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"Gold vs. KSE-100: Which Proved the Better Investment in a Decade of Economic Change (2015–2025)"



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ABSTRACT

This study conducts a comparative analysis of gold and the KSE-100 Index as investment avenues in Pakistan over the ten-year period from 2015 to 2025, a decade characterized by high inflation, currency depreciation, political instability, and recurring global economic shocks. Using secondary historical price data drawn from Investing.com, Sarmaaya.pk, and TradingView, the research applies a quantitative, comparative methodology to calculate and contrast cumulative returns, volatility, and risk-adjusted performance across both asset classes. The findings reveal a clear performance paradox: while gold, in aggregate, outperformed the KSE-100 Index over the study period, several individual stocks, most notably Sazgar Engineering Works (SAZEW) and Meezan Bank (MEBL) delivered substantially higher returns than both gold and the broader index. This divergence is interpreted through the lens of Safe-Haven Asset Theory (Baur & Lucey, 2010) and Behavioral Finance Theory (Shefrin, 2007), which together help explain why Pakistani investors continue to gravitate toward gold despite the presence of high-performing equities. The study concludes that a widespread reliance on index-level performance, rather than firm-level analysis, has contributed to misallocated household savings and constrained the development of Pakistan's capital markets. Practical recommendations are offered for investors, financial institutions, and policymakers, emphasizing diversification, financial literacy, and regulatory reform as pathways toward a more balanced and resilient investment culture.

Keywords: *Gold, KSE-100 Index, Safe-Haven Asset, Behavioral Finance, Investment Performance, Pakistan Capital Markets, Diversification.*

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