Zuger Kantonalbank

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 have similar corrosion resistance to gold.

Forms of precious metals

Coins, bars, account

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.

A **precious metals account** allows the client to invest in gold, silver, platinum or palladium without physically storing them. Holdings are booked in grams or ounces in the form of credit balances. Clients can deposit physical precious metals for crediting to their metal account; deposits may be limited or refused.
A physical delivery is possible at any time, subject to payment for the costs incurred. Deliveries may be delayed or refused in the event of limited market liquidity, regulatory restrictions or force majeure. The definition of minimum weights for deposits and withdrawals remains reserved. If a physical delivery is refused, the client may sell the precious metals account holdings at any time or terminate the metals 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:	Krugerrand
England:	Britannia; old and new Sovereign
Austria:	Ducat (subject to VAT); crown; florin; Philharmoniker

Gold bullion bars:

Traceable[1] 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

Fairtrade[1] gold:
Bars of 20 g / 10 g / 5 g / 2 g / 1 g

Silver bullion bars:

Traceable[1] silver:
Bars of approx. 1000 g

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

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.

Benefits

Diversification
Precious metals frequently show low correlation with traditional investment classes like equities or bonds and can help diversify a portfolio.

Value retention
Gold in particular has been used as a store of value for centuries and can gain importance at a time of high inflation or economic uncertainty.

High market liquidity
Gold is among the world's most highly traded commodities and can generally be traded at market prices at any time.

Physical, tangible value
Physical precious metals represent a real asset that is not dependent on an issuer's ability to pay.

Risks

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

Market risk
Investors bear 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. Prices are also affected by the behaviour and risk appetite of investors.

Liquidity risk
The liquidity of precious metals means the ability to buy or sell precious metals at current market prices. 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
Precious metals prices are normally set internationally on a US dollar basis and may be affected by exchange-rate movements as well as by supply and demand. If precious metals are traded in a currency other than the domestic currency, the investor may be exposed to a foreign exchange risk.