1. **Foundational Principles of Gold ETF**

**Question 1**

**What is Gold ETF**

**Answer**

Gold ETFs (Gold Exchange Traded Funds) are investment funds that track the price of physical gold. Each unit typically represents one gram of high-purity gold held electronically by the fund. Gold ETFs trade on stock exchanges like shares, offering investors a convenient, cost-effective way to invest in gold without physically holding or storing it. They provide liquidity, transparency, and price tracking of gold, allowing investors to gain exposure to gold’s market value digitally. On redemption, investors receive the cash equivalent of the gold units at the prevailing market price.

This makes Gold ETFs a secure and simple alternative to buying physical gold.

**Question 2**

**How does a Gold ETF work ?**

**Answer**

When an investor invests in units of a Gold Exchange Traded Fund (Gold ETF), the fund issues units that represent ownership in gold of equivalent value. The Asset Management Company (AMC) responsible for managing the ETF purchases physical gold of standard purity, often 99.5% or higher, corresponding to the value of the investments received. This gold is held in secure vaults by an appointed custodian, ensuring the safety and physical backing of the ETF.

Each ETF unit typically represents a fixed quantity of gold, such as 0.01 grams, 0.5 grams, or 1 gram, depending on the scheme’s design. The market price of these units closely tracks the prevailing domestic price of physical gold, after accounting for minor expenses like fund management fees and transaction charges.

Investors can buy and sell units of Gold ETFs on the stock exchange during trading hours at real-time prices, providing high liquidity and flexibility compared to holding physical gold. Retail investors mainly transact in units through the exchange mechanism, whereas large institutional investors or authorized participants, dealing in "creation units" (a large block of ETF units), have the option to create or redeem units directly with the fund. During redemption, these large investors can choose to receive either an equivalent market value in cash or physical delivery of gold in standard bars, depending on the scheme’s rules.

This structure ensures that every unit of the Gold ETF is fully backed by physical gold, stored safely with a custodian, and that investors get an efficient, transparent, and cost-effective way of gaining exposure to gold without the hassles of storage, security, or purity concerns tied to physical gold ownership.

In addition to physical gold, Gold ETFs may invest a small portion of the fund in money market instruments such as treasury bills, government securities, or other liquid assets. This helps maintain liquidity for day-to-day operations, fund management expenses, and redemption requirements, ensuring efficient functioning while keeping the majority of assets backed by physical gold. This mix allows the fund to manage cash flows smoothly without affecting its gold exposure significantly

Since the investment of a small portion in money market instruments is an operational and regulatory necessity, Shariah compliance screening imposes a maximum limit on this allocation. For example, TASIS in India restricts such investments to a maximum of 1.5% to ensure adherence to Shariah principles while maintaining fund liquidity and operational efficiency

**Question 3**

**What is a Gold ETC**

**Answer**

An Exchange-Traded Commodity (ETC) is a financial security traded on stock exchanges that allows investors to gain exposure to the price movements of an individual commodity or a basket of commodities, such as precious metals like gold, without directly owning the physical commodity. ETCs track either the spot price (price for immediate delivery) or the futures price (a contract for delivery at a later date) of the underlying commodity.

Key characteristics of ETCs include:

* They are often physically backed, meaning the commodity (e.g., gold bars) is held in secure vaults as collateral, providing security to investors.
* ETCs are typically structured as debt instruments issued by a company or trust, with the commodity acting as collateral.
* They trade on exchanges like stocks, offering intraday liquidity and price transparency.
* Unlike ETFs, ETCs usually focus on a single commodity or commodity basket and do not require diversification as per regulations like UCITS in Europe.
* Investors in ETCs face issuer risk because the capital invested is not held in a fund but as debt issued by the ETC provider.
* ETCs incur management fees similar to ETFs, which cover storage, insurance, and administration of the physical commodity.

In essence, ETCs provide a cost-effective, liquid, and transparent way for investors to access commodity markets, particularly for precious metals like gold, where owning physical gold directly is cumbersome.

This makes ETCs a popular investment vehicle in Europe and the UK for Shariah-compliant gold investing, as many gold ETCs are fully backed by physical gold and structured to avoid interest and speculation.

Shariah-compliant ETCs (Exchange-Traded Commodities) are primarily available on major European and some UK stock exchanges. Key markets where these physically-backed, Shariah-compliant gold ETCs are offered include:

* **London Stock Exchange (LSE), UK:** Many gold ETCs are listed here targeting global investors seeking Shariah-compliant gold exposure.
* **Deutsche Börse (Xetra), Germany:** Home to popular ETCs like Xetra-Gold, also providing Shariah-compliant options for commodity investors.
* **Swiss Stock Exchange (SIX), Switzerland:** Hosting several physical gold ETCs compliant with Islamic investment rules.
* **Other European exchanges:** Including Euronext and Borsa Italiana, which list various commodity ETCs with Shariah compliance.

**Question 4**

**What is the key difference between Shariah compliant ETFs and Shariah compliant ETCs**

**Answer**

The key difference between Shariah-compliant ETFs and Shariah-compliant ETCs lies in their legal structure, underlying assets, and how they provide exposure to the investment:

**Shariah-compliant ETFs:**

* **Structure:** ETFs are investment funds that hold a diversified basket of underlying assets, typically equities or sukuk (Islamic bonds), that comply with Shariah law.
* **Ownership:** Investors own a share of the fund which holds the actual assets.
* **Compliance:** Screening ensures the underlying assets are free from riba (interest), gharar (excessive uncertainty), and haram industries.
* **Focus:** These ETFs mainly invest in equities or sukuk that pass Shariah-compliant business and financial screening, offering diversified portfolios.
* **Examples:** Shariah equity or sukuk funds that exclude prohibited sectors and maintain strict financial ratios.
* **Trading:** ETFs are traded like stocks with intraday liquidity.

**Shariah-compliant ETCs:**

* **Structure:** ETCs are typically debt securities or notes issued by a company or trust, often backed by physical commodities like gold.
* **Ownership:** Investors have a claim on the issuer backed by physical commodity holdings; ownership is indirect via the issuer’s debt structure.
* **Compliance:** ETCs focused on physical assets avoid derivatives and interest, aligning with Shariah principles by holding real, tangible commodities such as allocated gold bars.
* **Focus:** Mainly single-commodity exposure (e.g., gold), offering investors direct price exposure to physical assets.
* **Examples:** Gold ETCs that hold physical gold in vaults to back the notes issued.
* **Trading:** Like ETFs, ETCs are traded on exchanges, offering intraday liquidity but involve issuer risk.

1. **Religious Guidance on Shariah Compliance of Gold ETFs**

**Question 5**

**Are Gold ETFs Shariah Compliant?**

**Answer**

Gold ETFs are conditionally Shariah Compliant if they meet important conditions for investment Gold as per Shariah.

Here are the key conditions set by AAOIFI in this regard

Each ETF unit shall be backed by an equivalent quantity of real, tangible gold, held in secure custody.

The ETF shall physically own gold bars/coins equal to total outstanding units, minus minimal permissible cash holdings, as allowed by Shariah or regulatory needs.

The physical gold shall meet accepted purity/quality standards, and details like storage, custodian, and bar numbers shall be disclosed for transparency

Ownership and settlement shall be immediate (T+0) when issued or traded

The investor shall have the right (directly or via authorized participant) to redeem ETF units for physical gold, subject to minimum thresholds

Interest or non-compliant income must not exceed set tolerance levels and should be purified. Eg, TASIS in India has set Interest income received by ETF should not be more than 3% of total income

Investment in money market instruments should not be more than the set limit by Sharia screening authority Eg. TASIS in India has set that money market instruments invested by ETF should not exceed 1.5% of the AUM

The Fund shall not engage in trading or investing in derivative instruments such as gold futures, options, swaps, or any other financial contracts that do not involve actual physical ownership or possession of gold

**Question 6**

**Is investing in gold halal or haram? Is investing in Gold permissible according to Shariah**

**Answer**  
Investing in gold is permissible (halal) if done according to Shariah principles. Physical gold is permissible when bought with immediate payment and delivery. However, some gold products like futures or margin trades may involve **Riba** or **Gharar**, which are not compliant.

