

# Why Gold Continues to Outperform for Australian Investors

Gold has been the best performing major asset class of the new millennium, having outperformed shares and property since 2000. This outperformance was seen again in 2024, with prices rising by more than 30%, and hitting new all-time highs above AUD \$4,100 per ounce. Gold's strong performance looks set to continue moving forward with this ABC Bullion infographic highlighting key reasons why investors continue to build and protect wealth using this timeless asset.

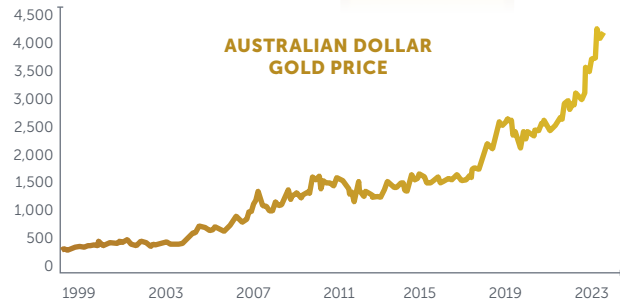


## Long-Term Capital Growth

Gold prices have risen from less than AUD \$500 to more than AUD \$4,100 per troy ounce since the turn of the century, as highlighted in the chart.

That's a return of more than 800% in total, or more than 9.8% per annum, with an AUD \$25,000 investment made at the end of 1999 growing in value to more than \$235,000 by the end of 2024.

The gold price has outperformed all other mainstream assets over this period.

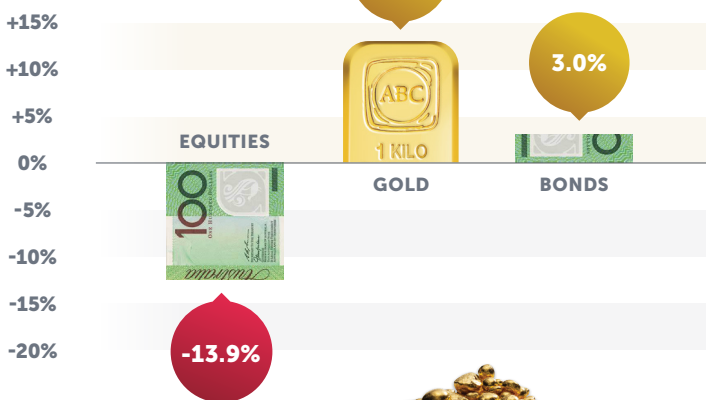


Source: ABC Bullion, World Gold Council

## Protection When it is Needed Most

Gold has an excellent track record of not only protecting, but actually increasing wealth during periods the share market (and often the economy) is at its weakest. It typically outperforms other defensive assets like cash and bonds in these periods too. This is illustrated in the below chart, which shows the average return for gold, for the share market and for bonds in the worst ten quarterly pullbacks that the Australian share market has seen since the turn of the century. This is one reason why investors have come to see gold as a safe haven without peer.

### Average Returns



## High Liquidity

Gold is an exceptionally liquid asset. Indeed, on any given day there is typically more than AUD \$250 billion in daily turnover in the global gold market (source: World Gold Council). That is 30 times more turnover than takes place on the entire Australian stock exchange by dollar value, which helps contextualise just how liquid gold is.

This attribute gives investors absolute confidence they can easily buy and sell gold at will, with businesses like ABC Bullion offering 24/7 trade with clients inside our offices nationwide, over the phone and via our website.



## Effective Hedge Against Inflation

Gold has long been a trusted hedge against inflation. This is no surprise, given that throughout history, gold has formed the backbone of the monetary system, and to this day remains an important asset held by central banks around the world. Research from the World Gold Council looking at data from the past fifty years shows just how effective gold has been as a hedge against inflation, with the below table showing the nominal and real returns generated by gold in various inflationary environments.

Australian investors have also benefitted from the inflation protection that gold offers, with the Australian dollar gold price rising by more than 18% in years inflation ended the year at 3% or higher, while in Stagflationary periods, World Gold Council research showed the AUD price of gold generated average annual returns of more than 25%.

Inflation Environment	Average Nominal Gold Price Return	Average Real Gold Price Return
High Inflation (> 5% per annum price rises)	25.0%	14.2%
Moderate Inflation (between 2-5% per annum price rises)	7.9%	4.5%
Low Inflation (below 2% per annum price rises)	3.4%	2.0%

Source: World Gold Council: Gold as a Strategic Asset.

## Outperformer When Real Interest Rates Are Low

Gold tends to thrive in periods that real interest rates (which factor in inflation) are low. This can be seen in the table below, which highlights the average annual return gold has generated in different real interest rate environments since the 1970s.

Real Interest Rate Environment	Average Annual Gold Return
Below 0%	25%
Below 1%	21%
Below 2%	20%
Below 3%	18%
Below 4%	16%
Below 5%	14%

Source: ABC Bullion, World Gold Council, Australian Bureau of Statistics



## Popular Gold Products

### Pooled Gold

Pooled gold can be bought either by specific weight (i.e. 1 oz) or in fixed dol amounts (i.e. \$10,000). Traded 24/7, ABC Bullion offers free storage and low trading spreads for pooled gold. Perfect for new investors, SMSF trustees, and other investors who want exposure to gold in their portfolio, but do not want to physically store the gold themselves.



### ABC Bullion Gold Cast Bars

ABC Bullion's signature cast bar range includes products ranging in size from ½ ounce (which were selling for less than AUD \$2,200 per bar at the start of January 2025) all the way up to 400 ounces (worth more than AUD \$1.7 million each). Cast bars are the most cost-effective bullion products to purchase.



### Gold Coins

ABC Bullion offers a wide range of gold coins to invest in. Coins have long been a favoured way to own gold bullion, and suit investors wanting to own smaller denomination products, with coins typically coming in a range of sizes from as small as one-tenth of an ounce up to 1 ounce.



### Gold Minted Tablets

Minted tablets are gold products manufactured in size from as little as one gram, all the way up to 100 grams of gold (just over 3 ounces). These products are perfect for those looking to acquire small amounts of bullion at a time, or buying bullion as a gift, with minted tablets sold in protective packaging.



**Please call the ABC Bullion Sales and Customer Service team on 1300 361 261 to discuss the benefits of investing in precious metals**

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