



GLOSSARY OF TERMS

ACTUALS: Physical commodities as opposed to futures contracts or the commodity that underlies a futures contract.

AG: The chemical symbol for silver.

ALLOY: A substance composed of two or more metals.

ALLOCATED METAL: Assigning defined quantities of physical metals to specific accounts. For example, if an investor buys shares in a gold exchange-traded fund, each share is backed by a defined amount of physical gold.

ASK: The price which the seller is willing to accept for a commodity; also known as the offer price; opposite of "bid".

ASSAY: The act of testing the purity of precious metals.

AU: The chemical symbol for gold.

BACKWARDATION: The theory that posits that as a futures contract approaches expiration, its price tends to rise; also known as an "inverted market".

BANK WIRE: An electronic transfer of funds through the Federal Reserve System from one financial institution to another, for the benefit of a specific account.

BASE METAL: Copper, aluminum, iron, lead, nickel, tin and zinc.

BASIS: The variation between the spot price of a deliverable and the relative price of the futures for the same actual that has the shortest duration until maturity.

BEAR MARKET: Market characterized by a declining trend in terms of price.

BID: The bid price is the price at which a dealer is willing to buy a commodity; opposite of "ask".

BULLION: Precious metals, including gold, silver, platinum and palladium, that are traded based on their intrinsic metal value.

BULLION COIN: A precious metal coin whose market value is determined by its inherent precious metal content. They are bought and sold mainly for investment purposes.

BULL MARKET: Market characterized by upwardly moving price trend.

CARRY MARKET: A market situation in which a futures contract for a commodity has a higher value in the nearest delivery month, relative to the expiration date.

CLOSE: The official end of a trading session.

COMMODITY FUTURES TRADING COMMISSION (CFTC): U.S. federal regulatory agency created under the Commodity Futures Trading Commission Act of 1974. It ensures open and efficient operation of the futures markets.

DELIVERABLE BAR: A precious metals bar with a weight, fineness and hallmark approved as a tradable unit on a commodity exchange.

DEPOSITORY OR WAREHOUSE RECEIPT: A document issued by a depository institution indicating ownership of a commodity stored in a vault or warehouse.

FACE VALUE: The monetary value of an investment coin, which does not necessarily correspond to its actual worth. For example, the face value of a gold American Eagle one-ounce coin is \$50, but its actual worth is tied to the spot value of its gold content – a much higher value.

FINENESS: The purity of precious metal measured in parts per thousand. A “good delivery” bar contains a least 995 part pure gold and no more than 5 parts other metals or impurities. Many gold and silver bullion products, such as the original gold Maple Leaf coins, are 99.99% pure gold and are often described as being struck from .9999-fine gold.

FINE WEIGHT: The weight of precious metal contained in a coin or bullion, as determined by multiplying the gross weight by the fineness.

FINE SILVER: Pure silver. Generally 99.9% pure.

FUTURES CONTRACT: A contract between a buyer and seller to purchase a commodity or financial instrument at a pre-determined price in the future. These contracts are most often liquidated prior to the established delivery date and are typically used more for financial risk management instead of physical supply.

GOLD: A soft, shiny, heavy, malleable and highly ductile transition metal that has long been used as a store of wealth and a standard for currencies worldwide. For centuries, gold has been used in coinage, jewelry and in countless industrial applications.

GOLD/SILVER RATIO: The number of ounces of silver required to buy one-ounce of gold at current spot prices.

GOOD DELIVERY: Approved metals brands acceptable for delivery against the metals contracts.

HALLMARK: A stamped impression on the surface of a precious metals bar that indicates the producer, serial number, weight and purity of metal content.

HEDGE: An investment made as a strategy to mitigate risk of adverse price movements in a given asset.

INTRINSIC VALUE: The actual value of the precious metals contained within a bullion bar or coin.

INVERTED MARKET: A futures market is said to be inverted when distant contract months are selling at a discount to nearby contract months; also known as “backwardation”.

KARAT: A measure of the purity of gold. Pure gold is 24-karat.

LEGAL TENDER: In the U.S., coins and paper currency that have been authorized by Congress for the payment of debts owed. This includes circulating notes, coins and all commemorative coins.

LICENSED WAREHOUSE: Warehouse that has been approved for the storage of silver or gold deliverable against a silver or gold futures contract.

LIQUID MARKET: A market characterized by the ability to buy and sell with relative ease.

LONDON FIX: Price set each day in London by five old-line firms. The “fixing price” reflects the price at which buy and sell orders from the firms’ customers’ are in balance. The London Fix is an internationally recognized benchmark price for that particular moment in time.

MALLEABLE: Allowing change in form under pressure or hammering without rupture or fracture.

MARKET VALUE: The total price of a bullion bar or coin inclusive of intrinsic value and any premium or discount.

OFFER: A motion to sell a commodity at a specified price. The opposite of "bid". The offer price is the price at which a dealer offers to sell a commodity.

PALLADIUM: A rare silver-white metal of the platinum group. Palladium resembles platinum chemically and is extracted from some copper and nickel ores. It is primarily used as an industrial catalyst and in jewelry.

PD: The chemical symbol for palladium.

PLATINUM: A chemical element in the periodic table that has the symbol Pt and atomic number 78. A heavy, malleable, ductile, precious, gray-white transition metal, platinum is resistant to corrosion and occurs in some nickel and copper ores along with some native deposits. Platinum is used in jewelry, laboratory equipment, electrical contacts, dentistry and automobile emissions control devices.

PREMIUM: The market value of a coin less the intrinsic value of its metal content. Premiums are set by issuing authorities (e.g., U.S. Mint) and/or bullion dealers and it varies by product.

PT: The chemical symbol for platinum.

SILVER: A chemical element in the periodic table that has the symbol Ag (from the traditional abbreviation for the Latin Argentum) and atomic number 47. A soft, white lustrous transition metal, silver has the highest electrical and thermal conductivity of any metal and occurs in minerals and in free form. This metal is used in coins, jewelry, tableware and photography.

SPOT: Term which describes a one-time open market cash transaction, where a commodity is purchased "on the spot" at current market rates. Spot transactions are in contrast to term sales, which specify a steady supply of product over a period of time.

SPOT MARKET: A market of immediate delivery of product and immediate payment.

SPOT MONTH: The futures contract closest to maturity. The nearby delivery month.

SPREAD: The difference between the bid price and the ask price of a bullion bar or coin.

STERLING SILVER: Silver of a fineness of 92.5%.

TROY OUNCE: The Troy ounce is the traditional unit weight for precious metals, believed to be named after a weight used at the annual fair at Troyes in France in the Middle Ages. Conversion: 1 Troy ounce = 480 grains = 31.1035 grams = 1.09711 avoirdupois ounces.