Precious metals

Bought to you by
ETF Securities
Introduction

ETF Securities is a specialist exchange traded product (ETP) provider. We are a proven innovator in commodities, beginning in 2003 as the developer of the world’s first gold ETP.* As the needs of investors have evolved, we’ve responded by broadening our product offerings across multiple asset classes to become the global influencer we are today.

ETF Securities now offers over 360 ETPs trading on nine exchanges across four continents. We’re building upon that same history of growth and diversity in the U.S. market, relying on innovation and distinct partnerships to enable investors to intelligently diversify their portfolios and seek enhanced riskadjusted returns.

* ETF Securities listed the world’s first gold exchange-traded commodity in 2003
Overview

Based on the principle that different assets may perform differently under varying market and economic conditions, asset allocation has sought to increase risk-adjusted returns through diversification. Diversification is typically achieved using traditional asset classes such as stocks, bonds, and cash.

So why should investors care about precious metals, and more importantly, why should they go to the trouble of allocating to this asset class? In short, the answer is potentially better risk-adjusted returns. Since 2000, investors in a basket of precious metals have benefited from relatively higher returns with lower risk.¹ Thanks to the low correlation to equities and fixed income that precious metals often exhibit, in many circumstances precious metals may provide a diversification benefit, helping to offset swings in equities and fixed income. Indeed, during severe market corrections, precious metals tend to perform positively, in some cases functioning as a hedge, and providing some measure of protection during selloffs.

At ETF Securities, we offer a broad suite of physically-backed precious metals exchange traded funds (ETFs) to help investors reach their investment goals. In certain environments, our commodities-focused offerings below may provide diversification benefits in an effort to boost risk-adjusted returns.

ETF Securities offers the only U.S.-traded physically-backed platinum and palladium product in an ETF wrapper. We have seen investor allocations grow along with our physically-backed gold and silver products. With our ETFS Physical Precious Metals Basket Shares (GLTR) basket, we became the first in the U.S. to offer a physically-backed precious metal basket ETF to hold gold, silver, platinum and palladium in fixed weights.

¹ ETF Securities, July 31, 2016
ETFS Physical Palladium Shares
PALL

PALL provides cost-effective, convenient access to palladium in the form of physical bars held in a secured vault in London, which is inspected twice a year. Palladium supply is somewhat concentrated, with two countries, Russia and South Africa, together accounting for roughly 70% of worldwide production. Demand for palladium is dominated by its use in pollution abatement technologies, which account for 75% of its demand.² The metal is frequently used alongside platinum in catalytic converters, a key pollution abatement technology that converts toxic chemicals in exhaust gases into less toxic pollutants. Palladium can also be seen as an emerging market play thanks to the use of palladium in catalytic converters in China.

ETFS Physical Platinum Shares
PPLT

PPLT provides cost-effective, convenient access to platinum in the form of physical bars held in a secured vault in London, which is inspected twice a year. Unlike silver, which is produced as a byproduct of mining for other minerals, platinum is typically mined for directly. Supply is extremely concentrated, with South Africa accounting for about 70% of platinum production worldwide. Platinum’s most notable uses are in catalytic converters (40%), jewelry (30%), industrial applications (25%), and bullion for retail investment (5%).² Platinum can be seen as a play on the European auto market, as its use in catalytic converters tends more toward diesel models.

ETFS Physical Silver Shares
SIVR

SIVR provides cost-effective, convenient access to silver in the form of physical bars held in a secured vault in London, which is inspected twice a year. Silver can be seen in such prosaic products as jewelry and silverware, as well as coins and medals, though the majority (55%) of silver’s usage worldwide is in industrial applications. Only 1/3 of silver production is derived from silver mines; the rest—roughly 75%—is a byproduct of mining for other metals, most notably lead, zinc, copper, and gold.² Of the white metals, silver also tracks gold most closely, boasting a correlation of 0.8 over the past five years.³

² Metals Focus, May 1, 2016
³ Bloomberg, July 31, 2016
SGOL aims to reflect the performance of the price of gold bullion—less the Trust’s expenses—and provides cost-effective, convenient access to physical gold bullion bars stored in secure vaults in Zurich, Switzerland, which are inspected twice a year. Whereas the majority of gold bullion-backed ETFs is vaulted in London, this fund offers investors the opportunity to gain a geographical hedge when it comes to the physical location of their gold investments. Gold occupies a special place among precious metals, as for much of recorded history it has played an important role as money. Today, gold may be seen as a “safe haven” asset in times of increased volatility or market downturns and has seen strong investor demand in 2016 against the backdrop of rising global uncertainty and continued accommodative monetary policies.

