



Gold Bullion Securities Limited

Registered No: 87322

**Report and Financial Statements for the
Year ended 31 December 2020**

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Directors

Stuart Bell
Christopher Foulds
Steven Ross
Peter Ziemba

Registered Office

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31 Pier Road
St Helier
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Manager

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Auditor

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Administrator

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Jersey, JE4 8PW

Registrar

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Custodian

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Trustee

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Company Secretary

R&H Fund Services (Jersey) Limited
Ordnance House
31 Pier Road
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Jersey, JE4 8PW

The directors of Gold Bullion Securities Limited (“GBS” or the “Company”) submit herewith the annual report and financial statements of the Company for the year ended 31 December 2020.

Directors

The names and particulars of the directors of the Company during and since the end of the financial year are:

Stuart Bell	
Christopher Foulds	(Appointed 15 April 2020)
Hilary Jones	(Resigned 15 April 2020)
Steven Ross	
Peter Ziemba	

Directors' Interests

No director has an interest in the Shares of the Company as at the date of this report.

Principal Activities

The Company's principal activity is the issue and listing of gold bullion securities (“Gold Securities”). These Gold Securities allow investors to gain exposure to gold without needing to take physical delivery of gold bullion (“Gold Bullion”). It also allows investors to buy and sell that interest through the trading of a security on the London Stock Exchange and any other exchange to which that security may be admitted to trading from time to time.

A Gold Security is a secured, undated zero coupon note of the Company, constituted by a trust instrument, with a face value of USD 0.00001. Under the terms of this trust instrument the Gold Securities are secured on an amount of Gold Bullion equivalent to the entitlement of each Gold Security (referred to as the “Gold Entitlement”), which is calculated in accordance with an agreed formula published in the Prospectus. This Gold Bullion is held in custody by designated custodians or their sub-custodians and the subject of a first legal mortgage in favour of the Trustee. Gold Bullion, once deposited, may only be removed after approval from the Trustee.

Generally only security holders who have entered into an approved applicant agreement with the Company (“Approved Applicant”) can submit applications and redemptions directly with the Company.

A holder of a Gold Security is entitled to require the redemption of that Gold Security and receive an amount of Gold Bullion equal to the Gold Entitlement on the date of redemption (and subject to applicable redemption fees). This redemption may occur:

- through an appropriate counterparty (such as an Approved Applicant as described above); or
- through a transfer of physical Gold Bullion to the security holders' own allocated bullion account.

The Company earns a management fee by reducing the Gold Entitlement on a daily basis by an agreed amount (the “Gold Sales Charge” or “Management Fee”).

The Company has entered into a service agreement with “ManJer” (the “Manager”), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company (including marketing) as well as the payment of costs relating to the listing and issue of Gold Securities. In return for these services, the Company has an obligation to remunerate ManJer with an amount equal to the Management Fee and the creation and redemption fees earned (the “ManJer Fee”). The Gold Bullion in respect of the Management Fee is transferred in the form of Gold Bullion on a monthly basis (in arrears) following agreement from the Trustee from the Company's custodian accounts directly to ManJer. In addition, creation and redemption fees are transferred directly to ManJer and there are no cash flows through the Company.

Review of Operations

The most recent Prospectus was issued on 4 January 2021. The Gold Securities are listed on the London Stock Exchange, the Deutsche Börse, the Borsa Italiana, the Euronext Brussels and the NYSE Euronext Paris.

As at 31 December 2020, the fair value of assets under management amounted to USD 4,623.2 million (2019: USD 3,893.6 million). The Company recognises its assets (Gold Bullion) and liabilities (Gold Securities) at fair value in the Statement of Financial Position.

The Company holds Gold Bullion to support the Gold Securities as determined by the Gold Entitlement. Gold Bullion is marked to fair value using the latest price published by the London Bullion Market Association ("LBMA").

