

# ZKB Palladium ETF

## Exchange Traded Fund

### Termsheet

With the option of payment in kind in palladium

#### Product features

Unlike existing ETFs that generally have an underlying equity index or a basket of shares, the ZKB Palladium ETF only invests in physical palladium and reflects the value of around 10 grammes per unit.

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

The ZKB Palladium 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 to participate 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 Palladium 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, so-called "other traditional investment funds".

Description	ZKB Palladium ETF
Security number	18 313 606
ISIN	CH0183136065
SIX Swiss Exchange Symbol	ZPAL
Reuters	ZPAL.S
Bloomberg	ZPAL 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	CHF
Underlying value	Standard bars of around 3 kilogrammes of palladium
Minimum subscription	1 unit corresponds to around 10 grammes of palladium
Issue price	Value corresponding to the price of around 10 grammes of palladium on the basis of the value of the standard unit of one bar of approximately three kilogrammes with the customary purity of 999.5/1000 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 palladium	<p>The right to payment in kind only exists for standard bars of around 3 kilograms with a commonly traded purity of 999.5/1000. 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> <p>At delivery, the investor will be charged value added tax with 8% on the market value of the palladium.</p>
Management commission	0.5% p.a., the NAV published on daily basis shows the Net Asset Value of the fund reduced by the management fee.
Listing	Main segment of the SIX Swiss Exchange. First trading day was May 10, 2007.
Term	The fund will exist for an indefinite time.
Financial year	October 1st to September 30
Risk factor	6 Information about risk factor and risk figures on <a href="http://www.zkb.ch/fondsabc">www.zkb.ch/fondsabc</a>
Loan to value ratio for Zürcher Kantonalbank clients	50%
Benefits to the client/advantages	<ul style="list-style-type: none"> <li>■ Unlike structured products, the ZKB Palladium ETF does not harbour any issuer risk, since the platinum invested is a separate asset and used completely to cover investors' claims.</li> <li>■ High liquidity: The SIX Swiss Exchange regulations regarding maximum spread and minimum trading volumes guarantee high liquidity.</li> <li>■ Listing on the SIX Swiss Exchange ensures the publication of current market data and the net asset value of the fund.</li> <li>■ The ZKB Palladium ETF invests exclusively in physical palladium.</li> <li>■ As an alternative to selling units, investors can request payment in kind in palladium.</li> <li>■ ETFs offer complete transparency regarding costs and fees.</li> <li>■ ETFs have no fixed terms. Hence there are no rollover costs.</li> </ul>

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Sales +41 (0)44 293 66 97  
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Internet www.zkb.ch/etf

Sales restrictions USA/US persons

Risk The ZKB Palladium ETF is an investment product whose price tracks that of the underlying (palladium). Depending on the price trend, the price can drop well below the issue price. Unlike structured products, the ZKB Palladium ETF does not harbour any issuer risk, since the palladium invested is a separate asset and used completely to cover investors' claims.

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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