Gold: A Commodity with Enduring Value

COMMODITY PRODUCERS | Date: February 13, 2025

Read Online

Source: datahub.io, as of October, 2024

- Gold prices have risen significantly over the last decade.
- Higher gold prices have led to a significant increase in profitability for the world's gold miners.
- At the end of Q3 2024, average all-in sustaining costs (AISC) for major gold miners were approximately $1,517 per ounce.[1]
- With gold trading well above $2,000 per ounce today, many gold mining companies are performing well and generating strong returns for investors.

The Gold
Supply Chain

Source: Vaulted, as of 2024

Global Gold Mine Production

by Country (Rounded)

Source: World Gold Council, as of June 25, 2024

Other Countries 740.7t

Gold's Long-Term Performance

As a tangible asset with intrinsic value, gold can play a valuable role in investor portfolios. Over the long term, the precious metal has proven to be both a store of value and a hedge against economic uncertainty.

Gold Spot Price vs S&P 500

Source: Backtest by Curvo, Gold spot price vs S&P 500: historical performance, as of December 2024

Why Gold Remains a Popular Investment

For thousands of years, gold has been viewed as a valuable investment, prized for its scarcity, durability, and potential to appreciate over time. And despite advances in financial technology in recent decades, it remains as popular today as ever.

As a long-term investment, gold can offer a range of benefits including:

- **Wealth preservation** – Gold has historically proven to be a reliable store of value, preserving wealth over long periods. Unlike fiat currencies, which can be subject to devaluation, gold tends to maintain its value due to its scarcity.
- **Portfolio diversification** – Gold has a relatively low correlation to traditional asset classes such as equities and bonds. Therefore, it can help to diversify an investment portfolio.
- **A hedge against uncertainty** – Gold is considered to be a "safe-haven" asset. As a result, it often performs well during periods of economic uncertainty.

How Gold Can Help Diversify Investor Portfolios

	US equities	US bonds	US real estate	Gold	Cash
2014	13.7%	6.0%	27.2%	-0.2%	0.0%
2015	1.4%	0.6%	2.1%	-11.4%	0.0%
2016	12.0%	2.7%	7.6%	9.1%	0.3%
2017	21.8%	3.5%	9.8%	11.9%	0.8%
2018	-4.4%	-0.5%	-4.0%	-1.2%	1.8%
2019	31.5%	8.7%	28.9%	18.8%	2.2%
2020	18.4%	7.5%	-5.3%	24.2%	0.6%
2021	28.7%	-1.5%	39.0%	-3.8%	0.1%
2022	-18.1%	-13.0%	-25.2%	-0.4%	1.5%
2023	26.3%	5.5%	12.3%	13.8%	5.1%
2024	25.0%	1.8%	4.9%	27.2%	5.3%

Sources:

