



ETFs Physical Swiss Gold Shares (SGOL) – Counterparty Risk Explained

About the Structure

ETFs Gold Trust (“the Trust”) is a grantor trust formed under New York law. The Trust issues **ETFs Physical Swiss Gold Shares** (“the Shares”), which enable investors to gain direct exposure to physical gold bullion without trading derivatives such as futures or taking physical delivery of the underlying commodity.

Each Share in the Trust represents fractional undivided beneficial interest in the Trust, which in turn holds allocated physical gold bullion bars stored in secure vaults in Zurich, Switzerland on behalf of the Custodian, JPMorgan Chase Bank, N.A. Each physical bar is properly segregated, individually identified and allocated towards assets of the Trust.

Shares can be created and redeemed by Authorized Participants and according to investor supply and demand. Shares are listed on NYSE Arca and can be bought and sold intra-day using ordinary brokerage accounts, like any other exchange-listed security. The Shares can be shorted and are eligible for margin accounts*. The shares can be executed as market orders, stop losses or limit orders.

***There are special risks associated with short selling and margin investing. Please ask your financial advisor for more information about these risks.**

Who is the Sponsor?

ETF Securities USA LLC is the Sponsor of the precious metal Trusts. ETF Securities USA LLC is a member of the ETF Securities Group, one of Europe’s leading providers of exchange traded funds (ETFs).

Are the Trust shares fully backed by physical bullion?

Yes, the Trust’s only asset is physical bullion. Each share in the Trust represents 0.1 ounce of physical gold bullion and is fully backed by allocated (secure) physical bullion bars stored in the Zurich vault located in Zurich, Switzerland. Each physical bar is properly segregated, individually identified and allocated towards the assets of the Trust.

The bullion held by Trust is subject to a biannual independent inspection carried out by Inspectorate International. In addition to this, the metal bar list is published daily at www.etfsecurities.com and is updated daily.

What type of bullion is held by the Trusts?

The relevant Trust holds London Bullion Market Association (LBMA) good delivery bars of Gold. The LBMA Good Delivery List is now widely recognized as representing the de facto standard for the quality of gold bars, in large part thanks to the stringent criteria for assaying standards and bar quality that an applicant must satisfy in order to be listed. The assaying capabilities of refiners on the Good Delivery List are periodically checked under the LBMA’s proactive monitoring programme.

Is there any Credit Risk?

Credit risk is minimal, as the Shares represent an interest in physical allocated Gold bullion owned by the Trust. For the specific risks associated with the ETFs Gold Trust please see page 3.

Are the Vaults or Bullion Inspected?

Yes. ETF Securities commissions a biannual independent inspection of the bullion held in the Custodians vaults. The inspection is carried out by Inspectorate International. Inspectorate International is a global company providing inspection, testing, and analysis of commodities worldwide. There is one inspection that takes place at year end, 31st December, and one inspection that is carried out at the discretion of the Sponsor. All inspection reports are published on www.etfsecurities.com

In addition, a Metal Bar List is published and updated daily on the website, and details all bullion bars held by the Trust. The metal bar list is updated daily.

The two key documents produced for shareholders of the Trusts are as follows:

Independent Vault Inspection report (2x per annum) Bullion bar list, updated daily

In addition to the stringent audit procedures set in place by the Trust and Sponsor, the Custodian also conducts independent inspections as part of their custodial duties.

For more details on Inspectorate International, please refer to their website www.inspectorate.com

What is the role of the Trustee?

The assets of the Trust are safeguarded and administered by Bank of New York as Trustee on behalf of the shareholders and are segregated from the assets of Bank of New York.

The Trustee acts as fiduciary for shareholders, approves all transactions of bullion held by the Custodian and holds all rights and entitlement under the Trust agreement.

What happens if ETF Securities USA LLC becomes insolvent?

In the event that ETF Securities USA LLC or its affiliates were to become insolvent, the Trustee and an Administrator would take control of the allocated metal in the Trust Accounts which have no effect on the Trust since assets are segregated from the assets of ETF Securities USA LLC or its affiliates.

For further details, please refer to the relevant prospectus available at www.etfsecurities.com

The ETFs Gold Trust is not an investment company registered under the Investment Company Act of 1940 or a commodity pool for purposes of the Commodity Exchange Act. Shares of the Trust are not subject to the same regulatory requirements as mutual funds. This investment is not suitable for all investors.



