

The Queen's Beasts 'Falcon of the Plantagenets' 1 oz platinum bullion coin. Source: The Royal Mint



## PLATINUM BULLION EXPLAINED

Forget the jargon – platinum bullion products offer a variety of easy-to-access routes to investment in physical platinum

Platinum bullion is an umbrella term that refers to two types of investment product – bars and coins – that share common characteristics, with guaranteed purity of 99.95 per cent being the key criterion. Both provide a straightforward and widely available way of adding physical platinum investment to a portfolio. Investment in platinum bullion also gives investors reassurance in terms of provenance and quality – especially when those bars and coins purchased are from Sovereign mints such as The Royal Mint in the UK or the US Mint.

Platinum bullion products also offer investors liquidity, as they can be bought and sold easily, with value derived from the purity or 'fineness' of the

platinum as well as the prevailing spot market price for platinum, adjusted slightly to include manufacturing costs and supplier margin.

Platinum bullion bars are 99.95 per cent fine and made by refineries that meet the stringent requirements set out by the London Platinum and Palladium Market, the major international trading centre for platinum bullion. They are typically available in a range of sizes, usually per gram or troy ounce, with the option of delivery to door or safekeeping in a specialist vault. The sizes often cater for very small platinum bullion bars – with an entry level as low as £20.



The 2020 Australia 1 oz platinum bullion 'Lunar Mouse' coin (series III). Source: The Perth Mint

Platinum bullion coins, made from 99.95 per cent fine platinum bullion, include the globally-recognised American Eagle and Canadian Maple Leaf. However, mintages of platinum bullion coins are less frequent than their counterparts cast in gold. In fact, prior to 2016, none of the world's mints had issued a new platinum coin for more than 10 years.

Since then, increased awareness of, and appreciation for, platinum has led to the launch of new platinum bullion coins in a series of 'firsts' from mints around the globe. The Royal Mint and the Austrian Mint now produce platinum bullion coins: the former as part of its Britannia and Queen's Beasts collections and the latter through its platinum Vienna Philharmonic series.

Next year will see even more choice for investors, as The Royal Mint adds a platinum Falcon to its Queen's Beasts series and the Perth Mint introduces the first-ever platinum coin as part of its Australian Lunar series III.

Bullion coins, although not circulated, are legal tender, which confers further authenticity and can

have tax advantages in certain countries. As a result, they carry a face value which is significantly below the coins' actual market value. For example, US American Eagles have a face value of US\$50 and US\$100 for gold and platinum coins respectively.

### Potential benefits

Platinum bars and coins have been a consistent platinum demand source, averaging almost 300 koz each year since 2013. As well as accessibility and liquidity, investing in platinum bullion in the form of bars and coins can be attractive to investors as it carries no credit or counterparty risk, unlike stocks or bonds. Adding platinum to a portfolio can also have diversification benefits.

The relatively low platinum price and heavy discount to gold has supported demand for platinum bullion products in recent years. In some jurisdictions, for example the US, platinum bullion can be directly included as an asset in a pension plan.

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