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GOLD'S STELLAR RALLY BUT SHOULD YOU INVEST NOW?

A Behavioral & Historical Lens for Cautious Investors



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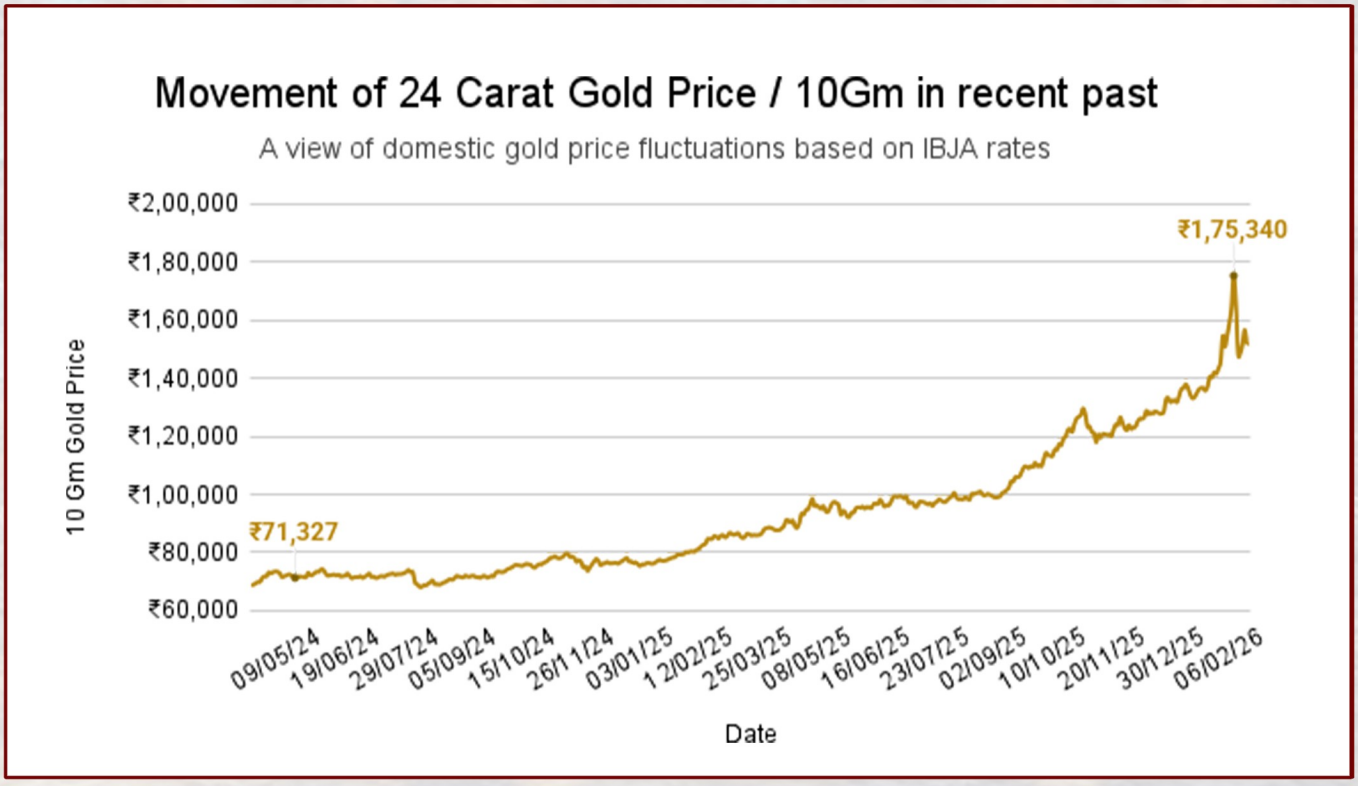
Gold has always held a special place in Indian portfolios—symbolic, emotional, and often seen as a safe haven. With the recent sharp rise in prices, many of us, including some first-time investors, are looking at gold with renewed enthusiasm. But history reminds us of an important truth:

"Not every rally may be a reliable entry point."

History shows that the periods of rapid appreciation are often followed by long stretches of silence—something investors tend to overlook in the heat of the moment.
Before making fresh allocations, it's wise to take a step back, understand the behavioural impulses at play, and look at how gold has behaved after similar rallies in the past.