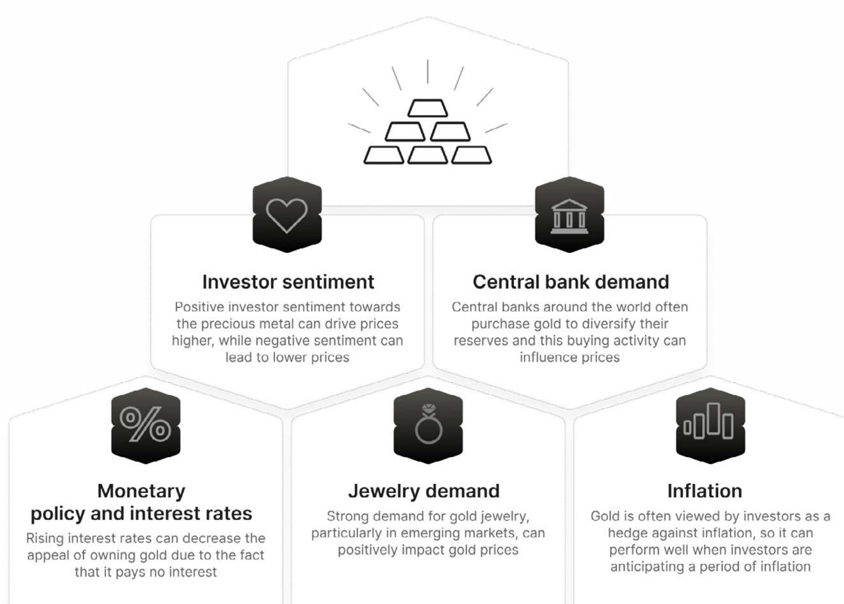
US equities: S&P 500 Index

US bonds: S&P US Aggregate Bond Index

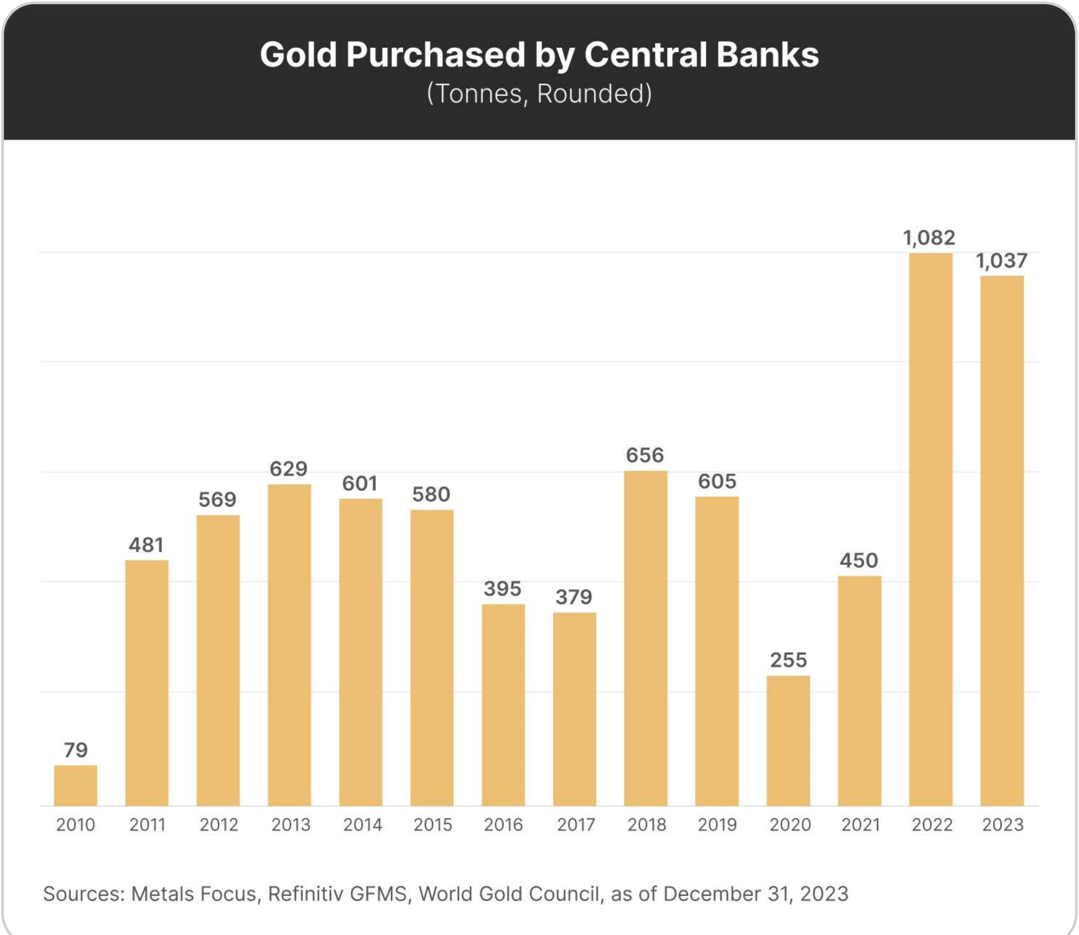
US real estate: Dow Jones US Real Estate Index

Cash: Morningstar US 1-3 Month Treasury Bill Index

What Influences Gold Prices?



