

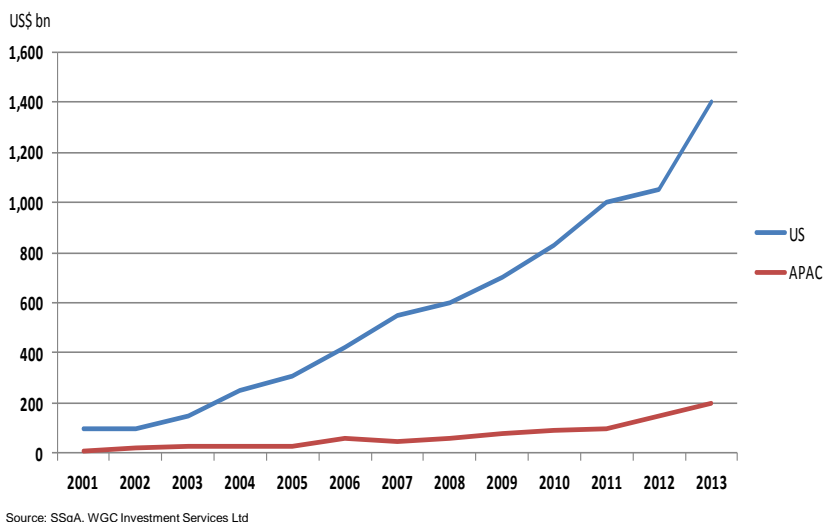
Gold ETFs - What Future in Asian Portfolios?

LBMA, Singapore, 25 June, 2014

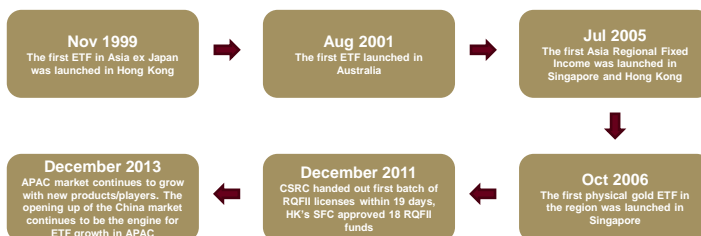
Albert Cheng, Managing Director, Far East



APAC ETF AUM Growth and Development



APAC ETF AUM Growth and Development (cont.)



- As of December 2013, there were 635 ETFs within the APAC region
- APAC ETF market has grown to just under ~US\$180bn (2013) since the launch of the first ETF in 1999
- Forecast to grow to just under ~US\$300bn by 2018

Source: SSgA, WGC Investment Services Ltd

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APAC ETF Growth Factors

Supporting regional growth

- Growing region and availability of assets
- Investment trends, use of ETFs in portfolio management techniques

Supporting growth in specific countries/segments

- Some local regulatory changes beneficial for ETFs (e.g. transparency)
- Investment in outdated trading systems (may be easier/cheaper to access ETFs instead)
- Growing wealth and limited intermediary business in countries like Australia

Factors slowing growth

- Various currencies drive costs
- Low natural local liquidity limits institutional trading in local APAC markets
- Different fund regulation across APAC

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Gold ETFs in APAC

Country	Name	2013 AUM (US\$m)	2012 AUM (US\$m)
Australia	Betashares Gold	20.68	73.63
	ETF Physic Gold	367.13	649.99
	Gold C CW29 Gold	43.90	62.56
China	Guotai Gold	6.68	0
	Huashan Yifu Gold	40.04	0
	E - Fund Gold	2.6	0
Hong Kong	SPDR Gold Shares	231	534
	Hang Seng RMB Gold	12.34	16.82
	Value Gold ETF	105.11	143.06
India	Axis Gold ETF	65.5	75.57
	Birla Sun Life Gold	19.2	24.03
	Canara Robeco Gold	24.77	19.26
	Gold Exch Trad - Gold	407.39	628.74
	HDFC Gold ETF	121.84	149.46
	ICICI Prudential Gold	28.85	36.2
	IDBI Gold ETF	23.14	31.20
	Kotak Gold ETF	138.75	252.29
	Mottlal Oswal Most Gold	9.01	9.40
	Quantum Gold Fund	9.86	12.13
	R* Shares Gold	379.57	548.91
	Religare Invesco Gold	11.01	14.63
	SBI Gold Exchange	205.87	249.33
	UTI Gold Exchange	97.89	133.97
Japan	SPDR Gold Shares	127.18	278.24
	Gold Price Linked	73.41	123.82
	Japan Physical Gold	267.81	300.42
	Mizuho Gold ETF	1.27	1.77
Singapore	SPDR Gold Shares	1,108.37	1,535.54
South Korea	SAMS Kodex EO & Gold	10.45	18.52
	Bal SAMSUNG Kodex Gold	37.43	43.43
Thailand	Bualuang Chay Gold	11.36	17.17
	K Gold	12.50	16.33
	KTAM Gold	13.92	18.78
	Thaidex Gold	3.42	4.75
	Thanachart Gold	9.93	12.8

Country	2013 AUM (US\$m)	2012 AUM (US\$m)	Change (%)
Australia	431.73	786.19	(45)
China	46.72	0	N/A
Hong Kong	350.85	700.53	(50)
India	1,542.72	2,184.31	(29)
Japan	469.67	704.35	(20)
Singapore	1,108.73	1,535.64	(28)
South Korea	47.8	61.95	(23)
Thailand	51.13	69.83	(27)
合計	4,049.34	6,042.62	(49)

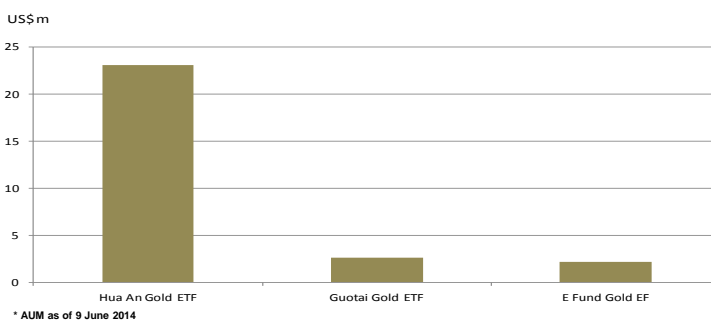
- WGC/SSGA launched first Gold ETF (GLD) in APAC (Singapore) in 2006
- Since then, another 34 Gold ETFs has been launched in the region

Source: Bloomberg, SSGA, WGC Investment Services Ltd

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China Gold ETFs Development

- Poor investment sentiment since listing in 2013



Why?

- Timing issues (all listed after the huge gold price drop in April and June)
- Competing products (GAP, bars & coins, gold mutual funds)
- Design limitation (invest in other fixed income products, not fully tracking gold price)

Source: Bloomberg, WGC Investment Services Ltd

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