DISCLAIMER: This report is for educational purposes only and does not constitute financial advice. It is not a recommendation to buy or sell any securities, currency or commodity. All investments involve risk, including the loss of principal. Past performance is not indicative of future results.

THE PREHN INSTITUTE | RESEARCH

Published September 1, 2026

Is Your Gold Fund Actually Holding Gold?

A 2-minute test for telling a real, metal-backed fund from the paper stuff — and the exact 3 sentences to hunt for in any fund's own paperwork before you trust it with a penny

FELIX PREHN

Economist and former investment banker
The Prehn Institute

REPORT SCOPE

Plain-English explanation of the video.

RATING

None

PRICE TARGET

None

BOTTOM LINE:

Most people who own "gold" own a ticker, not a bar. Some of those tickers really are sitting on metal in a vault. Others hold futures contracts. Others are a debt IOU written by a bank. Others hold shares in mining companies. They can all have the word GOLD in the name, and they behave completely differently when it matters. This report shows you how to tell which one you own, in about 2 minutes, using the fund's own documents.

100,000

the number of shares you must hand over in one block to swap a typical gold fund for actual metal — and only if you are a bank on the approved list

About Felix Nikolas Prehn and The Prehn Institute

Felix Nikolas Prehn

Felix Nikolas Prehn is an economist and former investment banker. He writes and lectures on how the financial markets work, with a focus on how ordinary savers can protect what they have built.

The Prehn Institute

Felix Nikolas Prehn is the founder of The Prehn Institute. It publishes research on the financial markets and provides instruction in how they work. It gives no financial advice.

It takes no sponsorships and no endorsements, ever. So its work answers to its readers and to nobody else.

Our work online

youtube.com/@felixprehn

prehninstitute.com

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

Contents

The fund owns gold. You own shares of the fund. 4

The 5 things a "gold" fund can actually 5

The 2-minute test 8

Who is allowed to get the metal 9

How the fee actually gets paid 10

Who is actually holding it 11

A starting point, not an answer 12

The hybrids, and the name trap 14

Your checklist 15

Sources & disclosures 16

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

START HERE

The fund owns gold. You own shares of the fund.

Those are 2 completely different sentences, and everything in this report lives in the gap between them. It is not a scandal. It is not hidden. It is written down in black and white in documents anybody can download for free. It is just that almost nobody reads them, because they are 100 pages long and written to be boring.

WHAT IS TRUE

The big physically-backed funds really do hold metal. Real bars, in real vaults, audited, with serial numbers. If you buy one and the gold price doubles, your shares roughly double. That part works, and it works cheaply. Nobody is lying to you.

WHAT IS ALSO TRUE

You cannot have the metal. Your shares are a claim on a share price, not a claim on a bar. That distinction costs you nothing on a normal Tuesday. It is the whole ballgame on the one day you would actually want the metal in your hands.

WHY IT MATTERS

People buy gold for 2 different reasons and confuse them. Reason 1: you want exposure to the price, as a hedge in a portfolio. Reason 2: you want something outside the financial system that cannot be printed, frozen or defaulted on. A fund does reason 1 very well. It does not do reason 2 at all, because a fund is the financial system.

THE POINT OF THE TEST

Match the tool to the job. This report will not tell you what to buy. It will tell you, in 2 minutes, what you already own — so you stop paying for reason 1 while believing you bought reason 2.

Say it out loud before you go further.

"The fund owns gold. I own shares of the fund." If those feel like the same sentence to you, that is exactly why this report exists.

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

WHAT IS ACTUALLY IN THERE

The 5 things a "gold" fund can actually

HOLD

Every fund with a metal in its name falls into 1 of these 5 buckets. They are not grades. Bucket 1 is not "good" and bucket 5 is not "bad" — each one exists because somebody wanted that specific job done. The mistake is owning bucket 3 while thinking you own bucket 1.

