



How Much Bull Is There Left In This Market?

Paul Walker

CEO, GFMS Ltd.

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Presentation Outline

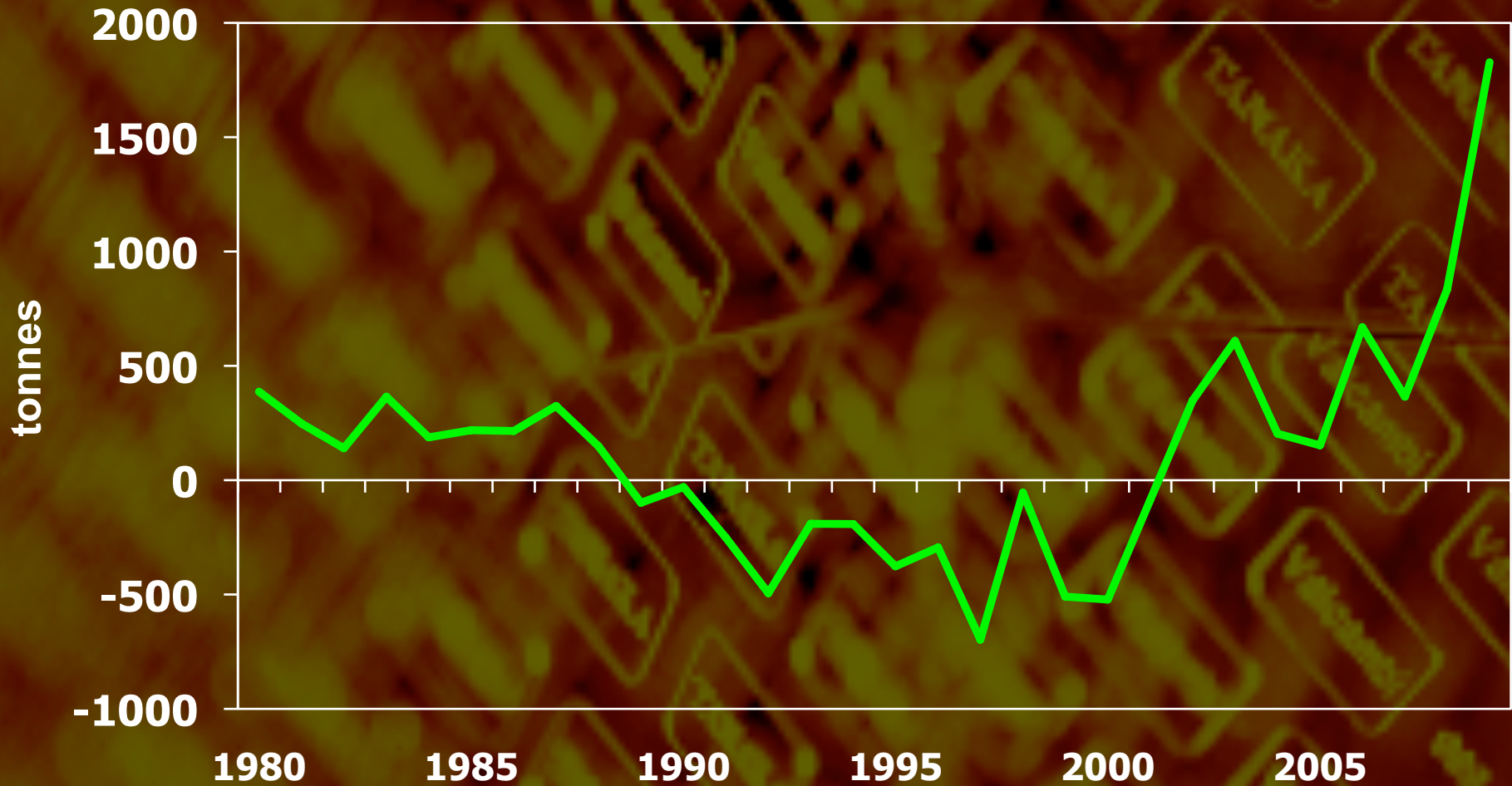
- Net Demand vs Mine Supply – it's all about investment...