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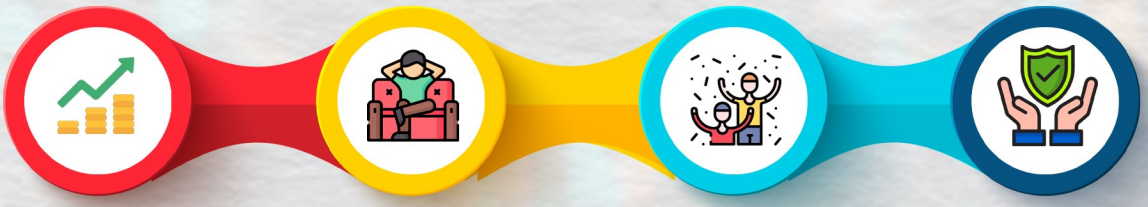
WHY GOLD RALLIES ATTRACT INVESTORS & THE BIASES BEHIND THEM

When gold rises sharply, investor attention naturally follows.
Positive headlines, peer conversations, and social media excitement often create a sense of urgency.
But quick movements can also cloud judgment if we're not aware of the behavioural impulses driving our decisions.

WHY INVESTORS GET DRAWN IN



Rising prices feel emotionally reassuring

"Everyone is buying" creates comfort

New investors often enter during peak excitement

Momentum feels safer than it really is

COMMON BIASES TRIGGERED DURING GOLD RALLIES

Recency Bias: Expecting recent gains to continue

Herd Behaviour: Following what others are doing

FOMO: Fear of missing out on further rise

Confirmation Bias: Focusing only on positive gold news

Loss Aversion: Preferring "safety" even at elevated levels

💡 *Understanding these patterns helps investors take calmer, more thoughtful decisions especially during fast-moving rallies.*

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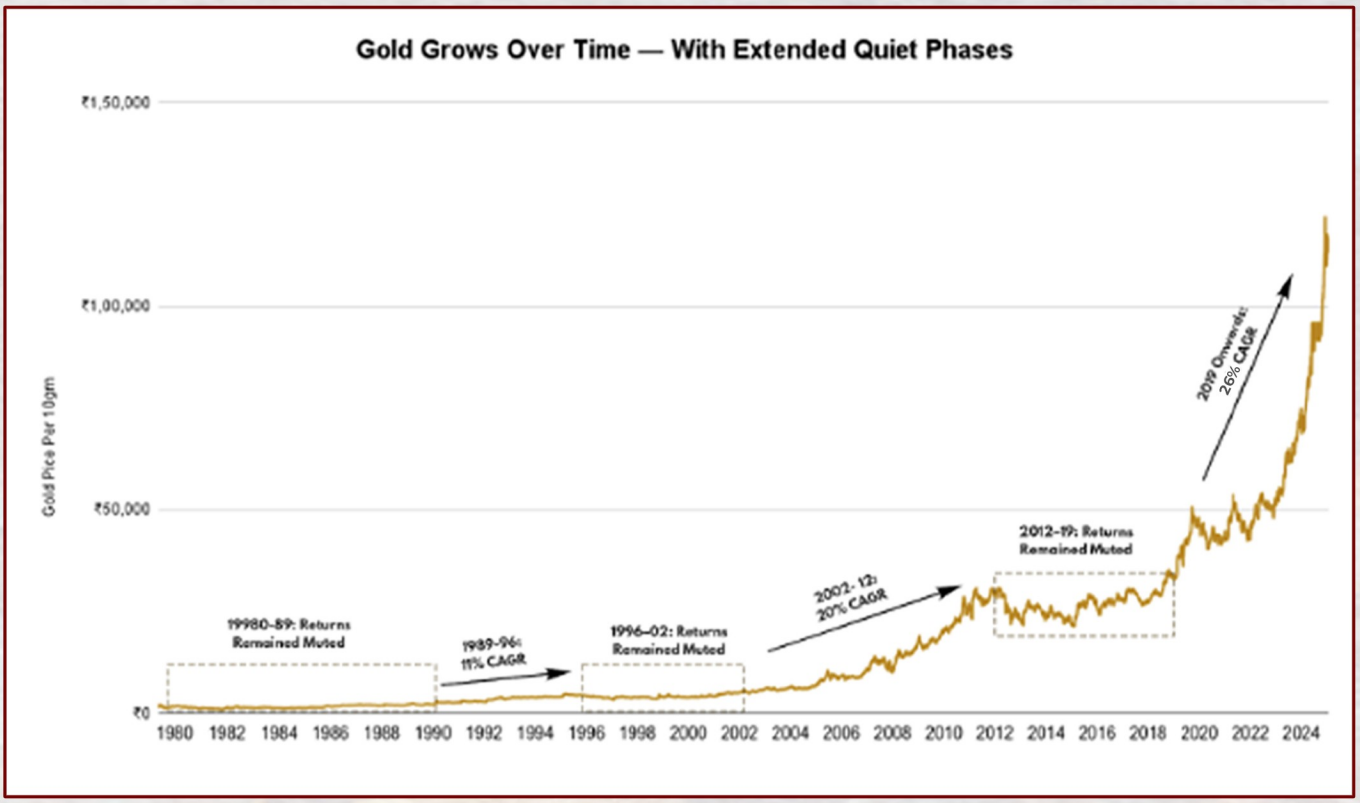
WHAT HISTORY REALLY SAYS ABOUT GOLD