The Company has entered into contractual obligations to issue and redeem Gold Securities in exchange for Gold Bullion as determined by the Gold Entitlement on each trading day. The Gold Bullion in respect of each creation and redemption is recorded using the price provided by the LBMA on the transaction date.

IFRS 13 requires the Company to identify the principal market and to utilise the available price within that principal market. The directors consider the stock exchanges where the Gold Securities are listed to be the principal market and as a result the fair value of the Gold Securities is the on-exchange price as quoted on the stock exchange demonstrating active trading with the highest trading volume on each day that the price is obtained. As a result of the difference in valuation between Gold Bullion and Gold Securities there is a mismatch between the values recognised, and the results of the Company reflect a gain or loss on the difference between the value of the Gold Bullion (through the application of the price provided by the LBMA against the Gold Entitlement referred to within these financial statements as the "Contractual Value") and the price of Gold Securities.

The gain or loss on Gold Securities and Gold Bullion is recognised through profit or loss in line with the Company's accounting policy. This is presented in more detail in note 9 to these financial statements.

The Company's exposure to risk is disclosed in note 15 to the financial statements.

The Company is entitled to:

- A Management Fee which is calculated by reducing the Gold Entitlement of the Gold Securities on a daily basis by an agreed amount; and
- Creation and redemption fees on the issue and redemption of the Gold Securities.

During the year, the Company generated income from Management Fees and creation and redemption fees as follows:

	2020	2019
	USD	USD
Creation and Redemption Fees	12,250	17,250
Management Fees	18,635,797	15,101,792
Total Fee Income	18,648,047	15,119,042

Non-GAAP Performance Measures

Under the terms of the service agreement with ManJer, the Company accrued expenses equal to the Management Fee and creation and redemption fees, which, after taking into account other operating income and expenses, resulted in a result before fair value movements for the year of USD Nil (2019: USD Nil).

As the difference in the valuation of Gold Bullion (held to support the Gold Securities) and Gold Securities would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion (as described further in note 8), the Company presents an adjusted Statement of Profit or Loss and Total Comprehensive Income and an adjusted Statement of Changes in Equity in note 18 of the financial statements.

Review of Operations (continued)

Coronavirus disease (COVID-19)

The COVID-19 pandemic continues to persist and the ultimate duration of the pandemic and its short-term and long-term impact on the global economy is unknown. National governments and supranational organisations in multiple states continue taking steps designed to protect their populations from COVID-19, including requiring or encouraging home working, the cancellation of sporting, cultural and other events and restricting or discouraging gatherings of people. COVID-19 has created market turmoil and increased market volatility generally. Mutations in the virus, a setback in vaccine distribution and negative global economic consequences arising from the pandemic, amongst other factors, could have a future adverse impact on the global financial markets. The steps outlined above, and public sentiment, may affect both the volatility and prices of Gold Bullion and hence the prices of the Gold Securities, and such effects may be significant and may be long-term in nature.

The directors are closely monitoring the advice and developments relating to the spread of COVID-19, which is fluid and rapidly changing. The WisdomTree group has, and continues to implement measures to maintain the ongoing safety and well-being of employees, whilst continuing to operate business as usual.

Going Concern

The nature of the Company's business dictates that the outstanding Gold Securities may be redeemed at any time by Approved Applicants and in certain circumstances by individual holders and also, in certain circumstances, may be compulsorily redeemed by the Company. As the redemption of Gold Securities will always coincide with the transfer of an equal amount (in value) of Gold Bullion, liquidity risk is mitigated such that there is no residual liquidity risk. All other expenses are met by ManJer. The directors are closely monitoring the advice and developments relating to the spread of COVID-19, particularly with its impact on ManJer, its assets under management, and therefore its related revenue streams, in respect of fulfilling the obligations under the services agreement. The directors consider the operations of the Company to be ongoing, with a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of these financial statements, and accordingly these financial statements have been prepared on the going concern basis.