FLOWS

- Is gold really “underinvested”?
 - Equities and IPOs
 - ETFs
 - Bonds
- Structural Shift – is it “normal” for investment > jewellery?
- It's all about interest rates.....

Mine Production Less Net Demand*

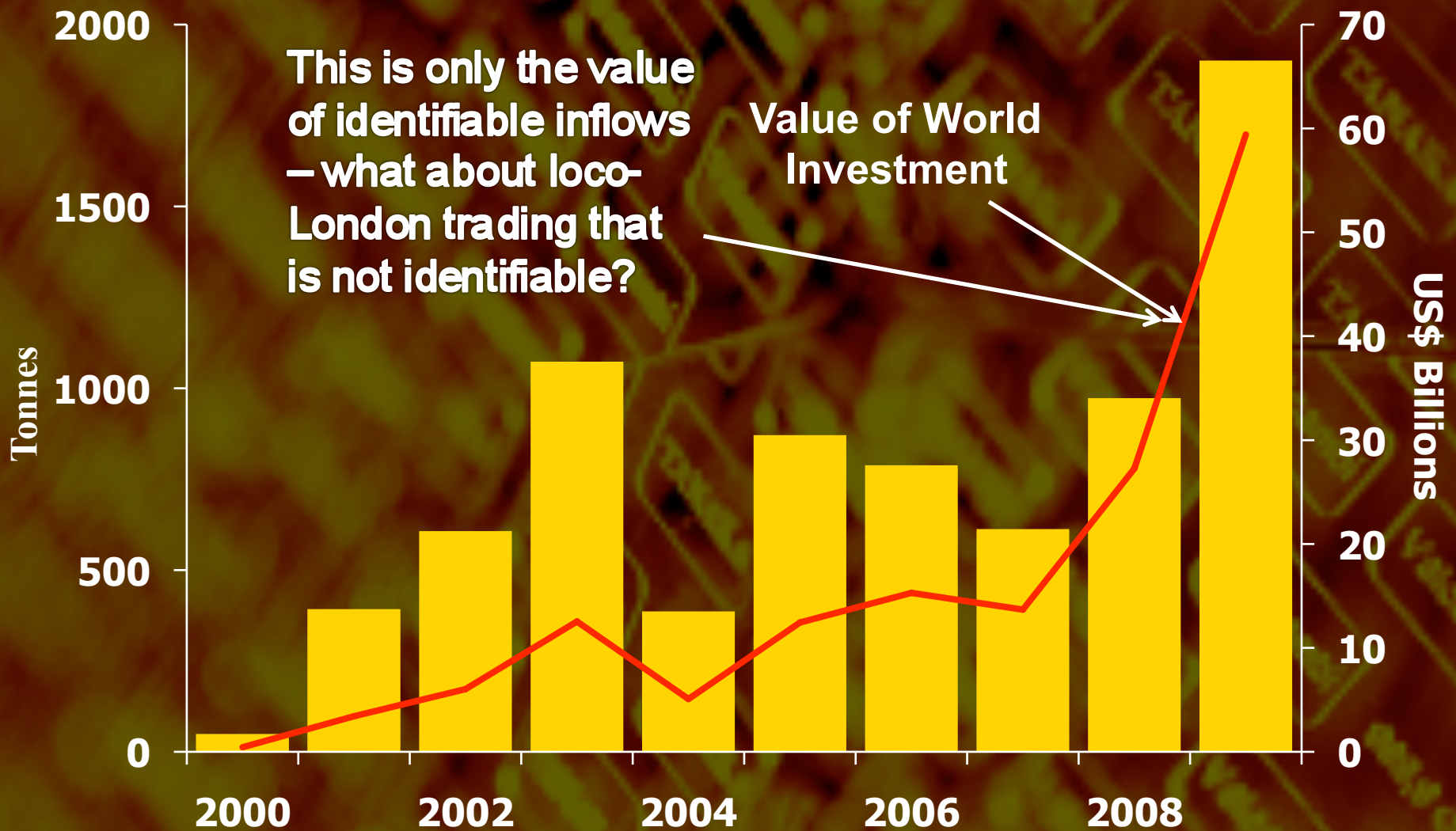
(1980-2009)



*Net Demand = Total fabrication less scrap supply;

