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# Gold prices hit record high. Will it add glitter to your investment portfolio?

- Gold is a precious and highly liquid instrument that has the attributes of both commodity and currency.
- Experts believe that one should always have gold in their investment portfolio as it creates a good diversification in times of uncertainties.
- There are many ways to invest in gold, including gold exchange-traded funds (ETF), sovereign gold bonds, digital gold or equity mutual funds.


Gold continued its record-breaking run on Monday after heavy sell-offs in global equity markets over rising Coronavirus cases increased demand for the safe-haven asset. Gold prices surged over 2 percent to their highest in over seven years in the international market at $1,678.58. In domestic markets, the metal was nearly 1 percent up. Seeing this trend, does it make sense for investors to invest in gold now?

### What experts say about investing in gold?

Gold is a precious and highly liquid instrument that has the attributes of both commodity and currency.

"It has been used throughout history as money and has been a most popular metal for investment purpose, storage of wealth and as a source of high-quality collateral," according to Kuvera - an online platform for mutual fund investments.

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Experts believe that one should always have gold in their investment portfolio as it creates a good diversification in times of uncertainties. There are strategic and tactical reasons to continue investing in gold, they say. Over the long term, while gold may not increase the return always, some gold allocation in the portfolio tends to cut the risk.

"It is gold that is helping the households, many small and micro enterprises wade through the liquidity crisis. At the start of the decade, gold demand was firm despite price hitting new record highs," said Prof Arvind Sahay and Sudheesh Nambiath, India Gold Policy Centre, IIM Ahmedabad.

Every person should invest in gold and follow an asset allocation policy to maximise their returns. “In tough times, gold can be considered as a safe haven. Gold also safeguards against currency depreciation,” says Arpit Jain, VP, Arihant Capital.

**How can one invest in gold?**

There are many ways to invest in gold, including gold exchange-traded funds (ETF), sovereign gold bonds, digital gold or equity mutual funds. There are plenty of platforms including e-commerce websites as well from where one can buy the same.

Sovereign Gold Bonds bear interest at the rate of 2.5 percent per annum on the amount of the initial investment. The buyer does not have to pay any making charges while buying the gold exchange-traded fund.

Advantages of buying digital gold are surety backing of 24 karat gold, no making charges or storage hassles. One can easily convert 'Gold' into 'Cash'.