For halal investing, focus on **physical gold**, **Shariah-compliant ETFs**, **gold-backed sukuk**, **Islamic Gold Investment Accounts**

**Question 7**

**What is Shariah Standard on Gold?** What is The AAOIFI Shariah Standard on Gold?

**Answer**  
The AAOIFI Shariah Standard on Gold developed in collaboration with the World Gold Council offers definitive guidance on the use of gold in Islamic finance.

The Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) is recognised as the world leader in Islamic finance standards, and its rulings are widely accepted across many Islamic markets.

AAOIFI’s Shariah Standard on Gold, launched in 2016, has acted as a catalyst for the development of new Shariah- compliant gold products including gold investment accounts, physical gold ETFs, spot contracts and regular gold savings plans. Some of the world’s top Shariah scholars were involved in its development, including Sheikh Yusuf DeLorenzo and YBhg Tan Sri Dr Mohd. Daud Bakar.

**Question 8**

**What are the key principles of AAOIFI Standard on Gold?**

**Answer**  
Five Most Important Principles of the Standard are:

1. Gold must be traded on a spot (hand-to-hand) basis
2. Gold can be owned on a physical or constructive basis
3. In the case of constructive possession, the gold has to be fully allocated
4. Allocation can occur through either a T+0 settlement, or the receipt of a certificate/confirmation specifying bar ownership
5. Joint ownership is permissible, where each partner owns an undivided beneficial interest in a Trust

**Question 9**

**As per the Hadith, is gold to be exchanged only against gold?**

**Answer**  
No, the Hadith does not restrict gold to be exchanged only against gold. It provides specific rules when gold is exchanged for gold, not when it is exchanged for other things like money.

According to the Hadith reported in Sahih Muslim:

“Gold for gold, silver for silver, ... like for like, equal for equal, and hand to hand. If the types differ, then sell as you wish, provided it is hand to hand.”

This means:

* When gold is exchanged for gold, the trade must be equal in weight and must be settled immediately (spot transaction).
* When gold is exchanged for something else (such as currency), the condition of equality does not apply, but the rule of immediate possession still applies.

**Question 10**

**What are the key challenges investors face when trying to access Shariah-compliant gold investments?**

**Answer**

Investors face several structural and regulatory challenges in accessing truly Shariah-compliant gold investments.

First, most gold investment products fail to meet the requirement of qabd, or immediate possession. This is a condition in Islamic finance when dealing with ribawi commodities like gold. Many gold ETFs only provide a beneficial interest in pooled assets, rather than direct ownership of specific physical gold bars.

Second, there is a lack of credible Shariah oversight. Many gold products are launched without review or approval by recognized Shariah scholars or boards. As a result, there is no formal fatwa certifying compliance, and the key contractual elements such as storage, cash handling, and redemption rights remain ambiguous.

Third, idle cash balances within ETFs or gold funds are often held in interest-bearing instruments. This exposes the fund to riba, which is explicitly prohibited. Without clear disclosure or the use of Islamic money market alternatives, this becomes a compliance risk.

Fourth, some gold funds participate in gold leasing or lending. These practices involve transferring ownership temporarily to third parties, which introduces delay and uncertainty in settlement. From a Shariah perspective, leasing ribawi commodities like gold is not permissible in most interpretations.

Fifth, access to physical delivery is often restricted to large institutional investors. Retail investors, despite holding units in the fund, typically cannot request redemption in physical form. This violates the principle of direct possession required in Shariah transactions.

Sixth, there are few regulated Shariah-compliant gold platforms. While Malaysia and the UAE offer some structured solutions through Islamic banks and fintechs, most jurisdictions do not offer dedicated halal channels for gold investment.

Finally, there is a general lack of awareness among Muslim investors. Many assume that physically backed ETFs are automatically halal, overlooking key details such as ownership structure, delivery mechanisms, and how idle cash is managed.

These barriers make it difficult for investors to access gold investments that fully align with Shariah principles, unless the fund or platform is explicitly certified and discloses all the relevant compliance details.

**Question 11**

**Answer**

**What is the best strategy for Shariah compliant gold ETF investment?**

For investors seeking both Shariah compliance and long-term profitability, the following strategy outlines the key principles to follow when investing in gold ETFs:

* Choose only 100% physically-backed ETFs with allocated gold holdings, not synthetic or futures-based exposure
* Avoid ETFs engaged in lending or leasing of gold; verify this through scheme documents or fund policies
* Check cash management disclosures—funds should not park idle cash in interest-bearing accounts or conventional money markets
* Prefer ETFs with Shariah certification or endorsement by credible scholars or advisory boards
* Validate physical storage is with a non-lending, independent custodian (e.g., LBMA-accredited vaults)
* Strategic allocation of 5%–15% of portfolio as a long-term hedge against inflation, currency depreciation, and market volatility
* Accumulate through Rupee Cost Averaging (RCA) during periods of price weakness or consolidation
* Buy on macro fear or dollar strength—when real interest rates fall or USD weakens, gold tends to rally
* Hold for long-term cycles (3–7 years) as gold performs best in inflationary or stagflationary macro regimes
* Avoid leverage, derivatives, or tactical trading—gold is defensive, not a high-velocity growth asset
* Pair with sukuk or Islamic equity ETFs for diversification while maintaining full halal exposure

Disclaimer: This is not an investment or Shariah advice. Investors are advised to consult certified Shariah scholars, review ETF documentation thoroughly, and follow applicable financial regulations and Shariah screening guidelines before making any investment decisions.

**Question 12**

**What are the points to be considered while investing in Gold in a Shariah compliant manner?**

**Answer**  
While investing in Gold in a Shariah compliant manner, Muslim investors should be aware of four things:

1. **Avoid platforms** that let you “invest” in Gold without actually owning any physical metal.
2. **Physical Gold is mandatory**: Gold-based Shariah compliant products should be backed by physical gold holdings in a vault. So read the documents and ensure that the gold is securely stored in physical format.
3. **Leverage and speculation**: Avoid Gold products (like Contracts for Difference and futures) which involve margin trading, which violate Shariah.
4. **Avoid Gold investments that involve earning or paying Riba**

**Question 13**

**What are the Shariah approved ways of investing in Gold?**

**Answer**

Below are few options to invest in Gold in a Shariah compliant way

1. **Physical Gold**: This includes tangible Gold investment bars, coins or jewellery.  
   **Pros**: Tangible asset, no counterparty risk, historically reliable  
   **Cons**: Storage costs, security risks, no income

To remain Halal, the transaction must involve full payment and prompt delivery. Avoid schemes with delayed delivery or instalment plans that add extra fees. Under AAOIFI, Gold needs to attain a specific level of purity in order to be considered Halal.

1. **Shariah compliant Gold ETFs (Gold-Backed)**: Some Halal ETFs track the price of Gold and are backed by physical holdings.  
   **Pros**: Convenient, liquid, easy to trade  
   **Cons**: Management fees, indirect ownership

Always check that the ETF is physically backed, avoids Riba and is approved by a recognised Shariah board. Usually, you can trade Gold-Backed ETFs through an investment app.

1. **Islamic Gold Investment Accounts**: Some Islamic banks allow you to open a Gold Investment Account where you accumulate grams of Gold rather than traditional currency.  
   **Pros**: Affordable entry point, real ownership  
   **Cons**: Limited availability, potential fees

Make sure the provider offers full transparency on pricing and Shariah compliance.

1. **Gold-Backed Sukuk**: Some sukuk are structured with Gold as the underlying asset, offering periodic income while maintaining Shariah compliance.  
   **Pros**: Income-generating, asset-backed  
   **Cons**: Limited exposure to the Gold spot price

These are best for investors who want income as well as Halal exposure to Gold.

**Question 14**

**What is the difference between halal gold investment and paper gold?**

**Answer**

**Halal gold investment** involves **real ownership of physical gold**, with immediate payment and delivery.

**Paper gold** usually refers to contracts or products that track gold prices but **don’t give actual ownership**, and may involve **Riba** or **Gharar**.

Not all paper gold is Shariah-compliant.

**Question 15**

**How do we check if a gold ETF is Shariah-compliant?**

**Answer**

Some gold ETFs are Shariah-compliant, but not all.

