



**NewGold**  
*Gold Bullion Debentures  
and Investment Plan*

WORLD GOLD COUNCIL



**ABSA**

*Today, tomorrow, together.*

"The desire for gold is the most universal and deeply rooted commercial instinct of the human race."

- Gerald M. Loeb

"Gold is forever. It is beautiful, useful, and never wears out. Small wonder that gold has been prized over all else, in all ages, as a store of value that will survive the travails of life and the ravages of time."

- James Blakely

"Gold has worked down from Alexander's time ... When something holds good for two thousand years I do not believe it can be so because of prejudice or mistaken theory."

- Bernard M. Baruch

"Gold still represents the ultimate form of payment in the world."

- Alan Greenspan, Chairman of the Federal Reserve Board of the United States of America



## **NewGold – Stake your claim**



**Gold.** Throughout history known for its beauty and for its investment value.

Now, for the first time in South Africa institutional and retail investors have an opportunity to invest in gold in a cost-effective, secure and efficient way through a JSE listed security.

Absa is proud to announce the listing of NewGold Gold Bullion Debentures, the first product of its type to be listed in South Africa, and only the third in the world. NewGold is listed on the JSE Securities Exchange in the Exchange Traded Funds sector.

Developed in association with the World Gold Council, NewGold represents a new asset class for South African investors and a unique investment opportunity. It is a low risk investment, an excellent preserver of wealth and a necessary component of any investment portfolio. It is also affordable and accessible to most South African investors.

NewGold is part of the Equity Investment Portfolio from Absa.

## **What are NewGold Gold Bullion Debentures?**

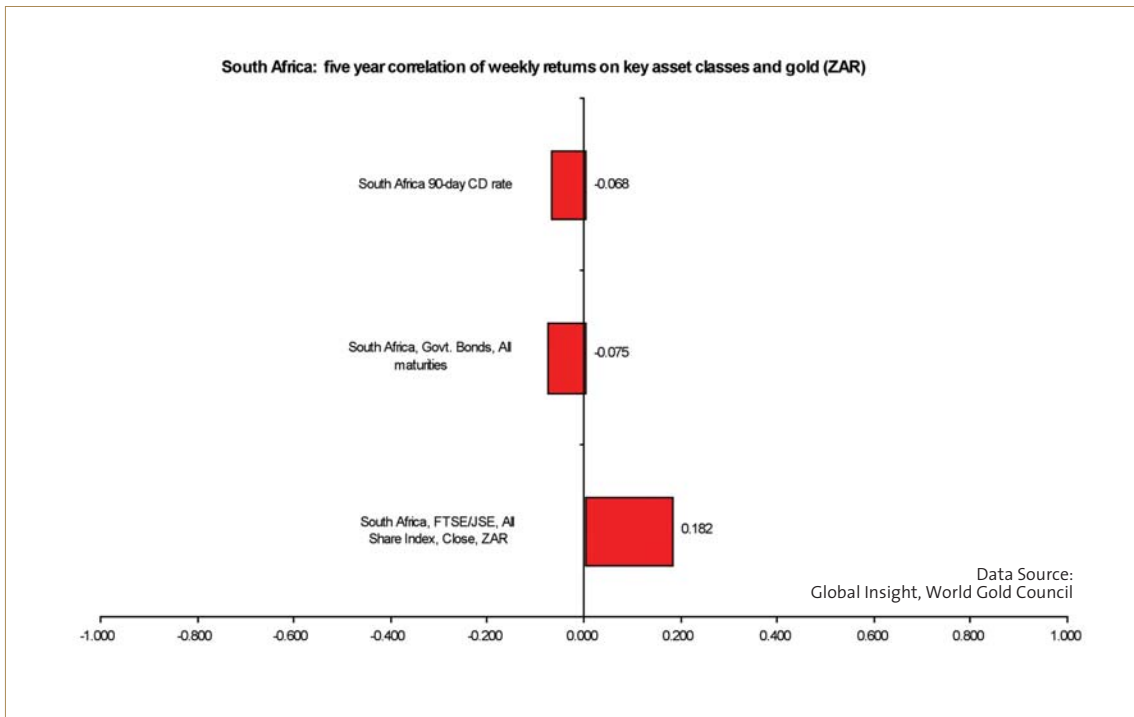
NewGold Gold Bullion Debentures are securities backed by gold bullion, listed on and traded through the JSE Securities Exchange. Each NewGold Debenture is initially valued at 1/100 of one fine troy ounce of gold.

