



PLATINUM MILESTONE

As BullionVault reaches an investment landmark, Research Director Adrian Ash shares his views on platinum investment

BullionVault is the world's largest online bullion market covering gold, silver and platinum, allowing investors to purchase, store and sell physical bullion in quantities of one gram upwards via its 24/7 trading platform.

Launched in 2005, it now holds some US\$3.7bn of physical bullion for 100,000 users from 175 countries. Clients also include those with Self-Invested Personal Pensions (SIPPs) and Individual Retirement Accounts (IRAs), investment funds, corporate treasuries and charitable trusts.

How long has BullionVault been active in the platinum physical investment market?

We partnered with the WPIC in 2017 to add platinum to the platform as we saw an opportunity to expand and build on BullionVault's success in gold and silver with this highly useful, and historically under-priced, precious metal.

As with gold and silver, often seen as 'monetary' metals, some private investors like to hold physical platinum in the form of coins and small bars. But we believed that a growing number

would want the option of owning platinum securely in professional storage, ready for sale at full value at a time of their choosing, and we think this view has been confirmed by its rapid growth among BullionVault users.

Our customers tend to see precious metals as a portfolio asset, and so they like the fact that they can trade efficiently, enjoying the low costs, deep liquidity and ultra-high security of the wholesale precious metals market, without incurring VAT sales tax – a major benefit for European investors – provided they do not withdraw their property out of the vault.

What significant milestone has BullionVault recently reached?

Having gone through significant growth over the last two years, our clients' platinum holdings have just hit the two-tonnes mark, now worth almost US\$65 million at current prices.

Gold has, of course, taken the lion's share of precious metals investment since the Covid-19 pandemic began in January 2020, but platinum investing has grown fastest among BullionVault users on a proportional basis.

The quantity of gold belonging to our users has grown 21 per cent by weight since the start of last year, with silver holdings up 49 per cent and platinum expanding by 126 per cent over that time. Relative to last year's record inflows, investor interest in platinum, in particular, has remained strong throughout 2021.

What do you think has driven this growth?

From our perspective, there are three factors at play. Of course, the uncertainty caused by the pandemic has seen investors turn to hard assets.

Overlaying this is the platinum price, which continues to trade at a historic discount to both gold and palladium, offering an attractive entry point for some value-minded investors.

Finally, we are beginning to see serious political and corporate engagement with the zero-carbon potential of hydrogen fuel cells, and that sentiment is feeding through to growing interest in platinum's use in hydrogen applications such as electrolyzers, stationary power generation and fuel cell electric vehicles.

To what extent has the growth been driven by investors who are new to platinum versus those who have increased existing holdings?

We've seen both increased platinum holdings among pre-2021 owners and rising new interest this year. As a percentage of all owners, UK and Eurozone investors feature more heavily in platinum than they do in gold, perhaps because – with gold coins and small bars already exempt from sales tax – the VAT savings enabled by BullionVault for platinum makes our proposition so much more efficient to cost-conscious buyers.

That said, UK and Euro investors also feature more heavily in platinum than in silver, which we also offer VAT-free, in contrast to coin and small bar retailers. This suggests that the appeal of platinum's current pricing and its long-term industrial potential is better understood in Western Europe than elsewhere in the world.

How influenced do you think investors are by short-term price fluctuations as opposed to taking a longer-term view based on fundamentals?

The price peaks at the start of 2021 saw customers briefly turn net sellers overall, and this autumn's highs also saw profit-taking spur a small outflow of platinum.

That short-term liquidation hasn't, however, dented the strong underlying growth in client holdings, and while platinum has become a more active two-way market sooner on BullionVault's live order board than gold or silver did, the vast majority of owners are treating it as a buy-and-hold asset.

Almost 90 per cent of current client holdings were acquired at prices below today's level. Again, the sustained growth in those holdings suggests long-term confidence in platinum's prospects.



Adrian Ash, Research Director, BullionVault

The WPIC sees bar and coin demand remaining buoyant in 2022, as well as some growth in physically-backed exchange traded funds. What is the outlook for platinum demand in 2022 from BullionVault's perspective?

Sixteen years of operation have taught us that, in the end, it's the macro and wider financial outlook

which tends to drive bullion demand, led of course by interest in gold.

But while that means we don't try to project or forecast activity even one year ahead, we do believe that platinum's continued use in autocatalysts, plus its strategic and fast-growing role in the hydrogen economy, is likely to encourage fresh investment by a wider section of precious-metal investors in 2022 and beyond. I think that long-term case contrasts with current pricing today.

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