Bucket	What the fund actually owns	What you own	The thing to know
1. Metal bars	Physical bullion sitting in a vault, usually with a named custodian and an inspection report.	A share in a trust whose only asset is that metal.	Closest thing to the metal you can buy in a brokerage account. You still cannot collect it.
2. Futures contracts	Exchange-traded contracts to buy metal at a		
	future date, rolled forward again and again.		
		A share in a fund holding contracts	
		and cash collateral.	
			Tracks the price closely most
			of the time, but rolling
			contracts has its own cost
			that can eat returns.
3. A bank-issued note	Nothing. There is no pool of assets. It is a		
	debt security issued by a bank that promises		
	to pay you a return linked to the metal.		
		An unsecured debt of that bank.	
		You are a lender.	
			If the issuing bank fails, the
			metal price is irrelevant. This
			is the bucket most people
			never realise they are in.
4. Mining shares	Stock in the companies that dig metal out of		
	the ground.		
		A share in a basket of businesses.	This is a bet on companies,
			not on metal. Costs, debt,
			strikes, politics and
			management all sit between
			you and the gold price.
5. Leveraged or inverse	Swaps, futures and other derivatives, reset		
	every single day.		
		A daily-reset trading instrument.	Built to multiply one day's

Bucket	What the fund actually owns	What you own	The thing to know
			move. Held for months in a
			choppy market, these can
			lose money even if the metal
			ends up where it started.

The one that surprises people.

Bucket 3. A note is not a fund. There is no vault, no bars, no audit — because there is nothing to audit. It is a promise from a bank's balance sheet. That can be a perfectly sensible thing to buy if you know that is what you are buying. Most holders do not.

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

DO THIS NOW, WITH WHATEVER YOU OWN

The 2-minute test

Go to the fund's own document. Not the broker page.

Your brokerage summary, the fact sheet, and the third-party "overview" sites are all marketing or shorthand. Go to the source. Two free options: the fund company's own website, where the prospectus and annual report are always posted; or the US regulator's own free database at sec.gov/edgar/search. Type the ticker or the fund name into the full-text search. You want the document called the prospectus or the annual report (form 10-K). Everything else is a summary of it.

Press Ctrl+F and search 4 words, in this order.

"bullion""futures" "bullion" — if the document is full of it, you are probably in bucket 1. "futures" — if the holdings are contracts, bucket 2.

"unsecured" — if you find the phrase "senior unsecured obligations" or "unsecured debt securities of the Issuer", stop. You are in bucket 3. It is a note, not a fund. "index of companies" or the word "issuers" in the holdings section — bucket 4, you own mining businesses.

Search "daily" next to "2x", "3x", "Ultra", "Short" or "Bear".

If the document says the fund seeks a multiple of the daily performance of something, you are in bucket 5 and the word that matters is daily. These are built to be held for hours or days. The prospectus itself will usually say so, in a risk factor with a heading like "the pursuit of daily investment objectives". Read that one paragraph. It is the most honest paragraph in the document.

If you only do one search.

Search the word "unsecured". It takes 5 seconds and it separates "there is metal somewhere" from "there is a bank's promise and nothing else". Nothing else you can check in 5 seconds tells you more.

Once you know the bucket, the next 3 pages give you the 3 sentences that tell you what your ownership is really worth — even inside bucket 1, the good one.

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

SENTENCE 1 — THE REDEMPTION SENTENCE

Who is allowed to get the metal

Search the document for "Authorized Participant" and for "Basket". You are looking for the paragraph that explains who can turn shares back into metal, and in what size.

Baskets may be created or redeemed only by Authorized Participants, in blocks of 100,000 Shares, in exchange for gold.

Paraphrase of the creation and redemption mechanism described in the SPDR Gold Shares prospectus. Read the original: sec.gov, SPDR Gold Trust prospectus, "Creation and Redemption of Shares".

WHAT IT MEANS IN ENGLISH

There are 2 doors, and you only have a key to 1 of them. An Authorized Participant is a large financial institution on an approved list — the names you would expect: the biggest banks and market makers on Earth. They can hand back 100,000 shares in one block and receive metal. That is what keeps the share price glued to the gold price, and it is a genuinely clever piece of engineering.

WHAT IT MEANS FOR YOU

Your exit is dollars. You sell your shares on the stock exchange and you receive cash, at a price that tracks gold very well. That is a real, functioning, liquid exit. It is just not a bar. At recent gold prices, a single 100,000-share block is worth roughly 40 million dollars — and even then, only an approved institution may do it.