Always check if the ETF has been reviewed or certified by a recognised Shariah board. The scheme information document in certain countries will mention about Shariah compliance and certifying authority. In countries like India certification bodies like TASIS publish a list of Shariah compliant Gold ETFs regularly

Key conditions checked by Shariah scholars to ensure compliance are

Be backed by physical gold

Avoid Riba-based structures and derivative products

Follow Islamic rules on ownership and settlement

**Question 16**

**What is the function of Gold in a Shariah compliant investment portfolio**

**Answer**  
Gold serves three key functions in a Shariah compliant investment portfolio:

* Preserving capital during inflation and uncertainty
* Diversifying risk across asset classes
* Aligning with Islamic values of wealth protection

However, gold isn’t a growth asset; it doesn’t generate income and can fluctuate. It’s best used as a complementary asset, not the portfolio core.

**Question 17**

**What are The Types of Shariah Based Gold Investments?**

**Answer**  
Below are six types of Shariah-based gold investments:

1. **Physical Gold (Bars and Coins)** — direct ownership; stored securely; aligns with Shariah.
2. **Gold-Backed Securities/Certificates** — represent ownership of physical gold stored in vaults.
3. **Gold ETFs (Exchange-Traded Funds)** — track gold price; must be physically backed and avoid riba/gharar.
4. **Gold-Linked Islamic Investment Funds** — invest in gold or gold-related assets; require Shariah certification.
5. **Gold Mining Stocks** — permitted if company activities pass Shariah screening.
6. **Gold-Backed Islamic Bonds (Sukuk)** — returns derived from gold or gold-related assets.

**Question 18**

**If a Gold ETF which was originally Shariah certified is no more certified by any Shariah certification firms, How can an investor make sure that the ETF he invested in continues to be Sharia compliant?**

**Answer**

It is always better to ensure ongoing regular verification/ certification/oversight of Shariah certification firms on the Gold ETF we are investing.  
In the absence of such certifications the investor must follow the minimum checks :

* Check the ETF prospectus and disclosures to ensure physical gold backing.
* Review the fund’s annual reports for Shariah compliance declarations.
* Monitor the fund’s cash holdings and ensure that interest income is minimized and purified.

**Question 19**

**According to Sharia, physical Gold backing is essential for Sharia compliant Gold ETFs. How can we verify whether these ETFs are backed by physical gold?**

**Answer:**

* Review the ETF’s Scheme Information Document (SID) and Key Information Memorandum.
* Check the custodian’s vault records published periodically.
* Verify disclosures from regulators ( eg SEBI / AMFI) regarding ETF holdings.
* Confirm with fund managers and independent auditors about actual physical gold allocation.

**Question 20**

**Are gold ETFs 100% buying and holding physical stock of Gold?**

**Answer**  
In India, Gold ETFs are mandated by SEBI to hold equivalent physical gold for the units issued. However, a small portion (up to 5%) may be in cash or liquid instruments to manage liquidity. For Shariah compliance, this must remain minimal and within the tolerance limit (3% interest income cap).

**Question 21**

**How can we ensure that the interest income of a particular Gold ETF is within 3%?**

**Answer**

* Review annual financial statements of the ETF.
* Look for the portion of income generated from interest-bearing instruments.
* Confirm with Shariah screening agencies or boards where available.
* Ensure purification of any excess above the 3% threshold through charity.

**Question 22**

**Does the gold investment product have independent auditing or third-party verification for both physical holdings and compliance with ethical standards?**

**Answer**Yes. Most Gold ETFs in India undergo:

* SEBI-mandated statutory audits of accounts.
* Independent verification of physical gold holdings by custodians.
* In some cases, third-party auditors check vault records.
* However, Shariah compliance audits are not standard; investors must seek funds with voluntary Shariah certification where available.

**Question 23**

**Can the investor request redeem physical gold instead of cash?**

**Answer**

* In India, Gold ETFs generally allow redemption only in **cash equivalent** for retail investors.
* Redemption in **physical gold** is usually permitted only for large unit holders (often in multiples of 1 kg or more), through Authorized Participants or Market Makers.
* Small investors cannot directly redeem in gold but can sell ETF units on the exchange for cash.

**Question 24**

**Is Zakat due on Gold ETFs?**

**Answer**  
Yes. Since Gold ETFs represent **ownership in physical gold** , hence they are **zakatable assets**.

* Zakat is obligatory if the gold value plus other zakatable assets exceeds the **Nisab threshold** of a particular individual’s wealth
* Rate of Zakat: **2.5% of the market value** of the gold holding at the end of the lunar year.

**Question 25**

**How is Zakat of Gold ETFs calculated?**

**Answer**

* Take the **number of ETF units held** × **NAV per unit** = total value of gold investment.
* Apply the **2.5% zakat rate** on the market value if the holding meets or exceeds Nisab.
* Example: 1,000 units × ₹50 NAV = ₹50,000; Zakat = ₹50,000 × 2.5% = ₹1,250.

**Question 26**

**Is there a Zakat calculator available online for Gold ETFs?**

**Answer**

* Yes, several Islamic finance platforms provide **online zakat calculators**.
* Investors can use generic zakat calculators by inputting the **current market value of their Gold ETF units**.
* However, specific calculators for **Gold ETFs in India** are not commonly available; manual calculation based on NAV is straightforward.

1. **India-Specific Gold ETFs and Funds**

**Question 27**

**Answer**

**What are the Shariah compliant Gold investment options available from India?**

Below are the few options in to invest in Gold in Shariah compliant way

1. You can invest in **physical gold** that meets Shariah standards by purchasing 24K gold bars, coins, or jewelry from trusted dealers and popular jewellers
2. **Digital gold investment platforms** offer Shariah-compliant ownership of 24K physical gold with easy buying and selling, such as Islamicly,
3. For ETF-based investing, **Shariah-compliant gold ETFs** like Nippon India ETF Shariah BeES provide exposure to gold price movement aligned with Islamic investment screening

Use additional queries to know more about each option

**Question 28**

**Which are the Gold ETFs in India ?**

**Answer**

List of Gold ETFs in India as per NSE are given below

( <https://www.nseindia.com/products-services/etfs-gold>) as of 28th July 2025

Gold Exchange Traded Funds (ETFs) are simple investment products that combine the flexibility of stock investment and the simplicity of gold investments. ETFs trade on the cash market of the National Stock Exchange, like any other company stock, and can be bought and sold continuously at market prices.

