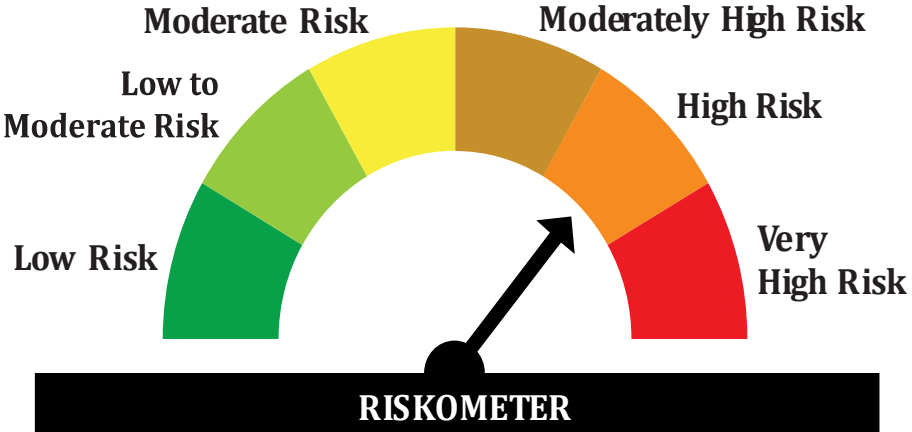
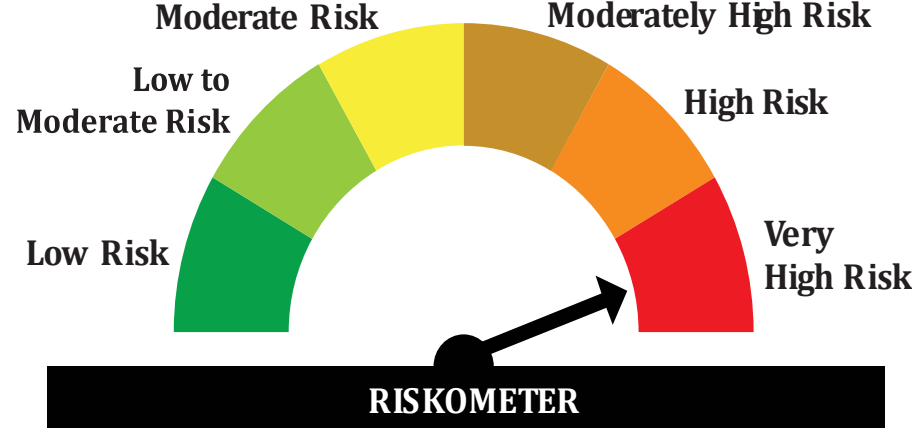
Lower Cost

Ideal vehicle for long-term investment due to lower expense ratios

FoF investors also enjoy these benefits as the FoF invests in the respective ETF units

[^] complies with Good Delivery norms as specified by SEBI Regulations

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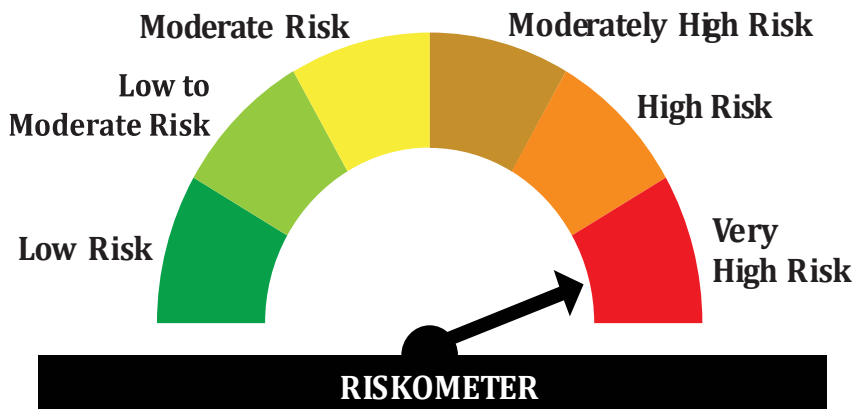
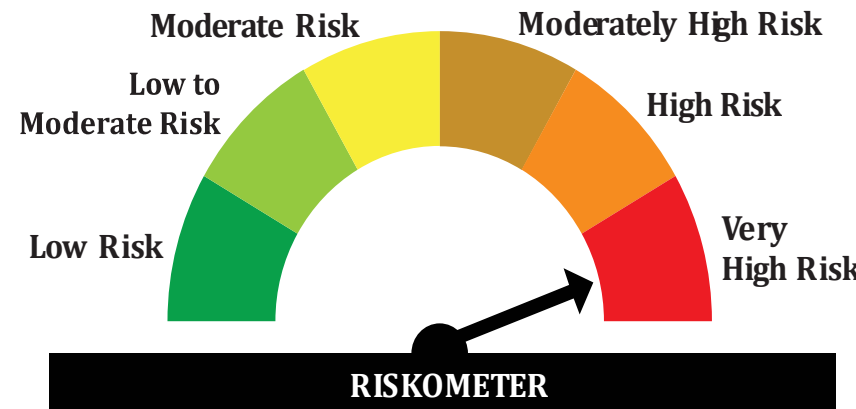
Name of Scheme / Investment Plan	This product is suitable for investors who are seeking*:	Scheme Riskometer#
HDFC Gold ETF	- Returns that are commensurate with the performance of gold, subject to tracking errors, over long term - Investment in Gold bullion of 0.995 fineness	 RISKOMETER <i>The risk of the scheme is high</i>
HDFC SILVER ETF	- Returns that are commensurate with the performance of silver, subject to tracking errors, over long term. - Investment in Silver bullion of 0.999 fineness.	 RISKOMETER <i>The risk of the scheme is very high</i>

*Investors should consult their financial advisers, if in doubt whether the products is suitable for them

#For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com

Scheme Riskometer as on June 30, 2025

Product Labeling and Riskometers

Name of Scheme / Investment Plan	This product is suitable for investors who are seeking*:	Scheme Riskometer#
HDFC Gold ETF Fund of Fund	- Capital appreciation over long term - Investment in Units of HDFC Gold ETF (HGETF). HGETF invests in gold bullion of 0.995 fineness	 RISKOMETER <i>The risk of the scheme is very high</i>
HDFC Silver ETF Fund of Fund	- Capital appreciation over long term. - Investment in Units of HDFC Silver ETF (HSETF). HSETF invests in Silver and Silver related instruments.	 RISKOMETER <i>The risk of the scheme is very high</i>

*Investors should consult their financial advisers, if in doubt whether the products is suitable for them

#For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com
Scheme Riskometer as on June 30, 2025

Note: Investors in HDFC Silver ETF Fund of Fund and HDFC Gold ETF Fund of Fund shall bear the recurring expenses of the Scheme in addition to the recurring expenses of the respective underlying Schemes (subject to regulatory limits).

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Mission: To be the wealth creator for every Indian

Vision: To be the most respected asset manager in the world



Thank You