WHY THIS IS NOT A SCANDAL

It is the design, written down in advance. This mechanism is disclosed, it is the same at every major physically-backed fund, and it is the reason the thing tracks the price so tightly. Nobody is hiding it. But it does mean the honest description of what you bought is "exposure to the gold price", not "gold".

THE RARE EXCEPTION

A handful of funds will deliver. At least one US-listed gold trust is built specifically to let ordinary holders exchange shares for physical coins or bars, subject to minimums, fees and paperwork. If that matters to you, it is a searchable feature — look for the word "delivery" in the prospectus, not just "redemption".

The question to ask yourself.

If your reason for owning gold is "I want something the system cannot switch off", does an instrument that can only be converted to metal by the system's largest banks, in 40-million-dollar blocks, actually do that job?

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

SENTENCE 2 — THE FEE SENTENCE

How the fee actually gets paid

Search the document for "Sponsor's fee", or for the phrase "sell gold". Most people assume the annual fee comes out of a cash account somewhere. In a physically-backed metal trust, it usually does not.

The Trust has no income. To pay the Sponsor's fee and expenses, the Trustee sells gold from the Trust. The amount of gold represented by each Share therefore declines over time.

Paraphrase of the expense mechanism described in the SPDR Gold Shares prospectus and annual report. Read the original: sec.gov, SPDR Gold Trust, "Expenses of the Trust" and the risk factor on declining gold per Share.

WHAT IT MEANS IN ENGLISH

The fund pays its bills in gold. There is no dividend, no interest, no revenue. The only asset is metal, so the fee is settled by selling a sliver of the metal. Every year, a little less gold sits behind each share. Not because anything went wrong

✓ because that is the mechanism.

THE SCALE OF IT

Small per year, visible per decade. A typical large gold trust charges in the region of 0.4% a year; cheaper ones charge less. The largest US gold trust launched in 2004 with roughly one tenth of an ounce of gold behind each share. It is meaningfully lower than that today, and it will be lower again next year. Look up the current figure yourself — every one of these funds publishes it daily.

WHERE TO FIND TODAY'S NUMBER

It is on the fund's own homepage. Look for a line called "ounces of gold per share", "gold per share" or "net asset value per share in ounces". It is updated every business day. Compare it to the number at launch, which is in the prospectus. The gap between those 2 numbers is what the fee has cost you in metal.

WHY THIS IS FINE, AND WHEN IT IS NOT

You are renting storage, and storage is not free. A vault, insurance, an auditor and a custodian all cost money, and holding physical coins at home is not free either. The fee is honest. The problem is only that a shrinking gold entitlement is invisible on a price chart — the chart looks like gold, so people assume their ounces are constant. They are not.

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

SENTENCE 3 — THE CUSTODY SENTENCE

Who is actually holding it

Search the document for "sub-custodian". This is the single most revealing word in the whole prospectus, and it is the one almost nobody has ever typed.

The Custodian may appoint sub-custodians to hold the Trust's gold. The Trustee's ability to inspect the premises of a sub-custodian is limited, and the Trust may have limited or no legal recourse against a sub-custodian.

Paraphrase of the custody risk factors described in the SPDR Gold Shares prospectus. Read the original: sec.gov, SPDR Gold Trust prospectus, custody and sub-custody risk factors.

WHAT IT MEANS IN ENGLISH

There is a chain, not a single vault. The fund appoints a custodian. The custodian is allowed to hand some of the metal to other vault operators — sub-custodians — who may themselves use others. Each link is a real, regulated institution. But the fund's own paperwork tells you that its rights to walk in, count the bars, and sue if something is wrong get weaker the further down the chain you go.

WHAT IT DOES NOT MEAN

It does not mean the gold is missing. Be careful here. These trusts publish bar lists with serial numbers and commission independent inspections. There is no evidence of anything untoward, and this report is not suggesting any. The point is narrower and more useful: you are not a party to any of it, and the trust itself tells you its own recourse is limited.

ALSO SEARCH: "INSURANCE"

Check what is actually covered. Many of these documents disclose that the trust itself does not insure its gold, and relies on the custodian's own insurance arrangements, which the trust may not control or even review. That is a 20-second search and it tells you who eats a loss.

