

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

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Opportunities for Gold in Islamic Finance

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AAOIFI Standard No. 57 on Gold and its Trading Controls (the "Shari'ah Standard on Gold") was published in November 2016

Why is a Shari'ah Standard on Gold necessary?

**"Ribawi"
Item**

Gold is subject to more stringent religious rules

**Limited
Guidance**

Existing Shar'iah guidance on modern gold products was limited and fragmented

What does the Shari'ah Standard on Gold do?

**Removes
Uncertainty**

An AAOIFI-issued standard carries widespread recognition throughout the Islamic community

**Definitive
Guidance**

The Standard provides definitive guidance on all the modern financial uses of gold, enabling more Islamic gold products

The Potential for Gold in Islamic Finance

Islamic finance suffers from a lack of diversity and liquidity in its investible universe. Adding gold greatly expands the possibilities within Islamic finance.

Benefits of Gold for Islamic Investors

Large, Liquid Asset Class

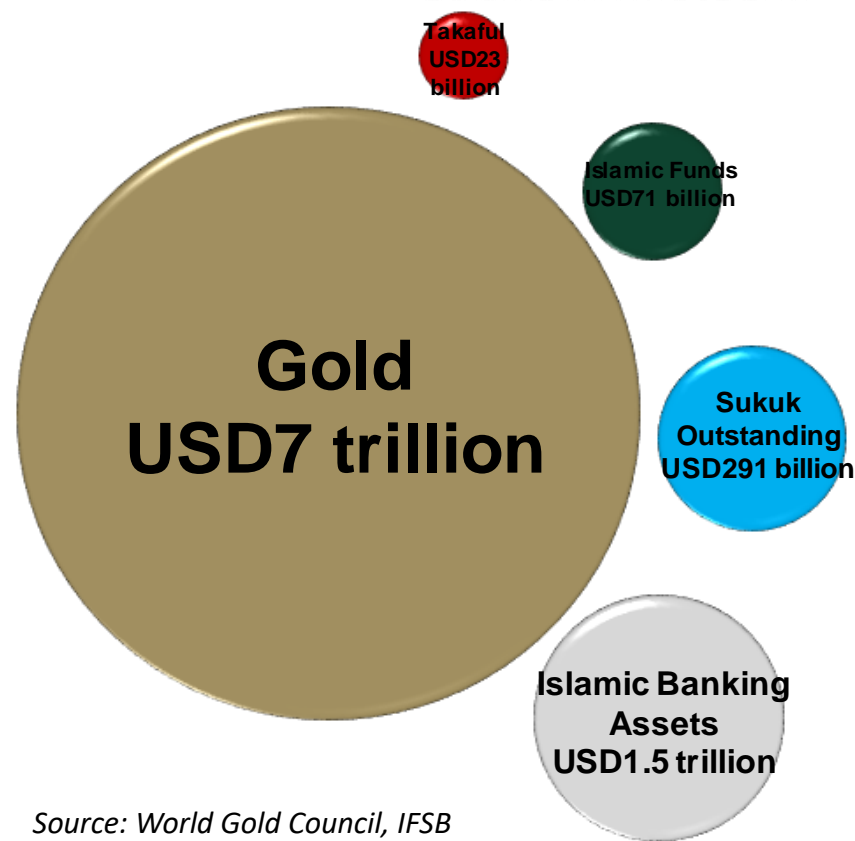
Fills Critical Gaps in Islamic Finance

