

ZKB Gold ETF

Exchange Traded Fund

Termsheet

- **Non-hedged** in CHF, EUR, GBP and USD and
- **Currency hedged** (against USD) in CHF, EUR and GBP
- With the option of payment in kind in gold

Product features

Unlike existing ETFs that generally have an underlying equity index or a basket of shares, the ZKB Gold ETF only invests in physical gold. The currency classes CHF reflect the value of around 10 grammes per unit, for the currency classes EUR, GBP and USD, one unit reflects the value of around 1 ounce of gold.

Investors can at any time request the sale of their units or payment in kind in physical gold.

The ZKB Gold ETF is listed on the SIX Swiss Exchange and is traded on a daily basis. The listing guarantees the publication of current market data and cost transparency that benefits the investor.

Target investors

Both institutional investors as well as private clients who are interested in participating in a convenient way in the development of prices of the underlying precious metals.

Based on the regulations applying to them, Swiss pension funds are permitted to participate in the ZKB Gold ETF provided they exercise their option to broaden their investment scope as stipulated in Art. 50 of OPP2.

Type of fund

ETF (Exchange Traded Fund), investment fund based on Swiss law, of the type "other traditional investment funds".

Name of non-hedged classes	ZKB Gold ETF (CHF)	ZKB Gold ETF (EUR)	ZKB Gold ETF (GBP)	ZKB Gold ETF (USD)
Security no.	13 910 159	4 753 352	10 449 329	4 753 354
ISIN	CH0139101593	CH0047533523	CH0104493298	CH0047533549
SIX Swiss Exchange Symbol	ZGLD	ZGLDEU	ZGLDGB	ZGLDUS
Reuters	ZGLD.S	ZGLDEU.S	ZGLDGB.S	ZGLDUS.S
Bloomberg	ZGLD SW	ZGLDEU SW	ZGLDGB SW	ZGLDUS SW

Name of hedged classes	ZKB Gold ETF hedged (CHF)	ZKB Gold ETF hedged (EUR)	ZKB Gold ETF hedged (GBP)
Security no.	13 910 160	10 332 676	10 449 330
ISIN	CH0139101601	CH0103326762	CH0104493306
SIX Swiss Exchange Symbol	ZGLDHC	ZGLDHE	ZGLDHG
Reuters	ZGLDHC.S	ZGLDHE.S	ZGLDHG.S
Bloomberg	ZGLDHC SW	ZGLDHE SW	ZGLDHG SW

Fund management	Balfidor Fondsleitung AG Peter Merian-Strasse 47 CH-4002 Basel
Custodian bank & market maker	Zürcher Kantonalbank Mythenquai 24 CH-8002 Zurich Postal address: P.O. Box, CH-8010 Zurich
Currency of non-hedged classes	CHF/EUR/GBP/USD
Currency hedge for US dollar (hedged classes)	Gold is traded primarily in US dollars. The currency risk versus the CHF, EUR and GBP is hedged mainly by means of forward forex transactions on a daily basis.
Underlying value	Standard bars of around 12.5 kilogrammes of gold (around 400 ounces of gold)
Minimum subscription	CHF/hedged (CHF): 1 unit corresponds to around 10 grammes of gold EUR/hedged (EUR): 1 unit corresponds to around 1 ounce of gold GBP/hedged (GBP): 1 unit corresponds to around 1 ounce of gold USD: 1 unit corresponds to around 1 ounce of gold
Issue price	Value corresponding to the price of around 10 grammes of gold (CHF classes) or around 1 ounce (EUR, GBP and USD classes) on the basis of the value of the standard unit of one bar of approximately 12.5 kilogrammes (around 400 ounces) with a commonly traded purity of 995/1000 or better at the time of issue (less management commission).
Issue and redemption	Fund units can be issued on a daily basis or redeemed upon request or traded on the SIX Swiss Exchange with a narrow bid/ask spread. Zürcher Kantonalbank is responsible for the market making.