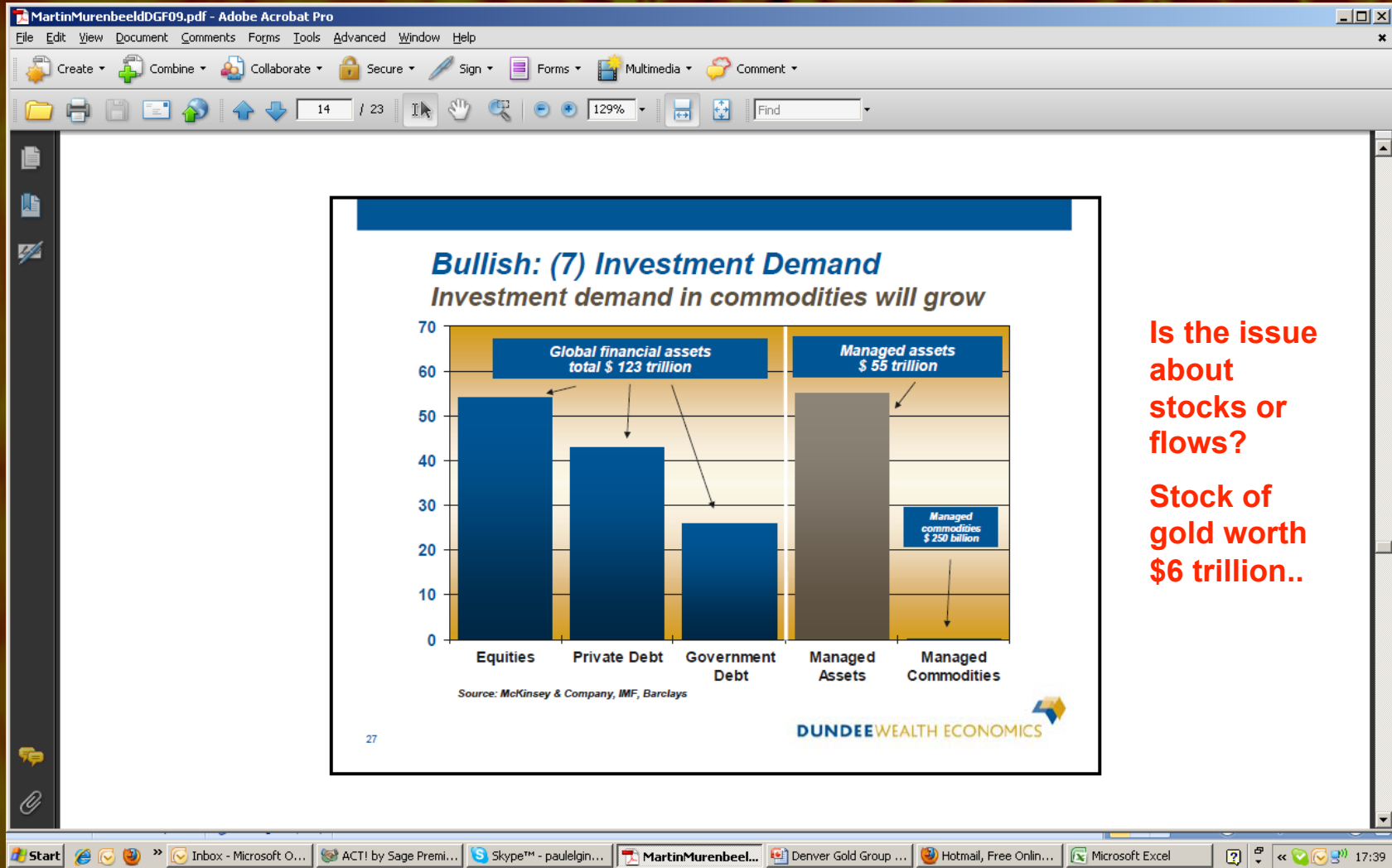
Source: GFMS (Gold Survey 2010)

World Investment*



*World Investment is the sum of Implied Net (Dis)Investment, Bar Hoarding and all Coins & Medals.
Source: GFMS (Gold Survey 2010)

Is Gold Really “Underinvested?”