ALSO SEARCH: "BAR LIST"

Good funds publish one. A full list of every bar with its serial number, refiner and weight, updated daily and downloadable by anyone. If a fund claims to hold metal and does not publish a bar list, that is a fair question to ask before you buy.

Three searches. That is the whole method.

"Authorized Participant" · "Sponsor's fee" · "sub-custodian". If you can Ctrl+F, you can audit a gold fund better than most people who own one.

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

WHICH BUCKET IS WHICH

A starting point, not an answer

Below are US-listed examples in each bucket, so you can see the pattern. Read this as a worked example of the test, not as a list of recommendations — nothing here is a suggestion to buy or sell anything. Fund structures change, funds close, and sponsors launch new versions with almost identical names. Always confirm against the current document before you act.

Bucket	US-listed examples	What to confirm in the document
Holds gold bars	GLD · IAU · GLDM · IAUM · SGOL · BAR · AAAU · OUNZ · FGDL	Bar list published? Who is the custodian? Is the fee paid in metal?
	Holds silver bars	SLV · SIVR · PSLV Same 3 searches. Silver is bulkier, so
		storage terms matter more.
	Holds bullion (other metals)	PPLT · PLTM · PALL · SPPP · GLTR Which metals, in what proportion, and is
		it rebalanced?
	Holds futures contracts	DGL · DBP · DBS · IAUF · CPER How often contracts roll, and the cost of
		rolling. Check the tax treatment too.
	Bank-issued note (ETN)	DGP · DGZ · DZZ · GLDI · SLVO · JJP · PBUG · SBUG
		· SHNY · DULL · PTM · PGM · UBG
		Which bank is the issuer? Search
		"unsecured". There is no metal here at
		all.
	Holds mining shares	GDX · GDXJ · RING · SGDM · GOAU · GOEX · AGMI ·
		ASA
		How many companies, which countries,
		and how concentrated the top holdings
		are.
	Leveraged / inverse (derivatives)	NUGT · DUST · JNUG · JDST · GLL · UGL · AGQ ·
		GDXU · GDXD · GDXS
		The word "daily". Then read the risk
		factor on holding periods longer than
		one day.

Outside the United States, the label changes but the test does not.

In Europe, Australia and Canada, a physically-backed metal product is often legally structured as a debt security backed by allocated metal, sometimes called an ETC. That sounds alarming next to bucket 3 and it is not the same thing — there is real metal pledged behind it. The way you check is identical: open the issuer's own document and search for "allocated", "secured", and "sub-custodian".

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

WHERE THE TEST GETS HARDER

The hybrids, and the name trap

1. THE HYBRIDS THAT FIT NO BUCKET

A newer generation of funds does not fit any of the 5 buckets, and honest labelling means admitting that. These are the ones that bolt an options strategy, a downside buffer, or a second asset onto a metal position. The names are usually a giveaway: words like income,

covered callbufferpremium covered call, buffer, premium, or a second asset in the title.

For these, the 3 sentences are not enough. Read the strategy section, and find the sentence that says what you give up. There is always one.

2. THE NAME TRAP

A ticker is 3 or 4 letters. Letters get reused, and the resemblance is a coincidence, not a clue.

GOLD

Is the ticker of a large mining company, not a gold fund

SILV

Is a mining company, not a silver fund

IGLD

Has been used by an unrelated company with no gold in it at all

There are dozens of these. The rule that saves you every time: never judge by the ticker, and never judge by the name. Open the document. If the document describes a business with employees, revenue and a chief executive, you are looking at a company. If it describes a trust with a custodian, you are looking at a fund. Those are not the same investment and they do not behave the same way.

And one last one.

"Gold" in a fund's name sometimes refers to the fund company, not the metal. If the sponsor's own name contains the word, the fund may hold nothing to do with precious metals whatsoever. Check the holdings, not the branding.

Option-income funds on gold or gold miners. You are collecting option premium and giving away part of the upside. The metal is a reference point, not the product.

✓

Buffered or defined-outcome gold funds. Your loss is limited to a band and your gain is capped, over a fixed period. Buying halfway through that period gives you completely different terms to buying at the start.

✓

Two-asset funds. Gold plus stocks, or gold plus bitcoin, in one wrapper. Fine, if that is what you wanted. Not gold.