Payment in kind in gold	<p>The right to payment in kind only exists for standard gold bars of around 12.5 kg with a commonly traded purity of 995/1000 or more. A redemption commission of 1% applies, as does a delivery fee of max. 0.2% of the value of a standard bar. Delivery is performed within the usual market delivery time of 3–5 days following receipt of the order.</p> <p>In extraordinary crisis situations, the fund management may decide to deliver smaller units. The additional related costs will be passed on to the investor.</p>
Management commission	0.4% p.a., the NAV published on a daily basis shows the net asset value of the fund adjusted for the management fee.
Listing	<p>Main segment of the SIX Swiss Exchange</p> <p>CHF: First trading day was March 15, 2006.</p> <p>EUR/USD: First trading day was January 16, 2009.</p> <p>Hedged (CHF)/(EUR)/(GBP): First trading day was January 8, 2010.</p> <p>GBP: First trading day was January 8, 2010.</p>
Term	The fund will exist for an indefinite time.
Financial year	October 1 to September 30
Risk factor	<p>4</p> <p>Information about risk factor and risk figures on www.zkb.ch/fondsabc</p>
Loan to value ratio for Zürcher Kantonalbank clients	50%
Benefits to the client/advantages	<ul style="list-style-type: none"> ■ Unlike structured products, the ZKB Gold ETF does not harbour any issuer risk, since the gold invested is a separate asset and is used completely to cover investors' claims. ■ High liquidity: The SIX Swiss Exchange regulations regarding maximum spread and minimum trading volumes guarantee high liquidity. ■ Listing on the SIX Swiss Exchange ensures the publication of current market data and the net asset value of the fund. ■ The ZKB Gold ETF invests exclusively in physical gold. ■ As an alternative to selling units, investors can request payment in kind in gold. ■ ETFs offer complete transparency regarding costs and fees. ■ ETFs have no fixed terms. Hence there are no rollover costs.
Special features that concern only the non-hedged classes	<ul style="list-style-type: none"> ■ The performance is affected by the fluctuation in the price of gold in US dollars and by exchange rate changes (which can be either positive or negative) between CHF/USD, EUR/USD or GBP/USD.

Special features that concern only the **hedged** classes

- The investor does not bear any currency risk in respect of the US dollar.
- In the currency classes hedged (CHF), hedged (EUR) and hedged (GBP), the US dollar is hedged against the corresponding reference currency (CHF, EUR or GBP).
- The costs/revenues arising from the currency hedge are debited or credited directly to the hedged unit class.
- The performance of the currency class hedged (CHF), hedged (EUR) or hedged (GBP) can also deviate slightly from the performance of the non-hedged US dollar class, excluding hedge costs/revenues, as it is not possible to ensure perfect currency protection.

For which investors are **non-hedged** currency classes suitable?

- Investors who expect the US dollar to appreciate against the CHF, EUR or GBP.
- Investors who wish to make separate investment decisions regarding investments and currencies.
- Investors who do not wish to influence their performance by ongoing costs/revenue for currency hedging.

For which investors are **hedged** currency classes suitable?

- Investors who expect that the US dollar might weaken against the CHF, EUR or GBP.
- Investors who basically wish to rule out currency risks.
- Investors who wish to protect themselves against a possible inflation in their reference currency.

Trading

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Sales

+41 (0)44 293 66 97

Telekurs

ZKB ETF

Internet

www.zkb.ch/etf

Sales restrictions

USA/US persons

Risk

The ZKB Gold ETF is an investment product whose price tracks that of the underlying (gold). Depending on the price trend, the price can drop well below the issue price.

Unlike structured products, the ZKB Gold ETF does not harbour any issuer risk, since the gold invested is a separate asset and is used completely to cover investors' claims. With non-hedged currency classes in CHF, EUR and GBP there is no currency hedge; the client bears the currency risk.

The currency risk for hedged currency classes hedged (CHF), hedged (EUR) or hedged (GBP) is protected to a large extent. However, over or underhedging may occur. The currency hedge is effected daily on the total volume of the respective currency class.

Additional information

Additional information about the fund can be found in the prospectus and the last audited annual report or unaudited semi-annual report. The prospectus, which includes fund regulations, and the annual or semi-annual reports can be ordered free of charge from the fund manager, the custodian bank and all distributors.

Zurich, June 25, 2012

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