NewGold Debentures are issued by NewGold Issuer Limited, a public company incorporated in the Republic of South Africa, Registration Number 2004/014199/06. Proceeds of the issue of NewGold Debentures are utilised to acquire the gold bullion, in the form of 400 oz London Good Delivery Bars, and held in safe custody by the NewGold Custodian, Rand Refinery Limited.

## **Why invest in gold bullion?**

Treasured as a store of value for thousands of years, gold is an important and secure asset. Investors should consider the following factors:

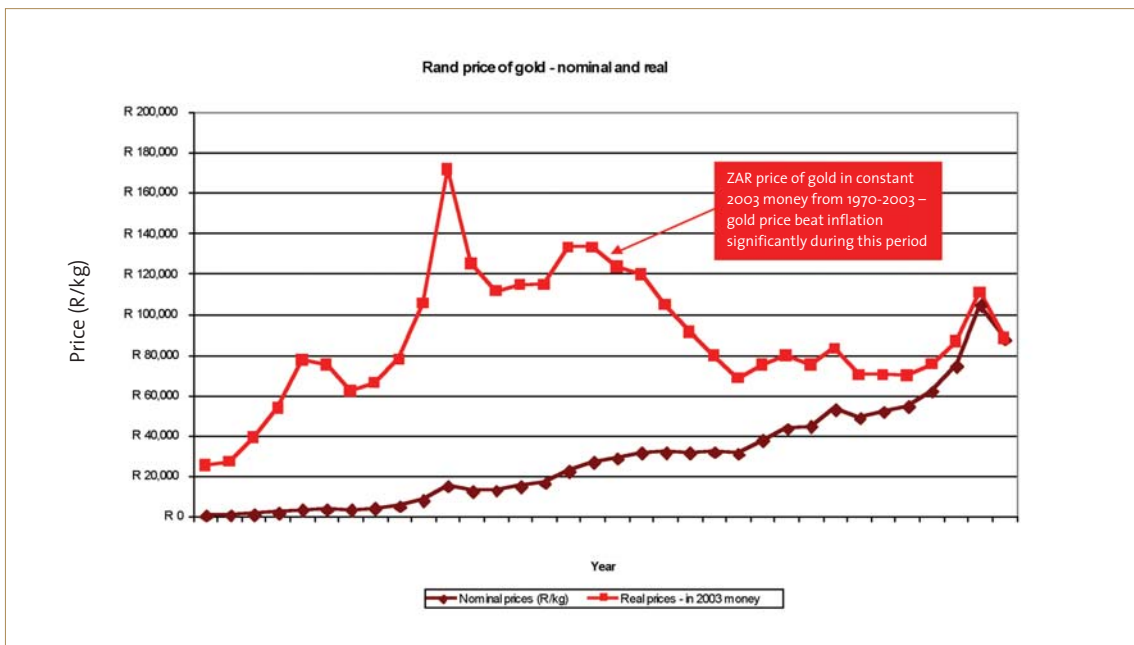
- Gold is low to negatively correlated with other asset classes making it *an effective portfolio diversifier*, as shown in the following chart –



**BENEFIT FOR THE INVESTOR:** Diversification of investment risk – Research\* shows that an optimal investment portfolio should contain between 5% and 30% of gold, for different investors' risk profiles

\*Source: World Gold Council

- Gold is a *store of value* - in the long term, gold price has outperformed inflation significantly –