How do ETFS Physical Swiss Gold Shares compare with Gold Bullion?

| | ETFS Physical Swiss Gold Shares | Gold Bullion |
|------------------------------------|---|---|
| Credit risk | Minimal - allocated Gold bullion | Yes, if unallocated bullion. Minimal, if allocated |
| Listed | Yes | No |
| Storage & insurance | Included in the expense ratio | Storage & Insurance ² costs are additional |
| Quality | All bars conform with LBMA standards | Quality of non-LBMA bars to be checked |
| Trade in brokerage account | Yes | No |
| Margin eligible¹ | Yes | No |
| Stop/Limit order eligible | Yes | No |
| Simple & cost-efficient | Yes, trades on exchange & for many investors, the shares represent a more cost effective solution to purchasing, storing and insuring physical bullion. | In most cases, direct investment in gold can be more expensive and complex than trading Shares. |
| Liquid | Yes, Exchange traded & all bars conform with LBMA standards | May be less liquid as non LBMA bars usually less liquid |

¹There are special risks associated with margin investing. Please ask your financial advisor for more information about these risks.

²Holding gold bullion directly typically implies additional storage & insurance costs for the investor.

ETFS Physical Swiss Gold Shares are listed on the New York Stock Exchange Arca

| | Base Currency | Expense Ratio | NYSE Arca Ticker | Bloomberg | Reuters |
|----------------------------------|---------------|---------------|------------------|-----------|---------|
| ETFS Physical Gold Shares | USD | 0.39%* | SGOL | SGOL US | SGOL.P |

*Ordinary brokerage commissions do apply

For more information

About ETF Securities

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Other sources of information

www.nyse.com

About ETF Securities USA LLC

ETF Securities USA LLC is a member of the ETF Securities Group. ETF Securities is a provider of Exchange Traded Commodities (ETCs) and Exchange Traded Funds (ETFs). ETF Securities is independently owned and is a European market leader in ETCs. The management of ETF Securities created the first physically-backed precious metal product. ETF management also constructed the world's first full ETC platform in 2006, which has listings on various global exchanges.

This material must be accompanied or preceded by a prospectus. The prospectus contains material information about the Trust and its Shares which is material which may be important to you. Please read the prospectus carefully before investing. [prospectus](#) Or visit ETF Securities web site: http://www.etfsecurities.com/us/document/downloads/ETFS_Gold_Trust_Prospectus.pdf



Important Risks

The value of the Shares relates directly to the value of the gold held by the Trust and fluctuations in the price of gold could materially adversely affect an investment in the Shares. Several factors may affect the price of gold, including:

- A change in economic conditions, such as a recession, can adversely affect the price of gold. Gold is 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;
- Investors' expectations with respect to the rate of inflation;
- Currency exchange rates;
- Interest rates;
- Investment and trading activities of hedge funds and commodity funds; and
- Global or regional political, economic or financial events and situations. Should there be an increase in the level of hedge activity of gold or producing companies, it could cause a decline in world gold prices, adversely affecting the price of the Shares.

Also, should the speculative community take a negative view towards gold, it could cause a decline in world gold prices, negatively impacting the price of the Shares.

There is a risk that part or all of the Trusts' physical gold 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 Trust will not insure its gold and shareholders cannot be assured that the custodian will maintain adequate insurance or any insurance with respect to the gold held by the custodian on behalf of the Trust. Consequently, a loss may be suffered with respect to the Trust's gold that is not covered by insurance.

The Trust has limited operating history.

Commodities and futures 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 Trust.

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

Shares in the Trusts are not FDIC insured and may lose value and have no bank guarantee.

Carefully consider each fund's investment objectives, risk factors, and fees and expenses before investing.

For further discussion of the risks associated with an investment in the funds please read the [prospectus](#). Or visit ETF Securities web site: http://www.etfsecurities.com/us/document/downloads/ETFS_Gold_Trust_Prospectus.pdf

Investment in the trust does not constitute a direct investment in the underlying metal.

ETFS Gold Trust shares are not guaranteed by JPMorgan Chase Bank, N.A or anyone else: ETFS Gold Trust shares are direct, limited recourse obligations of the Trust alone and not obligations of any other person including JPMorgan Chase Bank, N.A, any member of the JPMorgan Chase Group, or it's affiliates.

ALPS Distributors, Inc. , is the marketing agent for ETFS Gold Trust.

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