

PRESS RELEASE**9 March 2004****NEW RESEARCH CONFIRMS GOLD'S DIVERSIFICATION POTENTIAL**

- **Gold reduces impact of “extreme market events”**

Gold reduces the impact on UK pension funds of the adverse effects of “extreme market events”, according to research released by investment consultancy, Mercer Investment Consulting. The research, entitled “A Review of the Strategic Case for Gold in UK Pension Funds”, examines gold’s potential role within UK pension fund industry portfolios and is the first of its kind to be published.

The research, which is sponsored by the World Gold Council, confirms that the low correlations between returns on gold and equities is maintained and may even decrease during periods of market stress. The research also confirms the reaction of gold to extreme events is more reliable than certain diversifiers used by some UK pension funds whose correlations tend to increase during extreme market events.

Mercer’s research examined the levels of expected return required from gold to justify an allocation. Mercer concluded that, provided the return expectations were realistic, “the highest allocations to gold tended to occur in the higher risk portfolios, those with 50% or more in equities”. Whether the required returns were realistic could not be conclusively resolved.

Having opened the debate on the role of gold in pension funds, the World Gold Council says it will research further the case for gold as a strategic and tactical investment opportunity.

James Burton, chief executive of the World Gold Council, commented: “The Mercer research is the first time that gold’s potential strategic role within UK pension funds has been investigated and published, and the results are encouraging.

“In proving the low correlation between the returns on gold and equities, we believe the report goes some way to confirm both gold’s safe haven role and its benefits as a diversification tool. Now we have opened the debate on the role of gold in pension funds, we believe there’s more

work to be done to illustrate the role of gold as a strategic and tactical investment and we are looking forward to driving this forward.”

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For further Information,

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Notes to Editors:

World Gold Council

The World Gold Council (WGC), a commercially-driven marketing organisation, is funded by the world's leading gold mining companies. A global advocate for gold, the WGC aims to promote the demand for gold in all its forms through marketing activities in major international markets. For further information visit www.gold.org.