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Equities and IPOs

Global - Summary IPO Data

	4Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010
No. Deals	172	27	67	20	6	2	22	51	103	100	103
Total Proceeds (billions)	\$94.3	\$34.8	\$35.0	\$9.3	\$1.6	\$0.9	\$10.0	\$34.0	\$61.0	\$44.9	\$37.0

Global IPOs include all with deal size greater than US\$100mm.

• Source: Renaissance Capital

.US mutual funds inflows: YTD 2010

Estimated Net Flows \$Mil	June 2010	YTD 2010
U.S. Stock	(7,518)	(16,984)
International Stock	(328)	19,620
Balanced	(706)	7,385
Taxable Bond	17,618	119,584
Municipal Bond	1,988	19,524
Alternative	1,611	11,596
Commodities	823	6,010
All Long Term	13,489	166,736
Money Market	(30,818)	(487,494)

Commodities % of Total .YTD 2010

.3.60%

.YTD 2010 flows

Commodities



(US Stock)

Is Gold Really “Underinvested?”

The ETF Universe

- SPDR Gold Shares GLD was the most popular of all (more than 800) ETFs in 2009 in terms of asset flows, receiving \$11b.
- In H1 2010, GLD received \$7.4b - 22% of total inflows into all US ETFs.
- Only the taxable bond asset class ETFs, together in their entirety, pulled more inflow than GLD in H1 2010.
- SPDR GLD is the second largest ETF on the market with assets of \$51b, only \$15b less than SPDR S&P500, the most traded security on the planet (as of Aug 2010).
- Commodities received 26% of all inflows into US ETFs in 2009.

■ . Source: Morningstar

Is Gold Really “Underinvested?”

The Bond Universe

- Amounts outstanding on the global bond market increased 10% in 2009 to a record \$91 trillion.
- All gold needs is a small shift away from bonds to the yellow metal..... But....

. Source: Morningstar

Is Gold Really "Underinvested?"

All bonds are not created equal

Search Results | BondMarketPrices.com - Mozilla Firefox

http://www.bondmarketprices.com/searchresults.aspx

Operating since 1985

Search Results

Security Name	Curr	Trade prices: 15SEPT2010			No.Trades	Volume	Average Daily Volumes: JUL2010		Average Closing Quotes	
		High	Low	Median			Bid	Offer		
3M CO 5.0 14/07/2014		111.89	111.89	111.89	< 1	55000	111.34	111.82		
A2A 4.5 02/11/2016	EUR	105.88	105.35	105.74	7	1126619	105.44	105.98		
ABBEY NATIONAL TREASURY 2.5 18/03/2013	EUR	100.81	100.81	100.81	2	435714	100.44	100.86		
ABBEY NATIONAL TREASURY 3.625 14/10/2016	EUR	103.32	102.97	102.99	1	188809	102.58	103.26		
ABBEY NATIONAL TREASURY 3.875 10/11/2014 S	USD	102.06	102.06	102.06	< 1	100714	101.64	102.03		
ABBEY NATIONAL TREASURY 5.5 18/06/2014 S	GBP	108.75	108.75	108.75	1	245428	108.10	108.45		
ABN AMRO 4.25 11/05/2016	EUR	104.06	103.72	104.06	4	582380	103.24	104.29		
ABN AMRO 4.75 04/01/2014	EUR	105.31	105.17	105.24	2	282047	104.85	105.46		
ABN AMRO BANK 3.25 18/01/2013	EUR	104.08	104.03	104.05	< 1	138095	103.70	104.13		
ABN AMRO BANK 3.625 22/06/2020	EUR	106.44	106.44	106.44	< 1	281047	105.59	106.08		
ABN AMRO BANK 3.75 12/01/2012	EUR	103.41	103.41	103.41	1	683333	103.12	103.42		
ABN AMRO BANK 3.75 15/07/2014	EUR	107.40	106.93	107.17	1	307142	106.59	107.01		
ABN AMRO BANK F/R 09/2016 Q	EUR	89.50	89.25	89.50	2	479142	88.97	90.11		
ABN AMRO F/R 03/2015 Q	USD	85.50	85.25	85.50	3	676761	84.94	85.93		
ABN AMRO F/R 06/2015 Q	EUR	88.50	87.00	87.50	4	745333	87.23	88.08		
ABN AMRO F/R 09/2011 Q	EUR	99.65	99.61	99.61	< 1	36476	99.49	99.68		
ABU DHABI NATL ENERGY 4.75 15/09/2014 S	USD	103.30	102.50	103.25	3	1059238	102.79	103.38		
ABU DHABI NATL ENERGY 5.62 25/10/2012 S	USD	105.25	105.25	105.25	1	342000	105.12	105.58		
ABU DHABI NATL ENERGY 5.875 27/10/2016 S	USD	106.50	106.20	106.32	2	1197809	106.00	106.50		
ABU DHABI NATL ENERGY 6.6 01/08/2013 S	USD	108.70	108.27	108.44	1	929761	108.27	108.65		