Future Developments

The board of directors (the "Board") are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached financial statements.

Dividends

There were no dividends declared or paid in the year (2019: USD Nil). It is the Company's policy that dividends will only be declared when the directors are of the opinion that there are sufficient distributable reserves.

Employees

The Company does not have any employees. It is the Company's policy to use the services of specialist subcontractors or consultants as far as possible.

Auditor

The Independent Auditor is Ernst & Young LLP. A resolution to re-appoint Ernst & Young LLP will be proposed at the next Board meeting of the directors.

Directors' Remuneration

No director has a service contract with the Company. The directors of the Company who are employees within the WisdomTree Investments, Inc group do not receive separate remuneration in their capacity as directors of the Company. R&H Fund Services (Jersey) Limited ("R&H" or the "Administrator") receives a fee in respect of the directors of the Company who are employees of R&H.

The following directors' fees have been paid by ManJer on behalf of the Company for the year:

	2020	2019
	GBP	GBP
Stuart Bell	Nil	Nil
Christopher Foulds (Appointed 15 April 2020)	5,685	Nil
Hilary Jones (Resigned 15 April 2020)	2,315	8,000
Steven Ross	8,000	8,000
Peter Ziemba	Nil	Nil

Principal Risks and Uncertainties

Each Gold Security is a debt instrument whose redemption price is linked to the value of the underlying Gold Bullion. The Gold Securities are issued under a limited recourse arrangement whereby the holders have recourse only to the Gold Bullion held to support the Gold Securities and not to the Company. In addition, since any movements in the value of the Gold Bullion are wholly attributable to the holders of the Gold Securities, the Company has no residual exposure to movements in the value of the Gold Bullion. From a commercial perspective the Company does not retain any net gains or losses or net risk exposures, as (with the exception of the impact of management fees) the gains or losses on the liability represented by the Gold Securities are matched economically by corresponding losses or gains attributable to the Gold Bullion (see detail on page 3 regarding the accounting mis-match). The Company's exposure to risks, including further details surrounding the value of Gold Securities and the Gold Bullion are disclosed in note 15 to the financial statements.

Movements in the value of the underlying Gold Bullion, and thus the value of the Gold Securities, may vary widely which could have an impact on the demand for the Gold Securities issued by the Company. These movements are shown in notes 8 and 9.

Additional information on other financial and operational risks and uncertainties faced by the Company are disclosed in note 15 of these financial statements.

Corporate Governance

There is no standard code of corporate governance in Jersey. The operations, as previously described in the Directors' Report, are such that the directors have determined that the Company is not required to apply, and has elected not to voluntarily apply, the UK Corporate Governance Code.

As the Board is small, there is no nomination committee and appointments of new directors are considered by the Board as a whole. The Board does not consider it appropriate that directors should be appointed for a specific term. Furthermore, the structure of the Board is such that it is considered unnecessary to identify a senior non-executive director.

The constitution of the Board is disclosed on page 2. The Board meets regularly as required by the operations of the Company, but at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its review.

Internal Control

During the year the Company did not have any employees or subsidiaries, and there is no intention that this will change. The Company, being a special purpose company established for the purpose of issuing Gold Securities, has not undertaken any business, save for issuing and redeeming Gold Securities, entering into the required documents and performing the obligations and exercising its rights in relation thereto, since its incorporation. The Company does not intend to undertake any business other than issuing and redeeming Gold Securities and performing the obligations and exercising its rights in relation thereto.

The Company is dependent upon ManJer to provide management and administration services to it. ManJer is licensed under the Financial Services (Jersey) Law 1998 to conduct classes U and Z of Fund Services Business. ManJer outsources the administration services in respect of the Company to the Administrator. Documented contractual arrangements are in place with the Administrator which define the areas where the authority is delegated to them. The performance of the Manager and Administrator are reviewed on an ongoing basis by the Board through their review of periodic reports.

