
Investing in the Gold Sector: Bullion or Barrick?

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MD GFMS WORLD GOLD

GFMS SEMINAR
LONDON
SEPT 17 2008



LAST MONTH!

INDEX	
GOLD	-19%
BARRICK	-35%
NEWMONT	-23%
XAU	-33%

Source: GFMS World Gold, Stockwatch



GOLD SECTOR CHOICES

GOLD

- BULLION, FUTURES, ETFs, COINS & JEWELLERY

GOLD SHARES

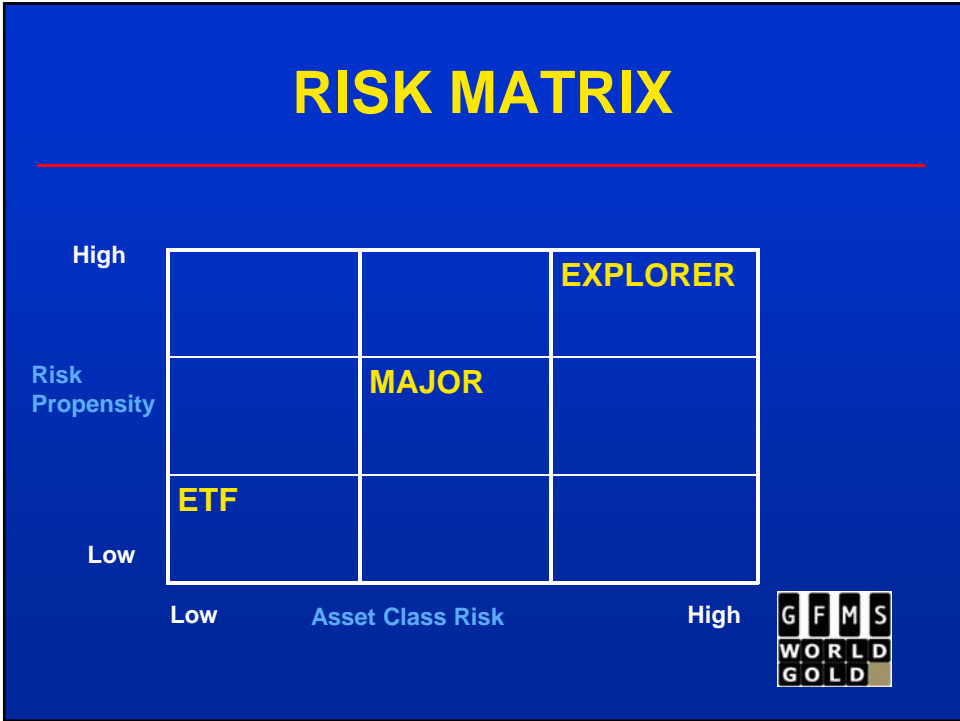
- PRODUCERS
- EXPLORERS



DECISION FACTORS

1. RISK PROPENSITY
2. EASE & EXIT
3. INVESTMENT AIM





DECISION FACTORS

1. **RISK PROPENSITY**

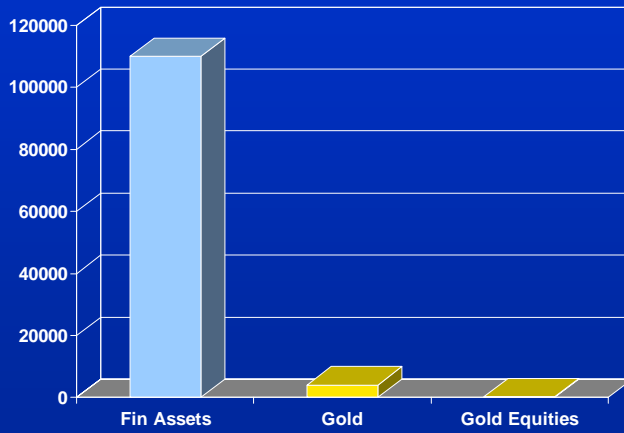
2. **EASE & EXIT**
 - Gold – easy for professional; ETFs help private
 - Equities – Easy for private investors although choice and lack of info can perplex. Constraints on large investors; liquidity issues

3. **INVESTMENT AIM**
 - Short term? Dividends? Short or long?