Gold ETFs are passive investment instruments that are based on gold prices and invest in gold bullion. Because of its direct gold pricing, there is a complete transparency on the holdings of an ETF. Further due to its unique structure and creation mechanism, the ETFs have much lower expenses as compared to physical gold investments.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| List of Gold ETFs listed on NSE | | | | |
| Issuer | Name | Symbol | Underlying | Launch Date |
| Axis Mutual Fund | [Axis Gold ETF](https://www.axismf.com/solutiondetails/Axis-Gold-ETF-AG) | [AXISGOLD](https://www.nseindia.com/get-quotes/equity?symbol=AXISGOLD) | Gold | Nov 2010 |
| Birla Sun Life Mutual Fund | Birla Sun Life Gold ETF | [BSLGOLDETF](https://www.nseindia.com/get-quotes/equity?symbol=BSLGOLDETF) | Gold | May 2011 |
| Canara Robeco MF | Canara Robeco Gold ETF | [CANGOLD](https://www.nseindia.com/get-quotes/equity?symbol=CANGOLD) | Gold | Mar 2012 |
| HDFC Mutual Fund | [HDFC Gold Exchange Traded Fund](http://www.hdfcfund.com/Products/SchemeDetails.aspx?SchemeID=bf0ffb8d-df4f-43d6-ab54-90c19785eabd) | [HDFCMFGETF](https://www.nseindia.com/get-quotes/equity?symbol=HDFCMFGETF) | Gold | Aug 2010 |
| ICICI Prudential Mutual Fund | [ICICI Prudential Gold Exchange Traded Fund](http://www.icicipruamc.com/exchange-traded-funds/ICICI-Prudential-Gold-Exchange-Traded-Fund.aspx) | [IPGETF](https://www.nseindia.com/get-quotes/equity?symbol=IPGETF) | Gold | Aug 2010 |
| IDBI AMC | IDBI Gold ETF | [IDBIGOLD](https://www.nseindia.com/get-quotes/equity?symbol=IDBIGOLD) | Gold | Nov 2011 |
| Kotak Mutal Fund | Kotak Gold Exchange Traded Fund | [KOTAKGOLD](https://www.nseindia.com/get-quotes/equity?symbol=KOTAKGOLD) | Gold | Jul 2007 |
| Quantum Mutual Fund | Quantum Gold Fund (an ETF) | [QGOLDHALF](https://www.nseindia.com/get-quotes/equity?symbol=QGOLDHALF) | Gold | Feb 2008 |
| Reliance Mutual Fund | Reliance Gold Exchange Traded Fund | [RELGOLD](https://www.nseindia.com/get-quotes/equity?symbol=RELGOLD) | Gold | Nov 2007 |
| Religare Mutual Fund | [Religare Gold Exchange Traded Fund](http://www.religareinvesco.com/planPage?Title=Religare%20Invesco%20Gold%20Exchange%20Traded%20Fund&classification=exchange-traded-fund) | [RELIGAREGO](https://www.nseindia.com/get-quotes/equity?symbol=RELIGAREGO) | Gold | Mar 2010 |
| SBI Mutual Fund | SBI Gold Exchange Traded Scheme | [SBIGETS](https://www.nseindia.com/get-quotes/equity?symbol=SBIGETS) | Gold | Apr 2009 |
| UTI Mutual Fund | UTI GOLD Exchange Traded Fund | [GOLDSHARE](https://www.nseindia.com/get-quotes/equity?symbol=GOLDSHARE) | Gold | Mar 2007 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF Nifty BeES | [NIFTYBEES](https://www.nseindia.com/get-quotes/equity?symbol=NIFTYBEES) | NIFTY 50 Index | Dec 01 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF Nifty 100 | [RELCNX100](https://www.nseindia.com/get-quotes/equity?symbol=RELCNX100) | NIFTY 100 | Mar 13 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF Bank BeES | [BANKBEES](https://www.nseindia.com/get-quotes/equity?symbol=BANKBEES) | NIFTY Bank | May 04 |
| Reliance Nippon Life Asset Management Limited | CPSE ETF | [CPSEETF](https://www.nseindia.com/get-quotes/equity?symbol=CPSEETF) | NIFTY CPSE Index | Mar 14 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF Dividend Opportunities | [RELDIVOPP](https://www.nseindia.com/get-quotes/equity?symbol=RELDIVOPP) | NIFTY Dividend Opportunities 50 | Apr 14 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF Consumption | [RELCONS](https://www.nseindia.com/get-quotes/equity?symbol=RELCONS) | NIFTY India Consumption | Apr 14 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF Infra BeES | [INFRABEES](https://www.nseindia.com/get-quotes/equity?symbol=INFRABEES) | NIFTY Infrastructure | Sep 10 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF Junior BeES | [JUNIORBEES](https://www.nseindia.com/get-quotes/equity?symbol=JUNIORBEES) | NIFTY Next 50 | Feb 03 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF PSU Bank BeES | [PSUBNKBEES](https://www.nseindia.com/get-quotes/equity?symbol=PSUBNKBEES) | NIFTY PSU BANK | Oct 07 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF Shariah BeES | [SHARIABEES](https://www.nseindia.com/get-quotes/equity?symbol=SHARIABEES) | NIFTY50 Shariah Index | Mar 09 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF NV20 | [RELNV20](https://www.nseindia.com/get-quotes/equity?symbol=RELNV20) | NIFTY50 Value 20 Index | Jun 15 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF Hang Seng BeES | [HNGSNGBEES](https://www.nseindia.com/get-quotes/equity?symbol=HNGSNGBEES) | HangSeng | Mar 10 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF Liquid BeES | [LIQUIDBEES](https://www.nseindia.com/get-quotes/equity?symbol=LIQUIDBEES) | NIFTY 1 D rate Index | Jul 03 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF Long Term Gilt | [RRSLGETF](https://www.nseindia.com/get-quotes/equity?symbol=RRSLGETF) | NIFTY 4-8 yr G-Sec Index | Jul 16 |
| Reliance Nippon Life Asset Management Limited | Reliance ETF Gold BeES | [GOLDBEES](https://www.nseindia.com/get-quotes/equity?symbol=GOLDBEES) | Gold | Mar 07 |

**Question 29**

**Please provide a list of Shariah compliant Gold Funds in India**

**Answer**

List of Shariah compliant Gold Funds as per TASIS as of 31- August-2024 is given below

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **GOLD ETFs SHARIAH LIST AUGUST - 2024** | | | | | | | | | |
| **Sr.No** | **Name of Gold ETFs** | **ISIN code** | **NSE symbol** | **BSE scrip code** | **Year** | **Average AUM (in lakhs)** | **Interest Income over Total Income (%)** | **Investment in Money Market Instru-ments (%)** | **Status** |
| 1 | Aditya Birla Sun life Gold ETF | INF209KB18D3 | BSLGOLDETF | 533408 | 31/03/2024 | 79,391 | 0.17% | 0.11% | **Shariah Compliant** |
| 2 | Axis Gold ETF | INF846K01W80 | AXISGOLD | 533570 | 31/03/2024 | 92,839 | 0.10% | 0.11% | **Shariah Compliant** |
| 3 | HDFC Gold ETF | INF179KC1981 | HDFCMFGETF | 533230 | 31/03/2024 | 509,150 | 0.01% | 0.07% | **Shariah Compliant** |
| 4 | ICICI Prudential Gold ETF | INF109KC1NT3 | ICICIGOLD | 533244 | 31/03/2024 | 482,097 | 0.11% | 0.24% | **Shariah Compliant** |
| 5 | LIC MF Gold ETF | INF397L01554 | LICMFGOLD | 533719 | 31/03/2024 | 13,050 | 0.17% | 0.24% | **Shariah Compliant** |
| 6 | Invesco India Gold ETF | INF205K01361 | IVZINGOLD | 533172 | 31/03/2024 | 11,549 | 0.41% | 0.13% | **Shariah Compliant** |
| 7 | Quantum Gold ETF | INF082J01408 | QGOLDHALF | 590099 | 31/03/2024 | 20,587 | 0.02% | 0.01% | **Shariah Compliant** |
| 8 | SBI Gold ETF | INF200KA16D8 | SETFGOLD | 590098 | 31/03/2024 | 473,834 | 0.03% | 0.00% | **Shariah Compliant** |
| 9 | Nippon India ETF Gold BeES | INF204KB17I5 | GOLDBEES | 590095 | 31/03/2024 | 1,139,162 | 0.03% | 0.45% | **Shariah Compliant** |
| 10 | U T I Gold ETF | INF789F1AUX7 | GOLDSHARE | 590101 | 31/03/2024 | 111,914 | 0.11% | 0.00% | **Shariah Compliant** |
| 11 | TATA Gold ETF | INF277KA1976 | TATAGOLD | 92739 | 31/03/2024 | 17,090 | 0.08% | 0.01% | **Shariah Compliant** |
| 12 | DSP Gold ETF | INF740KA1SW3 | GOLDETFADD | 543903 | 31/03/2024 | 53,648 | 0.35% | 0.10% | **Shariah Compliant** |

This list is based on the data on August 2024. The Shariah compliance of some Gold ETFs would have changed as of today. For latest Shariah compliance status, please contact TASIS

<https://tasis.in/>

**Question 30**

**Is Nippon India ETF Gold BeES Shariah compliant?**

**Answer**

The **Nippon India ETF Gold BeES** (ticker: GOLDBEES) is backed by **physical gold**, which is a key precondition for potential Shariah compliance. According to its holdings as of July 31, 2025, approximately **98.67%** of assets are in 1 kg gold bars, with the remaining **1.31%** in net current assets and a negligible portion in triparty repo arrangements . This Gold ETF is categorized as Shariah compliant as per the TASIS list as of August 2024. For latest Shariah compliance status, please contact TASIS

<https://tasis.in/>

**Question 31**

What is the Shariah compliant gold investment product from Islamicly

**Answer**

Islamicly Shariah Compliant 24K Real Gold refers to gold investments or transactions that adhere to Islamic principles, bought at spot price and stored in secured vaults on your behalf by your agent.