ManJer provides management and other services to both the Company and other companies issuing commodity and index tracking securities.

The Board, having reviewed the effectiveness of the internal control systems of the Manager and the Administrator, does not consider that there is a need for the Company to establish its own internal audit function.

Audit Committee

The Board has not established a separate audit committee; instead the Board meets to consider the financial reporting by the Company, the internal controls, and relations with the external auditor. In addition, the Board reviews the independence and objectivity of the auditor.



Steven Ross

Director

Jersey

30 April 2021

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

With regard to Directive 2004/109/EC, amended by Directive 2013/50/EU (collectively the Transparency Directive), the Central Bank (Investment Market Conduct) Rules of the Central Bank of Ireland and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the directors confirm that to the best of their knowledge that:

- the financial statements for the year ended 31 December 2020 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by law and in accordance with IFRS as issued by the IASB; and
- the Directors' Report gives a fair view of the development and performance of the Company's business, including financial position and the important events that have occurred during the year, and their impact on these financial statements, together with a description of the principal risks and uncertainties they face.

By order of the Board



Steven Ross
Director
Jersey
30 April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD BULLION SECURITIES LIMITED

Opinion

We have audited the financial statements of Gold Bullion Securities Limited (the "company") for the year ended 31 December 2020 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity, and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS").

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its result for the year then ended;
- ▶ have been properly prepared in accordance with IFRS; and
- ▶ have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

How we evaluated management's assessment

Risk assessment procedures

- ▶ We have obtained an understanding of management's rationale for using the going concern basis of accounting. To challenge the completeness of this assessment, we have independently assessed whether factors exist that may indicate events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. The events or conditions identified were consistent with those addressed in management's assessment and further are explained below. We have designed our audit procedures to evaluate the effect of these risks on the entity's ability to continue as a going concern.

Management's method

- ▶ In conjunction with our walkthrough of the company's financial statement close process, we confirmed our understanding of management's Going Concern assessment process and also engaged with management to challenge that all key factors were considered in their assessment;
- ▶ We obtained management's board approved going concern assessment covering the period of assessment from the date of signing to 30 April 2022. Given the absence of cash transactions or cash obligations within the company, management's going concern assessment has focussed on a combination of;

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GOLD BULLION SECURITIES LIMITED (continued)**

- Assessing the ongoing viability of the Company through continued involvement of its Authorised Participants;
 - Determining that no compulsory redemption triggers are expected to be encountered during the period of assessment; and
 - Assessing the ongoing viability of the wider WisdomTree Jersey Issuer platform for which the Company is an element, with a focus on the ability of the platform to support the Manager in meeting obligations as they fall due, through assessment of fixed and variable operating costs that could be supported under varying levels of total assets under management for the Issuer platform.
- ▶ Using our understanding of the business, we evaluated whether the considerations and method adopted by management in assessing going concern was appropriate and observed that the method was consistent with that used in the prior year
 - ▶ We performed a walkthrough of the method and noted that the each of the factors had been considered and supported by management.
 - ▶ We tested that the forecasts were mathematically accurate;
 - ▶ We considered the past historical accuracy of management's assessments (prior to Coronavirus);
 - ▶ We evaluated management's Coronavirus impact assessment on the forecasts by comparing to the actual impact experienced by the Group in 2020;
 - ▶ We inquired of management as to its knowledge of events or conditions beyond the period of management's assessment and reviewed industry publications to challenge and corroborate management's macro assumptions used in the assessment. In doing so, we also considered the consistency of information obtained from other areas of the audit such as the changes in assets under management in the period since the balance sheet date to the date of issuance of the financial statements.