MARKET SIZE

(US\$ Billion)



Source: Tocqueville Asset Management

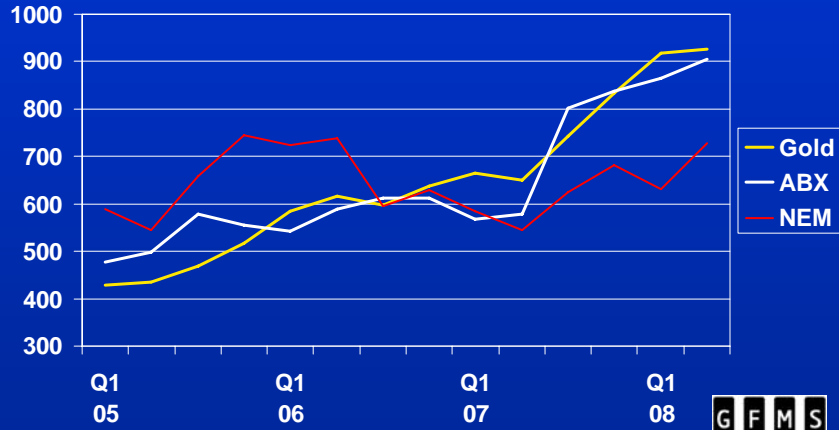


FINDINGS

- BULLION V BARRICK
- 3 AND 10 YEAR COMPARISONS
- SOME SPECIFICS OF JUNIORS



3 YR COMPARISON



Source: Barry Cooper, CIBC World Markets



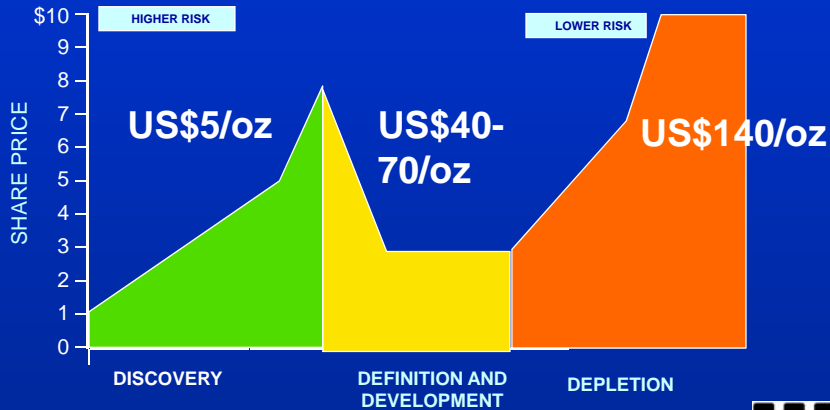
10 YEAR

INDEX	1 SEPT 98	1 SEPT 08	
GOLD (US\$/oz)	279	822	+195%
XAU	51	139	+173%
BARRICK	20.55	35.00	+70%
NEWMONT	14.31	42.93	+200%

Source: GFMS World Gold, Stockwatch



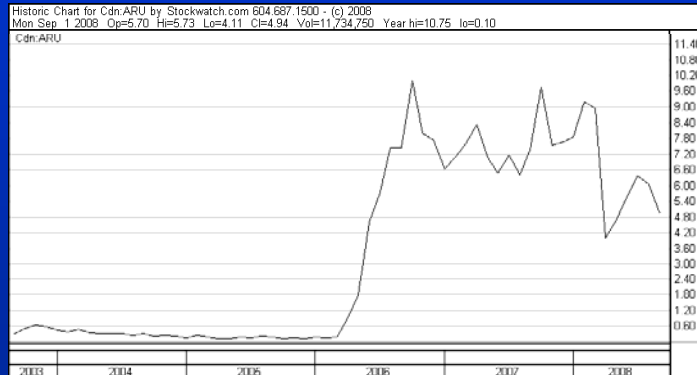
Life Cycle of a Mining Share



Source: US Global Funds/Tocqueville



JUNIOR EXPLORER



Source: Stockwatch



CONCLUSIONS

- OVER 3 & 10 YEAR PERIODS BULLION HAS BEATEN BARRICK.
- FOR CERTAIN PERIODS WITHIN THOSE TIMEFRAMES BARRICK HAS OUTPERFORMED.
- PERFORMANCE OF MAJORS VARIES.
- JUNIORS ARE SPECIAL CASES.
- WITH RECENT DECLINES BARRICK OUTPACED BULLION.



OFF FROM HIGH

INDEX	Hi Value	Last week Value	
GOLD (US\$/oz)	1,011 (17/3/08)	741	-37%
XAU	206 (14/3/08)	113	-45%
BARRICK	53.77 (21/1/08)	28.01	-48%
NEWMONT	61.95 (1/2/06)	36.73	-36%

Source: GFMS World Gold, Stockwatch