Most Gold savings schemes offered by local jewellers are:

1. Not compliant with Shariah principles
2. Not an efficient method to accumulate gold.

Key points of a Shariah compliant Gold Savings Scheme:

1. SPOT Price

Gold purchase and sales must happen at the prevailing SPOT price and the sale should be executed immediately

Fixing the price before the sale and possession of GOLD is not permissible in Shariah law.

Traditional Jewellers Gold Savings Scheme:

Gold grammage corresponding to the installment date and amount is recorded.

No sale is conducted. There is no tax invoice issued for such a sale in your name.

This essentially means that the Gold price is fixed before the sale transaction making it non compliant.

Islamicly 24K Real Gold is quoted at the spot prices prevailing in the market. You get a tax collected invoice in your name that the sale of the gold to you is instantly completed. Your tax invoice is evidence of the sale being completed.

2. Ownership and Possession

Gold must be physically delivered to the buyer. Transactions involving gold must ensure that the buyer takes immediate possession (i.e., no speculative buying, and no deferred payment arrangements) to avoid any form of riba (interest).

Traditional Jewellers Gold Savings Scheme:

Since the sale of gold has not taken place, the question of possession does not arise. A Gold transaction where physical possession is not taken by the buyer or his agent is considered non permissible under Shariah law

Islamicly 24K REAL Gold is instantly delivered and possession of the same is taken by the buyers and stored in secured vaults by Brinks. ​​The gold purchased is securely stored in high-security vaults managed by Brink’s, a globally renowned custodian for precious metals.

You can read about BRINKS here: <https://in.brinks.com/precious-metals>

3. Purity and Authenticity

The gold must be pure and genuine, meaning it meets the proper quality standards and does not contain other substances or be mixed with other materials that are not permissible under Islamic law.

Traditional Jewellers Gold Savings Scheme:

There is always a possibility that the purity of gold does not meet the stated standards, and no benchmarking is available. Islamicly 24K REAL Gold is certified as 24 carat with 99.99% purity.

4. Fractional Buying

With the rising prices of Gold, buyers usually have to accumulate funds to buy GOLD. With Islamicly 24K REAL Gold, you can buy Gold starting at just INR 100!

When buying or investing in Shariah-compliant gold, investors often look for products such as gold bars, coins, or certificates that can be verified to meet these principles. Some financial institutions and gold dealers also offer products like gold-backed Islamic certificates or gold savings accounts that adhere to Shariah laws.

How To Start Investing in Shariah Gold?

Here at Islamicly, you can own actual physical gold which is stored securely, complying with Shariah principles. Unlike conventional Digital Gold investment schemes, Islamicly 24K Real gold purchases do not involve interest payments and are physically held, aligning with Shariah guidelines.

* Unlike local Gold Jewellery vendors, with Islamicly 24K Real Gold, you directly buy from the manufacturer and save on Gold Prices, making Charges etc.
* Sell anytime, without going anywhere and receive money directly in your account.
* Accumulate savings in REAL Gold without paying making Charges! Just 99.99% pure 24K Gold and increase your Gold holdings.
* Unlike physical gold, you don’t have to worry about theft or expensive locker fees. Your gold is stored in bank-grade lockers free of cost.
* You can convert your digital gold to physical gold anytime in the form of coins or jewellery through our partners.
* Islamilcy 24K REAL GOLD does not require to invest a large sum of money. You can invest based on your budget, from as low as ₹100

1. **International Gold ETF Options**

**Question 32**

**What are the Shariah compliant Gold investment options available in Qatar?**

**Answer**

In Qatar, Shariah-compliant gold investment options are limited. Most investors use:

* Qatar Islamic Bank’s gold savings and trading facilities
* As of August 2025, no dedicated Shariah gold ETF is listed locally in Qatar, but cross-border options are accessible.
* International Shariah-compliant gold ETFs that are available through Qatar Exchange or cross-listed platforms. Please contact your local bank or Broker for details.
* For a list of Shariah compliant Gold ETFs available in other countries , you can ask another with specific country name

**Question 33**

**What are the Shariah compliant Gold ETF investment options available in Qatar?**

**Answer**

There are **no Shariah compliant gold ETFs listed in Qatar local market**. However, through the brokers listed in QFC or international brokers you may be able to invest in International Gold ETFs from Qatar.

**Question 34**

**What are the Shariah compliant Gold investment options available from UAE?**

**Answer**

Shariah-Compliant Gold Investment Options in the UAE (2025)

1. Physical Gold (Bars, Coins, Jewellery)

* Emirates Gold Bars – 24k, available in sizes from 1g to 1kg; widely retailed across Dubai and the DMCC ecosystem.
* DMCC UAE Bullion Coins – 24k coins in various denominations, minted under DMCC’s official bullion coin program.

2. Shariah-Compliant Gold-Backed ETFs

Regional :

* Albilad Gold ETF (Saudi Tadawul – Symbol: 9405) – Shariah-compliant, physically backed by gold benchmarked to DGCX spot prices. Accessible to UAE investors through brokers offering Tadawul access.

*Note : Brokers in UAE with international trading capabilities and access to Tadawul can facilitate trading of Albilad Gold ETF units for UAE investors. These typically include large regional brokerage firms with cross-border arrangements or online international brokerage platforms servicing UAE clients. In many cases, special accounts or permissions are required; confirm with your broker if the Albilad Gold ETF is tradable.*

*International :*

*Brokers in UAE with international trading capabilities provide the list of Gold ETFs.*

*You may find the Shariah compliant Gold ETFs listed in US and UK Market using another query here.*

3. Islamic Gold Investment Accounts

* RAKBANK Gold Account (Islamic) – allows digital buy/sell in grams, with the option for physical delivery.
* Emirates NBD Gold Investment Account (Islamic) – digital gram-based investing through the bank’s Islamic window; redemption terms and Shariah board approval to be confirmed directly with the bank.

4. Gold-Backed Sukuk

* Gold Reserve Sukuk (DIFC-domiciled) – sukuk certificates backed by audited physical gold held in vaults; typically available via sukuk desks of UAE banks. Secondary market liquidity is limited.

5. Shariah-Compliant Gold Exchange Contracts

* DGCX Shariah-Compliant Spot Gold Contract (Ticker: DGSG) – exchange-traded, immediate (T+0) title transfer, Shariah certified; tradable through Dubai Gold & Commodities Exchange member brokers.

Please note :

The above list reflects verified Shariah-compliant gold investment products available in the UAE and wider region at the time of research in 2025. Investors are advised to research the latest products, verify Shariah compliance, and consult with licensed financial institutions before making investment decisions.

**Question 35**

**What are the Shariah-compliant Gold investment options available from UAE?**

**Answer**

**Shariah-Compliant Gold Investment Options in the UAE (2025)**

1. Physical Gold (Bars, Coins, Jewellery)

* Emirates Gold Bars – 24k, available in sizes from 1g to 1kg; widely retailed across Dubai and the DMCC ecosystem.
* DMCC UAE Bullion Coins – 24k coins in various denominations, minted under DMCC’s official bullion coin program.

2. Shariah-Compliant Gold-Backed ETFs

Regional :

* Albilad Gold ETF (Saudi Tadawul – Symbol: 9405) – Shariah-compliant, physically backed by gold benchmarked to DGCX spot prices. Accessible to UAE investors through brokers offering Tadawul access.

*Note : Brokers in UAE with international trading capabilities and access to Tadawul can facilitate trading of Albilad Gold ETF units for UAE investors. These typically include large regional brokerage firms with cross-border arrangements or online international brokerage platforms servicing UAE clients. In many cases, special accounts or permissions are required; confirm with your broker if the Albilad Gold ETF is tradable.*

*International :*

*Brokers in UAE with international trading capabilities provide the list of Gold ETFs.*

*You may find the Shariah compliant Gold ETFs listed in US and UK Market using another query here.*

3. Islamic Gold Investment Accounts

* RAKBANK Gold Account (Islamic) – allows digital buy/sell in grams, with the option for physical delivery.
* Emirates NBD Gold Investment Account (Islamic) – digital gram-based investing through the bank’s Islamic window; redemption terms and Shariah board approval to be confirmed directly with the bank.