Assumptions

- ▶ We evaluated the relevance and reliability of the underlying data used to make the assessment by corroborating with the information contained in audited financial statements
- ▶ We determined whether there was appropriate evidence for the ongoing involvement of the Authorised Participant's through enquiry with the Directors and management and confirming no correspondence indicating otherwise from the Authorised Participant
- ▶ We determined that there was no indication of Company level redemption triggers being initiated, through reading the relevant prospectus sections, making enquiry of the Directors and management and reading minutes of meetings of the Board.
- ▶ For the platform cost assumptions underlying the wider platform viability considerations, we compared these to those observed in the prior year and obtained information from the Manager in respect of the existing platform cost base;

Stress testing and Management's plans for future actions

- ▶ We performed reverse stress testing on the forecasts to understand how severe the downside scenarios would have to be, and in particular the reduction in platform assets under management, to result in the platform generating insufficient management fees to cover operating costs;

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GOLD BULLION SECURITIES LIMITED (continued)**

Disclosures

- ▶ We considered whether management's disclosures, in the Annual Report and financial statements, sufficiently and appropriately disclose information required in respect of the going concern assumption applied through consideration of relevant disclosure standards.

Our key observations

We have observed:

- ▶ No communication from the Company's Authorised Participants indicating an intention to withdraw support or initiate any action that would trigger the termination of the company;
- ▶ No indication that compulsory redemption triggers are expected to be encountered during the period of assessment to April 2022; and
- ▶ Significant headroom observed in management fee income, at current Assets Under Management ("AUM") levels, in excess of fixed costs supporting management's assumption that the Issuer Platform is able to absorb heightened levels of volatility in Assets Under Management in the current economic climate.

Conclusion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern over the period to 30 April 2022 being 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	▶ Valuation of Financial Liabilities at fair value through profit and loss - Gold Securities
Materiality	▶ Overall materiality of US\$46.2m which represents 1% of total assets

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

There were no changes in our audit strategy compared to the prior year.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GOLD BULLION SECURITIES LIMITED (continued)**

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Valuation of Financial Liabilities at fair value through profit or loss - Gold Securities USD 4,630,387,545 (2019: USD 3,891,664,595)</p> <p><i>Refer to the Accounting policies (page 22-23); and Note 9 of the Financial Statements (pages 27-28)</i></p> <p>Risk that values of Gold Securities in issue are misstated or that valuations are incorrectly captured.</p> <p>The Gold Securities in issue comprise a range of financial instruments that provide holders of issued securities with exposure to movements in prices of Gold Bullion without needing to take physical delivery.</p> <p>The Gold Securities are carried at fair value as a Financial Liability.</p> <p>The risk comprises the risk of errors in both the valuation methodology applied and in the source and timing of valuation inputs utilised.</p> <p>The balance of Gold Securities represents in excess of 99% of the company's total liabilities as at 31 December 2020 (2019: 99%) and therefore any error in valuation approach could be significant.</p> <p>The risk has remained consistent with that observed in the prior year.</p>	<p>We walked through the Company's systems and controls implemented in respect of the valuation of Gold Securities. In executing our strategy, we adopted a fully substantive approach.</p> <p>Our response to the risk comprised:</p> <p>An assessment of the company's systems and controls implemented in respect of Gold Security valuation.</p> <p>Assessing the appropriateness of the valuation methodology applied, comprising the use of traded security prices to value the Gold Securities, against relevant IFRS requirements.</p> <p>Independently obtaining security prices using external pricing sources at the balance sheet date.</p> <p>Recalculating the value of Gold Securities held at 31 December 2020, by multiplying the security price by the confirmed security balance in issue. This represented 100% of the total value of Gold Securities in issue.</p>	<p>There were no matters identified during our audit work on valuation of Gold Securities that we wanted to bring to the attention of the Board of Directors of the company.</p> <p>Based on our testing we are satisfied that the valuation of Gold Securities is not materially misstated</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD BULLION SECURITIES LIMITED (continued)

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be US\$46.2 million (2019: US\$ 39 million), which is 1% (2019: 1%) of Total Assets. We believe that Total Assets provides us with an appropriate basis for audit materiality as Total Assets value reflects the relevant exposure of holders of issued securities to the underlying asset base.