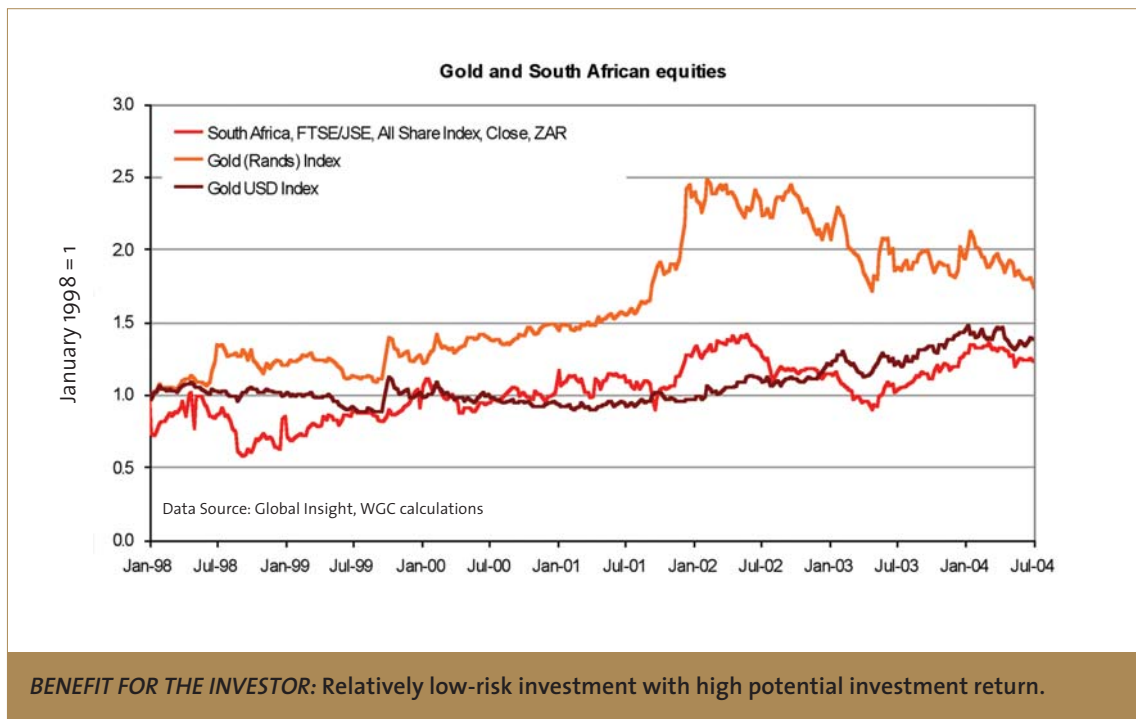


**BENEFIT FOR THE INVESTOR:** Long-term inflation protection.

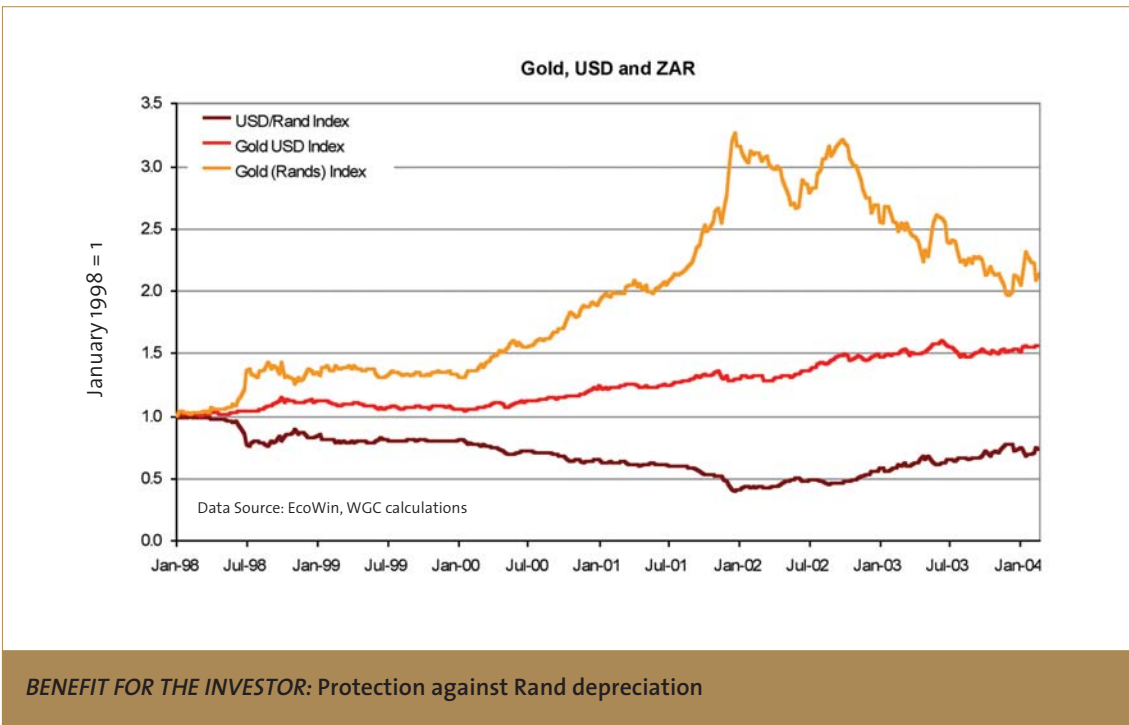
- Investment in gold is a **relatively low-risk investment**: gold returns are significantly less volatile than the returns on gold equities and on par with the broad market