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First Prev Next Last

1 of 1815!
And only large investment grade bond issues rated A- or above

Done

Start | Inboxes - Microsoft ... | ACT! by Sage Pre... | Skype™ - paulelgin... | Adobe Acrobat Pro | Denver Gold Group... | Search Results | ... | Microsoft Excel | 16:03

Is Gold Really “Underinvested?”

Bonds issued on the 27th June 2010

International Bond Issues - Mozilla Firefox
<http://markets.ft.com/ft/markets/reports/FTReport.asp?dockey=NIB-220410>

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runnerww
■ US Dollars							
AngloGold Ashanti	700	5.395	99.85	apr 2020	Undiscl		Barc/GS
AngloGold Ashanti	300	6.50	98.435	apr 2040	Undiscl		Barc/GS
BNG	500	FRN	100.000	maj 2013	Undiscl	3mL+14bps	GS
BNP Paribas	400	3.25	99.676	mar 2015	Undiscl		BNP Paribas
Dexia Credit Govt Gtd	2.25bn	2.75	100.000	apr 2014	Undiscl		Citi/Deutsche Bank/GS/JP Morgan
Dexia Credit Govt Gtd	2.25bn	FRN	100.000	apr 2014	Undiscl	C3mL+48	Citi/Deutsche Bank/GS/JP Morgan
ORIX Corp	750	4.71	99.991	apr 2015	Undiscl		BAML/MS/UBS
Regions Financial	250	4.875	99.398	apr 2013	Undiscl		CreditSuisse/GS/MK
Regions Financial	500	5.75	99.882	jun 2015	Undiscl		CreditSuisse/GS/MK
■ Euros							
CRH	500	2.5	99.38	maj 2015	Undiscl		BNPP/HSBC/Natixis
Dexia KB	500	2.50	99.759	apr 2015	Undiscl		UniCredit Group
Borealis AG	200	5.375	99.789	apr 2017	Undiscl		Erste/UniCredit Group
■ Sterling							
KfW	200	3.125	101.207	dec 2014	Undiscl		Deutsche Bank/HSBC
■ Swiss Francs							
GECC	150	3.125	101.455	dec 2019	Standard		Credit Suisse
GECC	150	2	100.729	jan 2015	Standard		Credit Suisse
■ Brazilian Real							
EBRD	50	9.75	100.555	jan 2014	Undiscl		RBC CM
KBN	150	10	100.505	maj 2012	Undiscl		TD Securities
■ Norwegian Kroner							
BNG	250	3.50	101.217	sep 2014	Undiscl		RBC CM
■ Swedish Kroner							
KBN	500	2.25	101.21	maj 2014	Undiscl		TD Securities
■ Turkish Lira							
EIB	50	10.00	102.2875	sep 2013	Undiscl		JPM/TD Securities
EIB	75	9.625	99.925	apr 2015	Undiscl		Deutsche Bank/JP Morgan

Bond issue details are online at ft.com/bondissues. Final terms, non-callable unless stated.
 e) Spreads relate to German govt bonds unless stated.