In particular we have considered both the nature of the exposure to asset performance being obtained by security holders and the expectations of the users of the financial statements by observing the basis applied across existing WisdomTree exchange traded issuer products.

The entity is structured such that the security holders' interests are reflected as a liability, but provide exposure to net assets invested, with the 1% being considered appropriate in the context of such asset exposure.

The basis is also consistent with other audited WisdomTree exchange traded issuer platforms in Europe, where 1% of total assets has historically been applied as the basis for materiality, so we continue to reflect this established level of user expectation for WisdomTree issuer vehicles.

There has been no change in the basis of materiality used compared to the prior year.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% (2019: 50%) of our planning materiality, namely US\$23.1 million (2019: US\$ 19.5 million). We have set performance materiality at this percentage in response to audit differences identified in our audit of the Company and related entities in the prior year. We had set performance materiality at 50% of our planning materiality in the prior year to reflect the fact that it was our initial period of involvement.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board that we would report to them all uncorrected audit differences in excess of US\$2.3m (2019: US\$1.9m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. The basis of determining the amount remains consistent with that applied in the prior year at 5% of planning materiality.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 7, including the Directors' Report set out on pages 2 to 6 and the Statement of Directors Responsibilities set out on page 7, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD BULLION SECURITIES LIMITED (continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- ▶ proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the company's accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GOLD BULLION SECURITIES LIMITED (continued)**

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, comprising IFRS and Companies (Jersey) Law 1991. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the presentation and disclosure of the financial statements being the applicable Listing Rules of the UK Listing Authority.
- ▶ We understood how Gold Bullion Securities Limited is complying with those frameworks by making enquiries of the directors and key management of the administrative service provider. We corroborated our enquiries through our review of minutes of Board meetings, papers provided to the board and correspondence received from regulatory bodies and noted no contradictory evidence.
- ▶ We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the investment objectives of the Company and discussing with management to understand where reporting was considered susceptible to fraud. Where this risk was considered to be higher, we performed audit procedures in response to the identified fraud risk. These procedures included testing of transactions to supporting documentation, testing of specific accounting journal entries and focussed testing, including that referred to in the key audit matters section above. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- ▶ Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of board minutes to identify any non-compliance with laws and regulations, a review of any associated reporting submitted to the board on compliance with laws and regulations and enquiries of members of management of the appointed administrative service provider.
- ▶ As the Company operates in the asset management industry the Audit Partner reviewed the experience of the engagement team and concluded that the team had the appropriate competence and capabilities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GOLD BULLION SECURITIES LIMITED (continued)**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Chris Barry', is written in a cursive style.

Christopher David Gordon Barry, FCA
for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
Date: 30 April 2021

	Notes	Year ended 31 December	
		2020 USD	2019 USD
Income	3	18,648,047	15,119,042
Expenses	3	(18,648,047)	(15,119,042)
Result Before Fair Value Movements	3	-	-
Change in Fair Value of Gold Bullion	8	974,094,680	605,268,585
Change in Fair Value of Gold Securities	9	(983,215,836)	(599,142,578)
(Loss) / Profit for the Year^{1,2}		(9,121,156)	6,126,007

The directors consider the Company's activities as continuing.

¹ A non-statutory and non-GAAP Statement of Profit or Loss and Other Comprehensive Income reflecting adjustments representing the movement in the difference between the value of Gold Bullion and the price of Gold Securities is set out in note 18.

² There are no items of Other Comprehensive Income, therefore the (Loss) / Profit for the Year also represented the Total Comprehensive Income for the Year.