Gold has rewarded patient investors over very long horizons.
However, after strong rallies, it has also exhibited prolonged periods of minimal growth.



Historic Flat/Recovery Phases

1980–1989: Nearly 10 years to regain momentum

"These are important reminders that sharp rises are often followed by quiet phases."

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1996–2002: ~7 years to reclaim earlier highs

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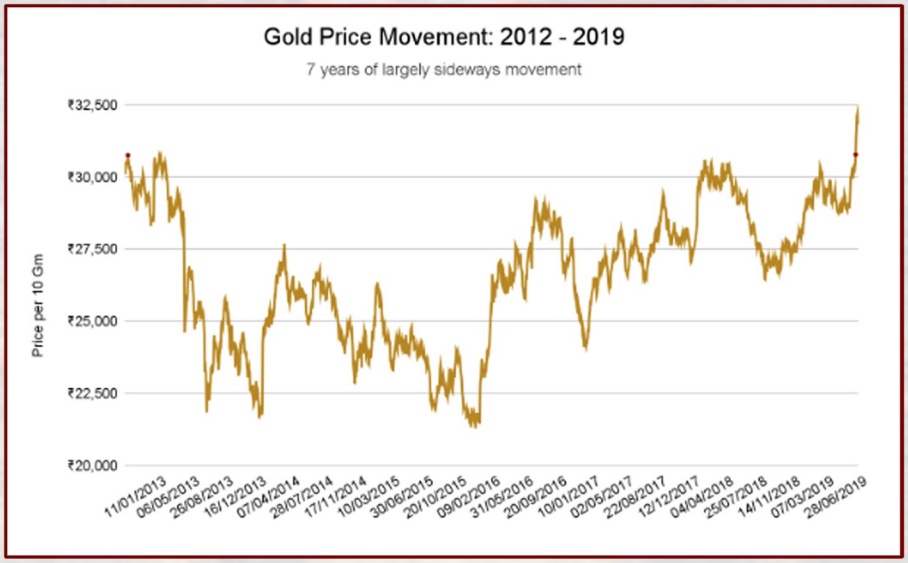
2012–2019: ~7 years of largely sideways movement



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WHY GOLD IS NOT A PRIMARY WEALTH BUILDER



- Gold does not generate income
- Prices depend on global sentiment, not earnings
- Long quiet phases delay wealth creation
- Works best as diversification, not as a standalone growth engine
- Compounding benefits are limited in comparison to equity/debt

SENSIBLE WAYS TO INVEST IN GOLD

Advisory Checklist (Simple & Clear)

- Consider SIPs in Gold ETFs or Gold Funds
- Limit total allocation (5–10%)
- Avoid aggressive buying during peak phases
- Align gold with long-term diversification goals
- Use gold as a hedge, not a primary wealth creator
- Avoid lumpsum buying during elevated sentiment
- Avoid treating gold like an equity alternative

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SUMMARY + DISCLAIMER

Gold may continue to attract attention, and it remains a valuable part of a diversified portfolio.
However, history shows that rallies are often followed by consolidation, making timing an important consideration.
A structured, goal-aligned approach helps investors participate wisely without being influenced by short-term excitement.

> "If you're considering gold in your portfolio, let's assess the right allocation based on your goals and risk profile."



✅ Disclaimer

This presentation is meant for educational purposes only and should not be considered investment advice. Gold price movements are subject to market risks. Past performance may or may not be sustained in the future. All charts in this presentation have been manually recreated using publicly available data sources such as LBMA, Gold.org, Investing.com, and RBI's historical exchange rates. No proprietary charts or copyrighted material have been used. Investors should consult their financial advisor before making any investment decisions.

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