4. Gold-Backed Sukuk

* Gold Reserve Sukuk (DIFC-domiciled) – sukuk certificates backed by audited physical gold held in vaults; typically available via sukuk desks of UAE banks. Secondary market liquidity is limited.

5. Shariah-Compliant Gold Exchange Contracts

* DGCX Shariah-Compliant Spot Gold Contract (Ticker: DGSG) – exchange-traded, immediate (T+0) title transfer, Shariah certified; tradable through Dubai Gold & Commodities Exchange member brokers.

Please note :

The above list reflects verified Shariah-compliant gold investment products available in the UAE and wider region at the time of research in 2025. Investors are advised to research the latest products, verify Shariah compliance, and consult with licensed financial institutions before making investment decisions.

**Question 36**

**What are the Shariah compliant Gold ETF investment options available in UAE?**

**Answer**

Albilad Gold ETF (Symbol 9405)

* The region's first Shariah-compliant commodity gold ETF.
* Listed on Tadawul (Saudi Exchange) and uses data from DGCX’s Shariah-compliant Spot Gold Contract for benchmarking.
* At least 95% of assets are invested in allocated physical gold bars, stored securely in Dubai.
* Designed in line with AAOIFI Shariah standards: no interest, no derivatives, direct ownership in gold.
* Accessible to UAE and GCC investors through regional brokerages

**Question 37**

**What is The DGCX Spot Gold contract**

**Answer**

The DGCX Spot Gold contract is a Shariah-compliant financial instrument certified by Shariah scholars, designed to allow investors to buy and sell physical gold in a transparent and regulated manner. From a beginner investor’s perspective, it functions like a commodity trading contract where ownership of actual gold is transferred on a spot (immediate) basis, ensuring compliance with Islamic principles for gold ownership.

Key features include:

* Compulsory physical delivery of allocated and segregated 1-kilogram gold bars from approved refineries.
* Recognized, regulated, and fully Shariah-compliant.
* Transparent pricing with defined processes and timelines for delivery intention, revocation, and substitution.
* Traded in USD with a minimum price movement of USD 0.10 per troy ounce and a tick value of USD 3.20 per lot.
* The region’s first exchange-traded Shariah spot gold contract, certified by a Shariah advisory board based on established standards.
* Enables diversification of Islamic investment portfolios through Shariah-compliant gold ownership.
* Listed on a federally regulated platform with risk management measures ensuring safety and price transparency.
* Physical delivery is mandatory under an approved Shariah structure.
* Only specific Dubai Good Delivery (DGD) bars are accepted as deliverable under the contract.
* Provides a comprehensive solution for physical storage and delivery based on participant requests.

DGCX contracts can be traded through UAE-licensed commodity brokers

**Question 38**

**Is DGCX Spot Gold contract Shariah compliant?**

**Answer**

The DGCX Spot Gold contract is certified by Shariah scholars to comply with Shariah principles for gold ownership.

**Question 39**

**What are the Shariah compliant Gold ETF investment options available in UK?**

**Answer**

Here is a list of gold ETFs/ETCs provided by Islamic Finance Guru Web site and are available in the UK for Shariah compliant investors

ETCs:

* Xetra-Gold (OGLD)
* WisdomTree Physical Swiss Gold (SGBX)
* Invesco Physical Gold A (SGLP)
* iShares Physical Gold ETC (SGLN)
* WisdomTree Physical Swiss Gold (OGZU)
* Xtrackers Physical Gold ETC (EUR) (OXA5)
* Xtrackers Physical Gold ETC (XGLD)
* WisdomTree Physical Gold (PHGP)
* Gold Bullion Securities (OGG9)
* Gold Bullion Securities (GBSS)
* HANetf The Royal Mint Physical Gold ETC Securities (RMAP)
* Xtrackers IE Physical Gold ETC Securities (XGDU)

These ETFs are considered sharia-compliant for UK investors by Islamic Finance Guru Web site. Always review the fund’s prospectus and annual reports for up-to-date details on physical holdings and compliance structure. You may compare such details with AAOIFI standard on Gold which is the Global reference for Sharia compliant Gold investors

**Question 40**

**What are the Shariah compliant Gold ETF investment options available in USA (America)?**

**Answer**

Here is a list of gold ETFs provided by Islamic Finance Guru Web site and are available in the USA for Shariah compliant investors (ticker code in brackets):

GraniteShares Gold Trust (BAR)

iShares Gold Trust (IAU)

Aberdeen Standard Physical Gold Shares ETF (SGOL)

SPDR Gold MiniShares Trust (GLDM)

Perth Mint Physical Gold ETF (AAAU)

Van Eck Merk Gold Trust (OUNZ)

SPDR Gold Trust (GLD)

These ETFs are considered sharia-compliant for UK investors by Islamic Finance Guru Web site. Always review the fund’s prospectus and annual reports for up-to-date details on physical holdings and compliance structure. You may compare such details with AAOIFI standard on Gold which is the Global reference for Sharia compliant Gold investors

1. **General Questions**

**Question 41**

**Why should I invest in ETF, if I am a small scale investor and I can keep gold coins physically?**

**Answer**

For a small-scale investor, investing in a Gold ETF instead of holding physical gold coins offers several practical benefits:

No Storage Hassle or Risk: Gold ETFs don’t require you to worry about storing physical gold safely, avoiding risks of theft, loss, or damage. The physical gold backing ETFs is securely stored by custodians in vaults with insurance.

Lower Costs: Investing in physical gold typically involves making charges, storage fees, insurance, and sometimes purity-related concerns. Gold ETFs eliminate these extra costs, resulting in more cost-effective gold exposure.

Ease of Trading & Liquidity: Gold ETFs trade on stock exchanges like stocks, allowing you to buy or sell them easily at market prices during trading hours. Physical gold can be harder to liquidate quickly at fair prices and often involves additional transaction costs.

Small Investment Size Allowed: You can start investing in Gold ETFs with as little as buying one unit (usually 1 gram or less). This flexibility suits small investors who may not want to buy full gold coins or bars.

Transparent Pricing & Portfolio Visibility: Gold ETFs track gold prices transparently, and fund houses provide regular disclosures about holdings and valuations. With physical gold coins, price discovery and purity verification can be less transparent.

Tax Efficiency: Gold ETFs may offer better tax treatment on long-term capital gains compared to physical gold, which can help improve overall returns.

Portfolio Diversification & Inflation Hedge: Gold ETFs provide a convenient way to diversify your portfolio with gold's inflation hedge properties without owning or managing physical assets.

**Question 42**

**What are the differences between a gold ETF and a mutual fund. Which is less risky?**

**Answer**

The key differences between a Gold ETF and a Gold Mutual Fund are as follows:

|  |  |  |
| --- | --- | --- |
| Feature | Gold ETF | Gold Mutual Fund |
| Investment Vehicle | Trades on stock exchanges like stocks. | Invests primarily in Gold ETFs and other gold-related securities (some thematic funds also invest in mining stocks). |
| Underlying Asset | Physical gold bullion or gold futures (mostly physical gold). | Invests in gold ETFs, gold mining/refining companies, or gold assets. |
| Investment Minimum | Typically minimum purchase equals price of 1 gram of gold; must invest in whole units. | Allows smaller minimum investments often starting as low as ₹500 via SIPs or lumpsum. |
| Account Requirements | Requires Demat and trading account to buy/sell units on exchange. | No Demat account needed; can invest directly through mutual fund platforms. |
| Trading & Liquidity | Traded throughout the day on exchanges; intra-day trading possible. | Redemption based on end-of-day NAV; traded only once per day after NAV calculation. |
| Cost & Expense Ratio | Lower expense ratios (usually 0.5% to 1%) and no entry/exit loads; brokerage and Demat charges apply. | Generally higher expense ratios (around 1% to 1.2% or more); may have entry and exit loads. |
| Investment Method | Lump sum purchases; SIP options less common but emerging. | Systematic Investment Plan (SIP) and lump sum options available. |
| Pricing Transparency | Real-time market price fluctuates throughout the day with underlying gold price. | Price based on daily NAV calculated at market close. |
| Redemption | Can be sold on exchange anytime during trading hours; physical gold delivery possible for large investors in some ETFs. | Redemption at NAV post market close; no direct physical gold delivery option. |
| Taxation | Long-term capital gains after 36 months, no Securities Transaction Tax (STT) on sale of ETF units (varies by jurisdiction). | Taxed as mutual funds; STT applicable. |
| Convenience and Safety | Eliminates the need for physical gold storage; safe custody by custodian. | Also does not require physical gold storage; managed by fund house. |
| Suitability | Suitable for investors who want to trade gold like stock and have flexibility and real-time liquidity. | Better for investors preferring SIPs, smaller amounts, and simpler investing without Demat. |

Which is Less Risky?