The notes on pages 20 to 36 form part of these financial statements

		As at 31 December	
	Notes	2020 USD	2019 USD
Assets			
Gold Swing Bar	5	813,173	654,890
Gold Bullion Held in Respect of Management Fees	6	1,572,334	1,414,409
Trade and Other Receivables	7	150,845	150,595
Amounts Receivable on Gold Securities Awaiting Settlement	9	-	1,136,080
Amounts Receivable on Gold Bullion Awaiting Settlement		5,079,300	-
Gold Bullion	8	4,623,226,427	3,893,624,633
Total Assets		4,630,842,079	3,896,980,607
Liabilities			
Gold Securities	9	4,630,387,545	3,891,664,595
Amounts Payable on Gold Bullion Awaiting Settlement	8	-	1,136,080
Amounts Payable on Gold Securities Awaiting Settlement		5,079,300	-
Gold Loan	11	813,173	654,890
Trade and Other Payables	10	1,581,359	1,423,184
Total Liabilities		4,637,861,377	3,894,878,749
Equity			
Share Capital	12	142	142
Share Premium	13	141,678	141,678
Revaluation Reserve		(7,161,118)	1,960,038
Total Equity		(7,019,298)	2,101,858
Total Equity and Liabilities		4,630,842,079	3,896,980,607

The assets and liabilities in the above Statement of Financial Position are presented in order of liquidity from most to least liquid.

The financial statements on pages 16 to 36 were approved and authorised for issue by the board of directors and signed on its behalf on 30 April 2021.



Steven Ross
Director

	Year ended 31 December	
	2020 USD	2019 USD
(Loss) / Profit for the Year	(9,121,156)	6,126,007
Non-cash Reconciling Items		
Change in Fair Value of Gold Bullion	(974,094,680)	(605,268,585)
Change in Fair Value of Gold Securities	983,215,836	599,142,578
Revaluation of Gold Swing Bar	(158,283)	(103,780)
Increase in Gold Loan Due to Change in Gold Price	158,283	103,780
	9,121,156	(6,126,007)
Cash Generated from Operating Activities	-	-
Net Movement in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the Beginning of the Year	-	-
Net Movement in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the End of the Year	-	-

Gold Securities are issued through a direct transfer of Gold Bullion from the Approved Applicants to the Custodian or redeemed by the direct transfer of Gold Bullion by the Custodian to the Approved Applicants. As such the Company is not a party to any cash transactions. The creations and redemptions of Gold Securities and additions and disposals of Gold Bullion, which are non-cash transactions for the Company, are disclosed in notes 8 and 9 respectively in the reconciliation of opening to closing Gold Securities and Gold Bullion.

The Company has entered into a service agreement with WisdomTree Management Jersey Limited (“ManJer” or the “Manager”), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company (including marketing) as well as the payment of costs relating to the listing and issue of Gold Securities. In return for these services, the Company has an obligation to remunerate ManJer with an amount equal to the Management Fee and the creation and redemption fees earned, less expenses (the “ManJer Fee”). The Gold Bullion in respect of the Management Fee is transferred by the Trustee from the Company’s custodian accounts to ManJer’s custodian accounts. In addition, amounts in respect of the creation and redemption fees are transferred directly from the Approved Applicants to ManJer and there are no cash flows through the Company.

	Notes	Stated Capital USD	Share Premium USD	Retained Earnings USD	Revaluation Reserve USD	Total Equity USD
Opening Balance at 1 January 2019		142	141,678	-	(4,165,969)	(4,024,149)
Result and Total Comprehensive Income for the Year		-	-	6,126,007	-	6,126,007
Transfer to Revaluation Reserve	18	-	-	(6,126,007)	6,126,007	-
Balance at 31 December 2019		142	141,678	-	1,960,038	2,101,858
Opening Balance at 1 January 2020		142	141,678	-	1,960,038	2,101,858
Result and Total Comprehensive Loss for the Year		-	-	(9,121,156)	-	(9,121,156)
Transfer to Revaluation Reserve	18	-	-	9,121,156	(9,121,156)	-
Balance at 31 December 2020³		142	141,678	-	(7,161,118)	(7,019,298)

³ A non-statutory and non-GAAP Statement of Changes in Equity reflecting adjustments representing the difference between the value of Gold Bullion and the price of Gold Securities is set out in note 18.