Period ending:South Africa: 31 July 2004	Annualised historical volatility of returns							
	One month	Ranking	Three months	Ranking	Six months	Ranking	Twelve months	Ranking
JSE Midcap	7.05%	2	25.45%	5	18.43%	3	14.30%	1
Gold (USD/oz)	13.39%	3	15.86%	1	16.00%	1	15.21%	2
JSE All Share	14.26%	4	25.23%	4	19.69%	4	17.71%	3
JSE Top 40 Tradable Index	16.10%	6	25.71%	6	20.42%	5	18.84%	4
Gold (ZAR/oz)	14.96%	5	16.17%	2	17.16%	2	18.98%	5
ZAR/USD	21.43%	7	17.63%	3	20.54%	6	20.38%	6
JSE Smallcap	5.62%	1	51.00%	8	36.12%	7	26.18%	7
JSE Diamond Index	41.87%	10	46.44%	7	37.06%	8	33.23%	8
JSE Platinum Mining Index	27.86%	8	68.10%	9	51.02%	9	42.38%	9
JSE Gold Mining Index	31.57%	9	73.95%	10	55.78%	10	46.20%	10

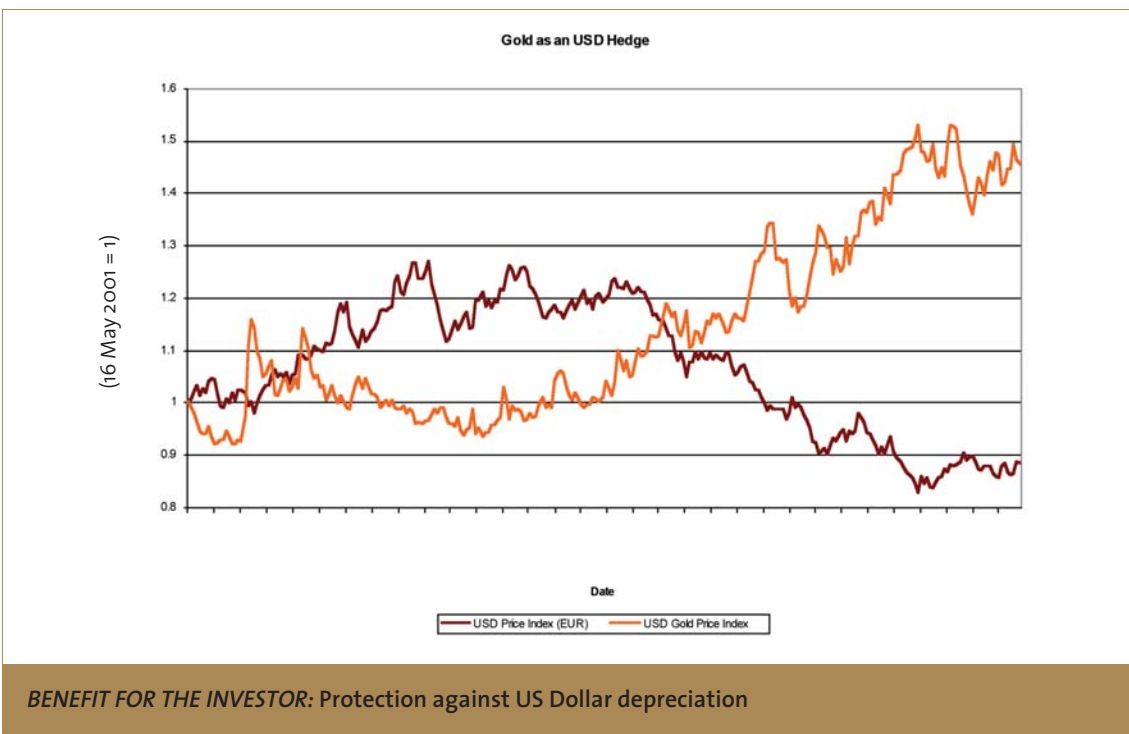
- Gold has **positive track record in terms of returns**, compared to the broad market -