GLTR seeks to reflect the performance of the prices of physical gold, silver, platinum, and palladium, in the proportion held by the Trust, less the Trust’s expenses. It provides cost-effective and convenient access to a basket of physical precious metals held in London vaults and inspected twice a year. The metals are held in the following weightings: gold (57%), silver (31%), platinum (6%) and palladium (6%). In any one year there is a diversity of performances from the range of precious metals. This basket of precious metals enables investors to gain exposure to the range of precious metals in a single product, which may help improve portfolio efficiency while providing benefits of diversification and risk management to asset allocations. A diversified basket of precious metals tends to perform more consistently versus any single metal and creates an exposure to both the cyclical and non-cyclical drivers of gold, silver, platinum, and palladium as a whole. A basket may offer further opportunities to benefit from diversification advantages of an asset class while maintaining the unique qualities inherent to the individual precious metals.

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4 ETF Securities July 31, 2016
5 Bloomberg, July 31, 2016. Holdings are subject to change without notice.
6 ETF Securities, July 31, 2016
Important risks

The statements and opinions expressed are those of the author and are as of the date of this report. All information is historical and not indicative of future results and subject to change. Reader should not assume that an investment in any securities and/or precious metals mentioned was or would be profitable in the future. This information is not a recommendation to buy or sell. Past performance does not guarantee future results.

The ETFS Silver Trust, ETFS Gold Trust, ETFS Platinum Trust, ETFS Palladium Trust and Precious Metals Basket Trust are not investment companies registered under the Investment Company Act of 1940 or a commodity pool for purposes of the Commodity Exchange Act. Shares of the Trusts are not subject to the same regulatory requirements as mutual funds. These investments are not suitable for all investors. Trusts focusing on a single commodity generally experience greater volatility.

Commodities generally are volatile and are not suitable for all investors. Trusts focusing on a single commodity generally experience greater volatility. Please refer to the prospectus for complete information regarding all risks associated with the Trusts. Shares in the Trusts are not FDIC insured and may lose value and have no bank guarantee.

The value of the Shares relates directly to the value of the precious metal held by the Trust and fluctuations in the price could materially adversely affect investment in the Shares. Several factors may affect the price of precious metals, including: (1) A change in economic conditions, such as a recession, can adversely affect the price of the precious metal held by the Trust. Some metals are used in a wide range of industrial applications, and an economic downturn could have a negative impact on its demand and, consequently, its price and the price of the Shares; (2) Investors’ expectations with respect to the rate of inflation; (3) Currency exchange rates; (4) Interest rates; (5) Investment and trading activities of hedge funds and commodity funds; and (6) Global or regional political, economic or financial events and situations. Should there be an increase in the level of hedge activity of the precious metal held by the trust or producing companies, it could cause a decline in world precious metal prices, adversely affecting the price of the Shares.

Should there be an increase in the level of hedge activity of the precious metal held by the Trusts or producing companies, it could cause a decline in world precious metal prices, adversely affecting the price of the shares.

Also, should the speculative community take a negative view towards the precious metal held by the Trusts, it could cause a decline in prices, negatively impacting the price of the shares. There is a risk that part or all of the Trusts’ physical precious metal could be lost, damaged or stolen. Failure by the Custodian or Sub-Custodian to exercise due care in the safekeeping of the precious metal held by the Trusts could result in a loss to the Trusts.

The Trusts will not insure its precious metals and shareholders cannot be assured that the custodian will maintain adequate insurance or any insurance with respect to the precious metals held by the custodian on behalf of the Trust. Consequently, a loss may be suffered with respect to the Trust’s precious metal that is not covered by insurance.

Commodities generally are volatile and are not suitable for all investors. Diversification does not guarantee a profit nor protect against loss.

Standard brokerage commissions apply.

Please refer to the prospectus for complete information regarding all risks associated with the Trust.

Investors buy and sell shares on a secondary market (i.e., not directly from Trusts). Only market makers or “authorized participants” may trade directly with the Trusts, typically in blocks of 50k to 100k shares.

Exchange Traded Product (ETP) - a type of security that is derivatively priced and trades intra-day on a national securities exchange.

Exchange Traded Funds (ETFs) - an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds, and trades close to its net asset value over the course of the trading day.

Commodities generally are volatile and are not suitable for all investors. This material must be accompanied or preceded by the prospectus. Carefully consider each Trust’s investment objectives, risk factors, and fees and expenses before investing. Please visit https://www.etfsecurities.com/etfsdocs/USProspectus.aspx to view the prospectus.

ALPS Distributors, Inc. is the marketing agent for ETFS Silver Trust, ETFS Gold Trust, ETFS Platinum Trust, ETFS Palladium Trust and ETFS Precious Metals Basket Trust.

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