

Precious metals

Asset class fact sheet

This document informs you about the characteristics, advantages and risks of direct investments in precious metals and is designed to help you make your investment decisions. If you have any questions, please do not hesitate to contact your client adviser at any time.

Physical precious metal is ideal for diversifying from other assets. Investments are possible in bars of different sizes. Precious metals include gold, silver, platinum and palladium. Apart from platinum and palladium, the other precious metals in the platinum group, such as iridium, rhodium, osmium and ruthenium, are not suitable for capital investments.

Precious metals are metals that are particularly corrosion resistant. For this reason, certain precious metals such as gold and silver have been used to make jewellery and coins since ancient times. The platinum metals were discovered over the course of the past four centuries. These display similar corrosion resistance to gold.

The right form

Physical precious metal is suitable for diversifying from other assets. Investments can be made in different sizes and forms. Gold is available, inter alia, as bars – which are highly protected against forgery – and coins from various suppliers.

Traded precious metals include gold, silver, platinum and palladium, whereby gold is the most frequently traded.

A precious metal account provides an alternative for those who do not wish to transport, store or maintain physical precious metal.

Forms of precious metals

Coins, bars, account

Gold coins:

Switzerland: Vreneli CHF 10 / 20 / 100 (upon request);

Helvetia CHF 20

France: Napoleon 20 FF

USA: American Eagle; Double Eagle

Canada: Maple Leaf

Mexico: Peso

China: Panda

Australia: Nugget

South Africa: Kruggerand

England: Britannia; old and new Sovereign

Austria: Ducat (subject to VAT); crown; florin; Philharmoniker

Gold bullion bars:

Traceable¹ gold:

Standard bar of approx. 12.5 kg

Bars of 1000 g / 500 g / 250 g / 100 g / 50 g /

20 g / 10 g / 5 g / 2 g / 1 g

Fairtrade¹ gold:

Bars of 20 g / 10 g / 5 g / 2 g / 1 g

Silver bullion bars:

Traceable¹ silver:

Bars of approx. 1000 g

Good to know

Gold (Au)

The chemical symbol "Au" derives from the Latin name "aurum".

Silver (Ag)

The chemical symbol "Ag" stands for silver. This derives from the Latin word "argentum".

Platinum (Pt)

The chemical symbol "Pt" stands for platinum. This derives from the Spanish word "platina" (diminutive of silver "plata"). It is a greyish white, malleable precious metal. It is used to make jewellery, catalytic converters, laboratory equipment or dental implants.

Palladium (Pd)

The chemical symbol "Pd" was chosen by its discoverer after the asteroid Pallas, which was discovered at almost the same time. It is used for similar purposes as platinum.

Rights and obligations of investors

Value added tax: The physical purchase/sale of gold bars and gold coins is not subject to value added tax (with the exception of ducats). Silver, platinum and palladium are, however, subject to value added tax.

¹ Please see www.zugerkb.ch/nachhaltigesgold for further information.

Benefits

Attractive

Because gold coins or gold bars can also be used as decorative and collectors' items.

Secure

As the gold bars are made using a special process and are given certificates of authenticity from 1g to 1000g.

Dependable

Because the transactions are guaranteed via a regulated market.

Risks

Potential loss

When investing in precious metals (physical or in book-entry form), fluctuations in value on the stock exchange can cause investors to suffer losses. This is because the value of the precious metals can fall below the purchase price.

Market risk

The investor bears the risk that the value of the precious metals could fall while being held. The price of the metals is determined by supply and demand on the stock exchange. Prices are also affected by the behaviour and risk appetite of investors.

Liquidity risk

Precious metal liquidity describes the opportunity for the investor to buy/sell their metals on a daily basis at market prices on a regulated stock exchange. The risk that the metals may not be bought/sold on the market within a reasonable period, at market prices or without impacting the market is borne by the investor.

Foreign exchange risk

If the precious metals are traded in a currency other than the domestic currency, the investor may be exposed to a foreign exchange risk.

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