Both Gold ETFs and Gold Mutual Funds carry relatively similar market risk since both track gold prices. However:

• Gold ETFs involve some additional risks related to stock exchange trading such as liquidity risk (on exchanges), price volatility intraday, and Demat account risks. The physical gold backing provides intrinsic security against price risk.

• Gold Mutual Funds have less trading risk and are more suitable for long-term investors who prefer systematic and passive investing without managing a Demat account, leading to lower operational complexity.

Neither form inherently involves credit or default risk because both invest in gold assets backed by physical gold or securities.

In terms of overall risk to the investor’s capital, they are quite similar, with risk primarily linked to gold price fluctuations. Operationally, Gold Mutual Funds may be simpler and less exposed to market timing risk for small investors, while Gold ETFs offer more liquidity but require trading discipline.

**Question 43**

**Compare gold with other asset classes, showing merits and demerits of each asset class?**

**Answer**

**Gold -** *Merits:*Tangible asset with intrinsic value;Shariah-compliant when physically held or held via compliant ETFs.;Acts as a hedge against inflation and currency risk;Universally recognized as a store of value.*Demerits:*Price can be volatile in the short term;Storage and security costs for physical gold;Limited income generation (no dividends or interest).

**Equities (Stocks) -** *Merits:*Potential for capital gains and dividends;Shariah-compliant if screened for business activity and financial ratios;Ownership interest in companies adds asset backing. *Demerits:*Subject to market volatility and company-specific risks;Requires careful screening to avoid non-compliant sectors (e.g., alcohol, gambling);Leverage and interest-related activities must be minimal for compliance.

**Sukuk (Islamic Bonds) -** *Merits:*Provides steady income based on profit-sharing principles, no interest (riba);Asset-backed and Shariah-compliant fixed-income alternative. *Demerits:*Smaller and less liquid market compared to conventional bonds.;May have default risk similar to other debt instruments.

**Real Estate -** *Merits:*Tangible asset with potential for rental income and capital appreciation;Shariah-compliant if financed through Islamic structures avoiding interest.*Demerits:*Requires significant capital and management efforts;Illiquid compared to equities and ETFs.

**Private Company Investment -** *Merits:*Asset-based investment generating returns through business growth and profit-sharing;Shariah-compliant if business activities and financials pass Shariah screening criteria;Can provide diversification beyond public markets. *Demerits:*Requires significant due diligence and active involvement or trust in management;Higher risk and lower liquidity compared to public equities.

**Shariah-Compliant ETFs & Mutual Funds -** *Merits:* Diversified exposure at lower cost; easy to trade (ETFs);Screened for Shariah compliance; convenient for small investors;Transparent and regulated instruments. *Demerits:*May have expense ratios and management fees;Some ETFs may use derivatives, which may not be compliant.

**Question 44**

**How can investors verify that their gold investment provider follows recognized ethical sourcing and responsible mining standards?**

**Answer**

The typical Statement of Investment Disclosure (SID)  or regular public disclosures of major Gold ETFs generally do not provide detailed information on responsible sourcing, ethical mining, or full supply chain traceability within their standard documents. These documents mainly cover fund structure, investment objectives, physical gold backing, expense ratios, redemption rights, and asset allocation.

However, responsible sourcing and compliance with ethical mining standards are often addressed in:

* Separate ESG, sustainability, or responsible investing reports published by the fund providers or their custodians.
* Specific ESG policy statements or investor guides released alongside or outside the SID.
* Independent certifications or adherence to recognized frameworks such as the London Bullion Market Association (LBMA) Responsible Sourcing Programme, which is sometimes mentioned in product disclosures or on the provider’s website.

Investors are advised to find such documents and do their own research. They will have to contact the fund house directly or check the vault/custodian and refinery’s ESG practices separately to verify ethical compliance

**Question 45**

**Are there transparent disclosures of all fees, terms, and the actual provenance of gold, ensuring there are no hidden charges or unverified claims about ethical sourcing?**

**Answer**

Gold ETFs generally provide transparent disclosures of fees, terms, and the provenance of gold, but the extent and detail can vary depending on jurisdiction and the fund provider. Here's what is typically available and how investors can verify these details:

* Fees and Terms Disclosure
* Gold ETFs are required to disclose all management fees, expense ratios, and any redemption or transaction fees clearly in their product disclosure statements or Scheme Information Documents (SIDs). For example, many ETFs provide detailed fee structures publicly in their official documents like the iShares Physical Gold ETF Product Disclosure Statement or specific fund brochures (e.g., Albilad Gold ETF disclosures show fees and terms explicitly).
* Regulatory frameworks such as SEBI in India or the Corporations Act in Australia enforce transparency obligations including periodic financial reports and disclosures of the Net Asset Value (NAV), distributions, and expenses.
* Physical Gold Backing and Provenance
* Reputable Gold ETFs back their units with allocated physical gold bars stored securely in custodial vaults, and this is confirmed through regular audits by independent statutory auditors. They publish details about the purity and storage of gold, ensuring transparency regarding the physical gold backing the ETF.
* While SIDs or typical annual reports do not always detail the gold’s mining provenance or ethical sourcing fully, fund providers often reference adherence to recognized responsible sourcing frameworks or third-party certifications in separate ESG or sustainability reports, rather than in basic disclosure documents.
* Ethical Sourcing and Responsible Mining Claims
* Explicit details about ethical sourcing or responsible mining standards are not usually found in primary fund disclosures such as SIDs or statutory filings but may be available in dedicated ESG/sustainability reports published by the fund provider or custodian. These may describe traceability, certifications (e.g., LBMA Responsible Gold Guidance), or external audit results on mining and sourcing practices.
* As noted in previous answers, the gold provenance and ethical sourcing transparency often require review of these separate disclosures beyond traditional prospectus or financial statements.
* No Hidden Charges
* The regulatory regime governing mutual funds and ETFs typically mandates full disclosure of all fees and charges related to the fund. Regular updates through half-yearly or annual financial reports enhance fee transparency. Investors can monitor these reports or official fund communications to ensure no hidden fees are present

**Question 46**

**What is the security for Gold ETFs?**

**Answer**

The security for Gold ETFs primarily comes from the secure storage of physical gold that backs the ETF units, along with robust auditing and custodial practices and regulatory controls

Secure Storage of Physical Gold

Gold ETFs hold physical gold bars (typically 99.5%+ pure) stored in highly secure vaults operated by top-tier custodians such as HSBC, JPMorgan, or specialized storage providers. These vaults are located in key financial centers (London, New York, Zurich, etc.) with state-of-the-art physical security measures including surveillance, restricted access, and insurance coverage. The gold is held in allocated accounts that specifically identify bars owned by the ETF, ensuring clear ownership and protection.

Investors do not hold physical gold themselves; instead, the fund provider ensures the safekeeping of the gold backing the ETF shares, relieving individual investors of storage and theft risks.

Independent Third-Party Audits

Regular independent audits are conducted to verify the physical presence, purity, and quantity of gold backing the ETFs. Audit firms inspect and reconcile gold bar inventories and confirm compliance with Good Delivery standards (such as those set by the London Bullion Market Association). This auditing transparency provides investor confidence that the ETF maintains sufficient physical gold to cover all outstanding shares.

Digital Ownership and Custodial Controls

Investors hold digital units of the ETF representing their ownership in the physical gold without the complexities and risks of storing physical metal themselves. Custodians operate under strict commercial and legal frameworks to ensure responsible gold handling, with protocols that minimize counterparty and operational risks.