Ultimate Safe Haven

Powerful Diversification Benefits

Can Enhance Returns

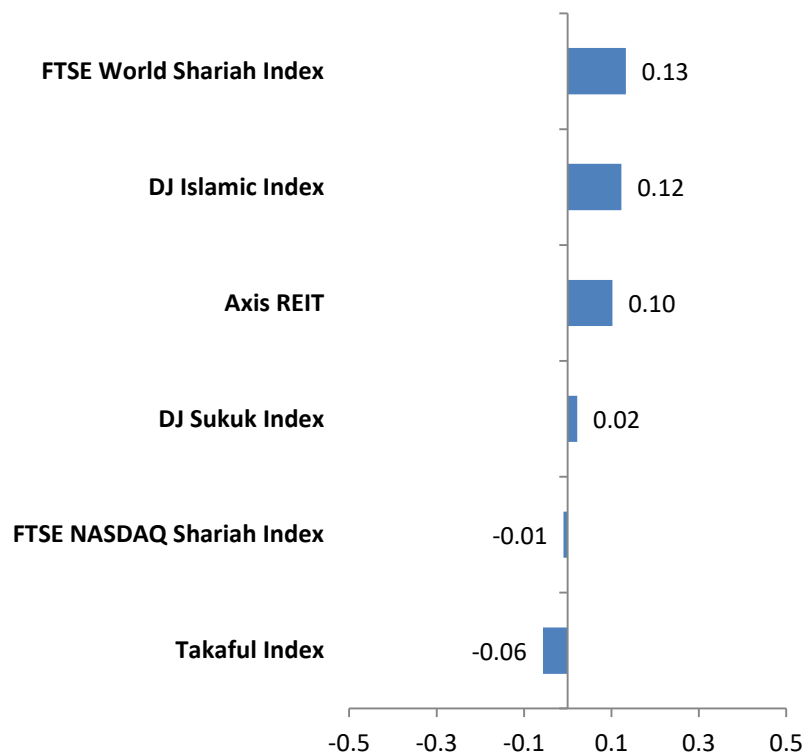
Size of Gold Market vs. Islamic Assets (2015)



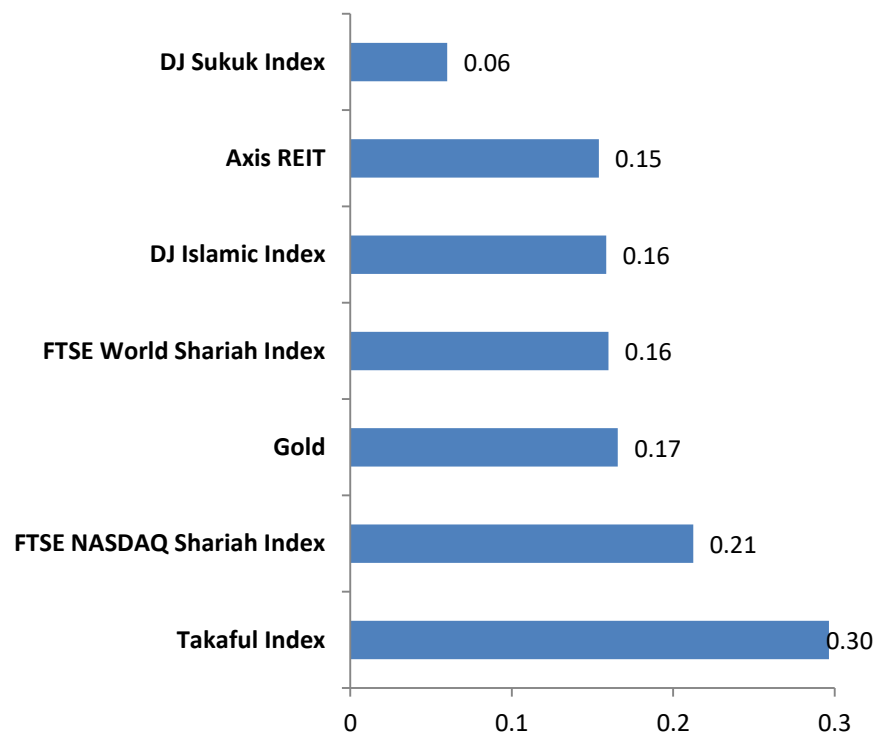
The Potential for Gold in Islamic Finance

Gold shows almost no correlation to existing Islamic asset classes, and is not more volatile than existing assets.

Islamic Asset Classes Correlation to Gold (8 Year)



Annualized Volatility of Islamic Assets and Gold (8 Year)



Source: World Gold Council, Bloomberg. 8-year returns and correlations used due to limitations on data availability for Islamic assets

With the Shari'ah Standard on Gold in place, we are engaging the broader Islamic finance community on gold's potential.

New Product Development

- Working with Islamic financial institutions on creating new gold-based products
- Developing solutions that fit the needs of all Islamic investors – including retail, high net worth, institutional, and others

Outreach and Education

- Engaging Islamic institutional investors and other buy-side institutions on the case for gold in Islamic finance
- Outreach to policymakers and industry groups on the potential for gold to advance Islamic finance