- Gold is an *excellent Rand hedge* –



- .... as well as an *excellent USD hedge* (i.e., when USD weakens, dollar gold price rises) –



- Gold is a **safe haven investment** – as one of only a handful of financial assets not matched by a liability, it can provide 'insurance' against extreme movements on the value of traditional asset classes that can happen in unsettled times. Some examples include:
  - During the 1987 stock market crash, gold proved itself the most effective way of raising cash to meet immediate needs;
  - Flight to gold in 1999 due to Y2K fears;
  - In the first quarter of 2002, flight to gold by Japanese investors as they awaited the withdrawal of government guarantees on bank deposits.
- Worldwide, the gold market is very **liquid and deep**: while the gold market is only some 13% of the size of the New York Stock Exchange by market capitalisation, its turnover to market capitalisation ratio is 3.4 times higher. In addition, trades of up to five tonnes (US\$50 million approximately) have been executed without having any significant impact on price.

#### Why should investors wanting to invest in gold, invest in NewGold?

NewGold Gold Bullion Debentures are the most efficient, cost effective and secure way for South African investors to invest in gold because:

- They are **secure**: NewGold Gold Bullion Debentures are backed 100% by the physical gold bullion held by the NewGold Custodian, Rand Refinery Limited.
- They are **cost-effective**: NewGold Gold Bullion Debentures represent the most cost effective way to invest in gold – the management fees charged by NewGold Issuer are only 0.40% per annum.
- They are **convenient and easily accessible**: they are listed and quoted on the JSE Securities Exchange; Absa Corporate and Merchant Bank has been appointed a market maker, providing the 'other side' to every trade. In comparison, investing in physical gold bullion in South Africa is cumbersome and costly.

## How to invest in NewGold?

NewGold Gold Bullion Debentures are listed on the JSE Securities Exchange, in the Exchange Traded Funds Sector under the symbol GLD. To invest directly, simply speak to your stockbroker.

Alternatively, you can invest in NewGold through the NewGold Investment Plan with a debit order of only R300 per month or a lump sum of R1000. The NewGold Investment Plan is administered by Absa Investment Management Services (AIMS). To invest, talk to your Financial Advisor, or phone our dedicated Equity Investment Portfolio Call Centre on **0860 122 122** for assistance and an application form.

You can find more information on NewGold on [www.absa.co.za](http://www.absa.co.za).







Authorised Financial Services Provider  
Visit [www.absa.co.za](http://www.absa.co.za)

Disclaimer

NewGold Gold Bullion Debentures (“NewGold”) are issued by NewGold Issuer Limited, in association with Absa and the World Gold Council. Potential investors should be aware, however, that neither Absa nor the World Gold Council is in any way responsible for NewGold Gold Bullion Debentures, or for any information provided in respect of NewGold Gold Bullion Debentures, nor do or will either of them provide any guarantee as to the performance of NewGold Gold Bullion Debentures. This document is intended for general information purposes only and does not promote, make any recommendation in relation to, or provide any advice, or forecast, as to investment in NewGold Gold Bullion Debentures. In addition past performance of the gold price is not necessarily indicative of future performance of the gold price.

Visit [www.gold.org](http://www.gold.org)