Risk Considerations

While physical gold is securely held, Gold ETFs carry some counterparty risk as they depend on the financial institutions managing storage and operations. Investors should consider the reputation and stability of the custodians and fund managers involved

**Question 47**

**Answer**

**What measures are in place to ensure client asset protection, both legally and physically, so that customer holdings are safeguarded against misuse or loss in the case of Gold ETFs?**

Measures to ensure client asset protection for Gold ETFs from both regulatory and end-customer perspectives include the following key components:

* Legal Safeguards and Regulatory Requirements
* Financial regulators impose strict client asset protection rules on authorized firms handling client assets (including Gold ETFs). These rules require client assets to be segregated from the firm’s own assets and held in trust or custody for the clients exclusively, preventing misuse or insolvency risk spillover.
* Firms must have regulatory permissions explicitly to hold or control client assets and comply with client money and safe custody provisions as detailed in regulatory frameworks (e.g., Conduct of Business Modules in various jurisdictions).
* Regulators (such as securities commissions or financial authorities) conduct ongoing supervision via mandatory reporting, independent audits of client asset controls, and ad hoc inspections to enforce compliance and prevent misappropriation.
* Custodial and Physical Security of Gold Holdings
* Gold ETFs hold physical gold bars in allocated and segregated accounts with reputable third-party custodians (such as HSBC, JPMorgan) who maintain high-standard vault security, insurance coverage, and strict chain-of-custody controls. This prevents loss or theft of the underlying physical gold backing the ETF units[Previous conversation].
* Custodianship arrangements are subject to regulatory scrutiny and oversight, ensuring that client gold holdings are not mingled with the custodian’s own assets and remain available to investors.
* Independent third-party audits verify the presence, purity, and quantity of physical gold regularly (often annually), publishing audit confirmations to provide transparency and protect investor interests[Previous conversation].
* Segregation and Reconciliation of Client Assets
* Firms handling Gold ETFs must segregate client assets from proprietary funds and periodically reconcile holdings with custodian records to ensure accurate accounting and prevent asset mismanagement.
* Clear records are maintained to attribute ownership rights to clients specifically and to avoid co-mingling of assets.
* Disclosure and Client Consent Mechanisms
* Clients are informed transparently about the nature of asset protection, custody arrangements, redemption rights, and any applicable risks. Any waiver or modification of client asset protection requires explicit, recorded client consent after clear disclosure of its implications.
* Clients have rights to call for redelivery or transfer of their assets under specific conditions.
* Operational Controls and Risk Management
* Firms implement internal risk management systems and controls designed to safeguard client assets against fraud, theft, or operational failures. This may include cybersecurity, personnel controls, and regulatory compliance programs.
* Regulators often require whistle-blowing channels and governance oversight to report and mitigate risks related to client assets.
* Insurance and Compensation Schemes
* Some jurisdictions or custodians provide insurance policies covering physical gold holdings against loss or damage. Additionally, investor compensation schemes may back client assets up to specified limits in case of firm insolvency or fraud, subject to local regulations.

**Question 48**

**Is SEBI regulating gold ETF? what are the key Gold ETF regulatory measures in India**

**Answer**

Yes, Gold ETFs are regulated by SEBI (Securities and Exchange Board of India) in India.

Key regulatory measures governing Gold ETFs in India under SEBI's Mutual Fund Regulations include:

* Registration and Listing:  
  Gold ETFs are mutual fund schemes registered with SEBI and listed on stock exchanges like NSE and BSE, trading like shares.
* Physical Gold Backing:  
  SEBI mandates that a minimum of 95% of the Gold ETF portfolio must be invested in physical gold or gold-related instruments. Physical gold is procured as standardised 1 kg bars of 995 purity and must comply with LBMA Good Delivery standards.
* Permitted Holdings:  
  Gold ETFs may hold up to 0-5% of their assets in cash or cash equivalents for operational needs. Gold-related instruments such as Exchange Traded Commodity Derivatives (ETCDs) backed by physical gold on regulated Indian exchanges may also form a small part of holdings.
* Custodianship and Storage:  
  Physical gold is stored securely in vaults in India under custodians registered with SEBI, such as Deutsche Bank. The gold is stored in allocated accounts identified for the ETF, ensuring segregation and safety.
* Auditing:  
  Statutory auditors appointed by the fund conduct physical verification of gold in the vaults at least every six months. Custodians' internal audits also verify holdings monthly, ensuring stringent checks on physical gold stocks.
* Valuation and Pricing:  
  SEBI has proposed uniform valuation norms for gold ETFs, aligning them with domestic commodity exchange spot prices to ensure transparent and localized price discovery.
* Disclosure:  
  Fund schemes disclose in their Scheme Information Documents (SIDs) the investment objectives, details of gold purity, redemption mechanisms, fees/expense ratios, and audit processes to ensure investor transparency.
* Investor Protection:  
  Legal provisions require segregation of client assets, custodial safekeeping, and periodic regulatory oversight to protect investor interests and prevent misuse or loss.

**Question 49**

**I have heard that, in the case of locker theft, banks will not reimburse the full value of the gold, but only a certain fixed amount, not the actual value. In this context, which institutions ensure full value compensation in such incidents?**

**Answer**

In the Indian context, banks do not reimburse the full actual value of gold lost in locker thefts. Instead, regulatory and customary practice limits compensation to a maximum of 100 times the annual locker rent. For example, if annual locker rent is ₹3,000, the maximum compensation payable will be ₹3,00,000 regardless of the actual value of gold stolen.

This means that bank lockers are not insured for the full value of the contents by default, and customers bear the risk of any loss exceeding this capped compensation. Banks are only liable to pay this compensation if negligence or fault on the bank’s part in security or operations is proven. If the theft happens without bank negligence, they are generally not liable.

Regarding financial institutions or other entities that ensure full value compensation for gold held in investment products like Gold ETFs:

* Gold ETFs are backed by physical gold custody held with professional custodians in secure vaults. Custodians are regulated entities bound to maintain allocated physical gold for the ETF units outstanding.
* The custody arrangements and gold holdings in Gold ETFs are subject to rigorous independent audits and regulatory oversight (e.g., by SEBI in India), providing assurance that ETF units represent actual gold holdings.
* Investors in Gold ETFs hold units with their holdings digitally recorded and backed by physical gold securely stored. There is no direct equivalent of "locker theft" risk since investors don't hold physical gold personally.
* In case of any mishandling or custodian default, recovery or insurance arrangements are typically part of custodial frameworks and regulatory safeguards overseen by SEBI to protect investors.

Unlike banks’ lockers, Gold ETF custodians provide much greater investor protection through legal segregation, auditing, and regulated custody rather than a fixed compensation limit.

**Question 50**

**Considering the safety of storage and tax benefits, what is the advisable percentage we should allocate to physical, digital, and ETF gold products?**

**Answer**

Considering the safety of storage and tax benefits, the advisable allocation percentage among physical, digital, and Gold ETF products typically depends on the investor's convenience, risk tolerance, and investment goals, but financial experts often suggest the following guidance:

* Overall Gold Allocation in Portfolio:  
  Most financial advisors recommend allocating about 8-15% of your total investment portfolio to gold as a hedge against inflation and diversification.
* Physical Gold:  
  Physical gold (coins, bars, jewelry) offers tangible asset ownership and cultural value but involves storage risks, security costs, and potential making charges. For small to moderate investors, allocating about 20-40% of your gold exposure to physical gold can balance emotional and traditional preferences with manageable security and liquidity concerns.
* Gold ETFs:  
  Gold ETFs provide secure, cost-effective, and highly liquid exposure backed by physical gold held securely in vaults. Given tax benefits on long-term holdings and no storage hassle, allocating around 40-60% of your gold investment in Gold ETFs is advisable for convenience, transparency, and ease of trading.
* Digital Gold and Gold Mutual Funds:  
  Digital gold platforms offer immediate buying and selling in small quantities with low cost but may lack full regulatory oversight or assured physical backing. Gold mutual funds can also be considered for diversification but may have higher expense ratios. A modest allocation of 10-20% in digital gold or gold mutual funds can add flexibility but should be balanced against the regulatory reliability.

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