✓

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

TURN IT INTO 10 MINUTES OF WORK

Your checklist

If you do that for 3 funds you will never look at a metal ticker the same way again. It is genuinely 10 minutes of work, and nobody in the industry is going to do it for you.

Or let Winston do it in one glance — free

GOGETWINSTON.COM

Winston is the free app Felix and his team built. Every fund with a metal in its name now carries a small badge that says exactly which of the 5 buckets it is in — bars, futures, bank note, mining shares, or leveraged — with a link to the filing it came from.

Where a fund is a hybrid that does not honestly fit a bucket, Winston shows no badge rather than guess. Free to use. Educational only. This is the only call to action in this report.

Write down every ticker you own with a metal in the name. Most people find more than they expected.

✓

For each one, open the fund's own prospectus or annual report — not the broker page, not a summary site.

✓

Search "unsecured". If it is there in the description of the security itself, you own a bank's debt, not metal.

✓

Search "Authorized Participant" and note the basket size. That tells you who can actually get metal, and it is not you.

✓

Search "Sponsor's fee" and find out whether the fee is paid by selling metal. Then look up today's ounces-per-share on the fund's homepage.

✓

Search "sub-custodian" and read what the trust says about inspection rights and legal recourse.

✓

Now ask the honest question: does what I own do the job I bought it for — price exposure, or something outside the system?

✓

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

REFERENCES

Sources & disclosures

SOURCES

1. Video: "I Am Never Buying 'Gold' Again" by Felix Nikolas Prehn.
2. Creation and redemption by Authorized Participants in blocks of 100,000 Shares; the Sponsor's fee paid by selling gold; the decline in gold represented by each Share; custodian and sub-custodian inspection and recourse limits; insurance arrangements: SPDR Gold Trust prospectus, filed with the US Securities and Exchange Commission. Read it on sec.gov.
3. Trust financials, gold held, expenses and per-Share gold entitlement: SPDR Gold Trust annual report on Form 10-K, filed with the SEC. Read it on sec.gov.
4. Free full-text search of every fund prospectus and annual report: SEC EDGAR, sec.gov/edgar/search.
5. Fund structure classifications and the examples on page 10: compiled by The Prehn Institute from each fund's own registration statement, prospectus or annual report, cross-checked against the issuer's filings on SEC EDGAR. Structures change; confirm against the current document.
6. Allocated versus unallocated metal accounts, and what "allocated" means in practice: LBMA guidance on allocated and unallocated accounts.
7. Roughly 40 million dollars per 100,000-share redemption block: arithmetic on the basket size disclosed in the prospectus multiplied by a recent share price. This figure moves with the gold price — recalculate it on the day you read this.
8. Fund and market data referenced by Felix: the Winston app, gogetwinston.com.
9. A NOTE ON WHAT THIS REPORT DOES NOT SAY
10. This report does not allege wrongdoing by any fund, sponsor, custodian or bank, and no such allegation should be read into it. The large physically-backed metal trusts hold real metal, publish bar lists, and are audited. Every mechanism described here is disclosed in advance in documents that anybody can download for free. The purpose of the report is to help an ordinary investor read those documents and understand what they actually bought — nothing more.
11. FULL EDUCATIONAL DISCLAIMER
12. Analyst: Felix Nikolas Prehn for The Prehn Institute.

The Prehn Institute

prehninstitute.com

The Institute publishes research and provides instruction. Its published research is open to any reader, and its instruction is given by people who have worked in professional markets. The Institute does not manage money and does not advise on investments.

DISCLOSURES

This report is for educational and informational purposes only and does not constitute financial, investment, legal, tax or accounting advice. It is not a recommendation, solicitation or offer to buy or sell any security, currency, commodity or financial product. No buy/sell rating or price target is provided. Tickers are named as illustrations of fund structure only and their inclusion is not an endorsement or a criticism. All investments involve risk, including the possible loss of principal. Fund structures, fees, custodians and holdings change over time, and information here may become out of date — always confirm against the fund's current documents. Readers should do their own research and consult appropriately qualified professionals before making financial decisions. Past performance is not indicative of future results. The Prehn Institute makes no guarantee regarding outcomes.

Author: Felix Nikolas Prehn, The Prehn Institute.

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.