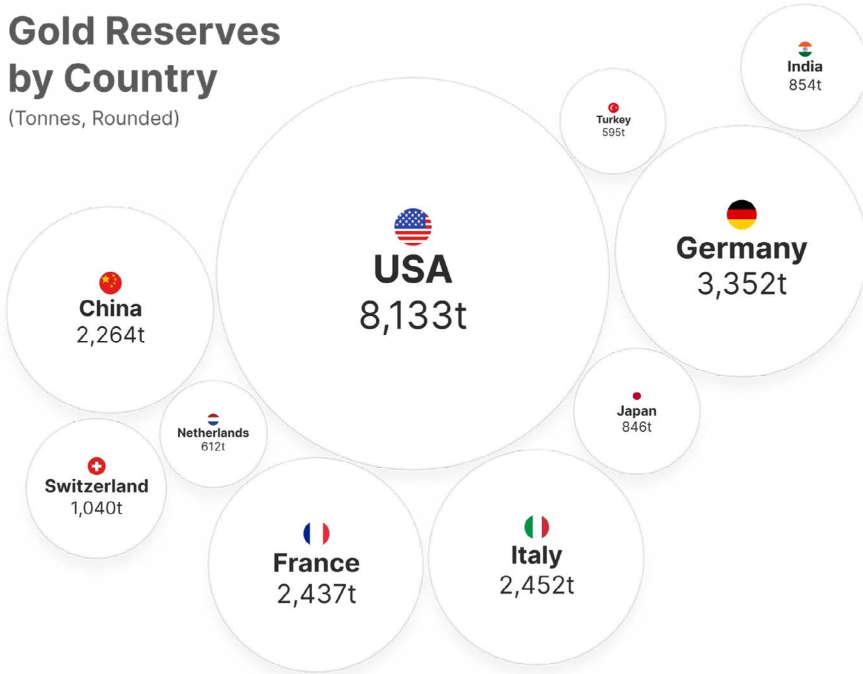
Central Banks Are Buying Record Amounts of Gold



In recent years, the world's central banks have bought substantial amounts of gold despite the fact that the price of the commodity has been hitting new all-time highs. These government institutions view the precious metal as a strategic asset that can help them diversify their reserves. One advantage of investing in physical gold is that there is no "counterparty risk." Unlike an investment in fixed income securities or currencies, an investment in gold doesn't rely on the creditworthiness of any institution or government.

Since 2010, the **majority of gold purchases** made by central banks have come from e**merging market countries** such as China, Russia, India, and Turkey. These countries have been buying gold to diversify away from the US dollar and protect their wealth against inflation and geopolitical risks.

In 2023, China was the largest buyer of gold, reporting an increase of 225 tonnes for the year.



Sources: Central Banks, Federal Reserve Bank of St. Louis, International Monetary Fund, World Bank, World Gold Council, as of November 30, 2024

The Case for Gold Miners

When gold is rising, investors in gold mining companies often enjoy amplified returns. This is due to the fact that as gold prices increase, miners' revenues typically rise at a much faster pace than their costs, leading to a sharp increase in profitability. At the end of Q3 2024, average all-in sustaining costs (AISC) for larger gold miners were approximately $1,517 per ounce[2]. So, with gold trading well above the $2,000 per ounce level, many gold mining companies are enjoying high levels of profitability today.

Gain Exposure to Gold Miners with the Themes Gold Miners ETF

The Themes Gold Miners ETF (AUMI) seeks to track the Solactive Global Pure Gold Miners Index (SOLGLPGM). This index provides exposure to the largest 30 companies that derive their revenues from gold mining activities.

Footnotes:

[1] S&P Global, Major gold producers' Q3 2024 all-in sustaining costs increase 4.9% QOQ, as of December 8, 2024

[2] S&P Global, Large gold miners' all-in sustaining costs rose 3.3% in Q4 2023, as of March 11, 2024

ALPS Distributors, Inc (1290 Broadway, Suite 1000, Denver, Colorado 80203) is the distributor for the Themes ETFs Trust.

Investing involves risk, including the possible loss of principal. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Narrowly focused investments and investments focusing on a single country may be subject to higher volatility.

Technology-themed investments may be subject to rapid changes in technology, intense competition, rapid obsolescence of products and services, loss of intellectual property protections, evolving industry standards and frequent new product productions, and changes in business cycles and government regulation.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the funds. Brokerage commissions will reduce returns.

Carefully consider the funds' investment objectives, risk factors, charges, and expenses before investing. This and additional information can be found in the funds' summary or full prospectus, which may be obtained by calling 1-866-5Themes (1-866-584-3637) or by visiting themesetfs.com. Please read the prospectus carefully before investing.

Themes Management Company LLC serves as an adviser to the Themes ETFs Trust. The funds are distributed by ALPS Distributors, Inc (1290 Broadway, Suite 1000, Denver, Colorado 80203). Solactive and STOXX have been licensed by Solactive AG and ISS STOXX, respectively, for use by Themes Management Company LLC. Themes ETFs are not sponsored, endorsed, issued, sold, or promoted by these entities, nor do these entities make any representations regarding the advisability of investing in the Themes ETFs. Neither ALPS Distributors, Inc, Themes Management Company LLC nor Themes ETFs are affiliated with these entities.