Source: Thomson Financial

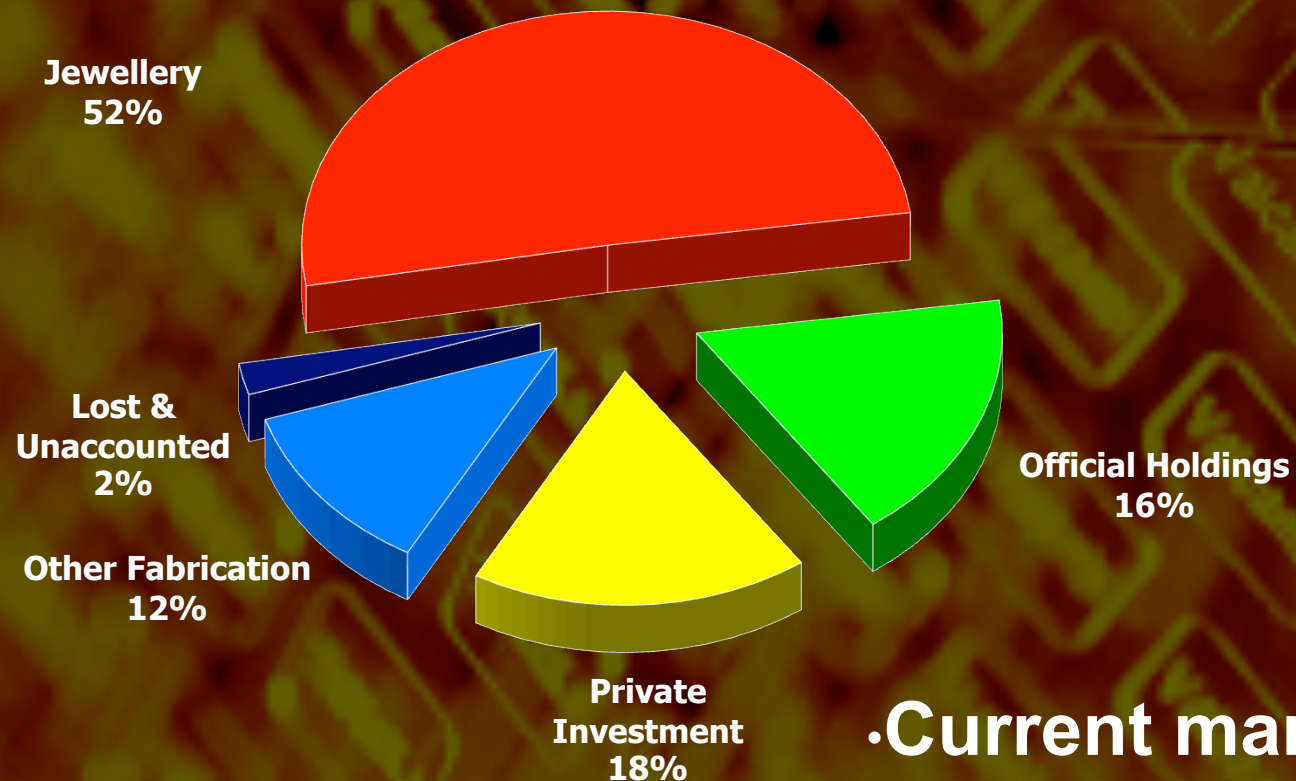
Are we witnessing a Structural Shift in the Gold Market?

- Jewellery wanes and investment grows
- Is the gold market simply returning to its historical norm... where investment dominates?

Above-Ground Stocks of Gold, end-2009

Gold is not “consumed” like most commodities; stocks can be available at the right price...

Above-ground Stocks,
end 2009 = 166,000t



**•Current market
value \$6 trillion**

Source: GFMS (*Gold Survey 2010*)

Investment Drivers...

- The death of fiat currencies
- Default risk/Sovereign debt crisis/Global imbalances – US dollar weakness?
- Global fiscal and monetary reflation – is inflation coming?
- Global foreign exchange reserves are “excessive”
- Central bank attitudes to gold – net buying the new normal?
- **BUT....**
- Nothing will focus minds more than a dose of “real” real interest rates....
- Prices can only be maintained if there is a continuous FLOW of new cash into gold – sustainable whilst the opportunity cost of holding it so low.

Other Investment Positives...

- **Mine supply is flat**
- **Commodity price cycle...how long?**
- **Geopolitical environment**
- **These are at best necessary, not sufficient, conditions for rising prices**