The notes on pages 20 to 36 form part of these financial statements

1. General Information

Gold Bullion Securities Limited (the “Company”) is a company incorporated and domiciled in Jersey. The address of the registered office is Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW.

The purpose of the Company is to provide a vehicle that facilitates the issuance and subsequent listing and trading of securities that track the performance of gold without needing to take physical delivery of the gold (“Gold Securities”). The Gold Securities are issued under limited recourse arrangements whereby the holders have recourse only to the gold bullion (“Gold Bullion”) held to support the Gold Securities and not to the Company. The Gold Securities are secured on an amount of Gold Bullion equivalent to the entitlement to that Gold Bullion in respect of each Gold Security (referred to as the “Gold Entitlement”), which is calculated in accordance with an agreed formula published in the Prospectus. The Company holds Gold Bullion to support the Gold Securities as determined by the Gold Entitlement. The Company does not make gains from trading in the underlying Gold Bullion. As a result (and with the exception of the impact of Management Fees), from a commercial perspective gains and losses in respect of Gold Bullion will always be offset by corresponding loss or gain on the Gold Securities and therefore commercially the Company does not retain any net gains or losses or net risk exposures. However, the difference in valuation between Gold Bullion and Gold Securities creates a mis-match between the values reported within these financial statements. This difference in valuation would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion. Further details are disclosed within the Accounting Policies and in note 16, with additional information regarding the risks of the Company disclosed in note 15. Furthermore, the Company presents an adjusted Statement of Profit or Loss and Other Comprehensive Income and an adjusted Statement of Changes in Equity in note 18 of the financial statements to reflect the economic results of the Company through the reversal of the difference in valuation between Gold Bullion and Gold Securities given the gain or loss would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion, and therefore will not be realised.

Exchange-traded products are not typically actively managed, are significantly lower in cost when compared to actively managed mutual funds and are easily accessible to investors. No active trading of Gold Bullion is required of the Company because the Company only receives or delivers Gold Bullion on the issue and redemption of Gold Securities, and only holds Gold Bullion as determined by the Gold Entitlement to support the Gold Securities.

The Company is entitled to:

- (1) a management fee which is calculated by reducing the Gold Entitlement on a daily basis by an agreed amount, (the “Gold Sales Charge” or the “Management Fee”); and
- (2) Creation and redemption fees on the issue and redemption of the Gold Securities.

No creation or redemption fees are payable to the Company when investors trade in the Gold Securities on a listed market such as the London Stock Exchange. Creation and redemption fees may also be waived with certain approved persons where applicable.

The Company has entered into a service agreement with WisdomTree Management Jersey Limited (“ManJer” or the “Manager”), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company (including marketing) as well as the payment of costs relating to the listing and issuance of Gold Securities. In return for these services, the Company pays ManJer an amount equal to the Management Fee and the creation and redemption fees earned (the “ManJer Fee”). As a result, the Company recognises a result before fair value movements of nil for each period.

2. Accounting Policies

The main accounting policies of the Company are described below.

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of Gold Bullion and financial liabilities held at fair value through profit or loss.

2. Accounting Policies (continued)

Critical Accounting Estimates and Judgements

The presentation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key accounting judgements required to prepare these financial statements are:

1. In respect of the presentation of non-statutory and non-GAAP adjustments to the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Changes in Equity, as disclosed in note 18.
2. The determination of the appropriate accounting policy to be applied to Gold Bullion. Under IFRS there is no standard treatment for the classification of physical metals (as they do not meet the definition of a financial asset, cash, inventory or property, plant or equipment) therefore the election of how to treat physical metals is left to some interpretation for companies which hold these assets. The Gold Bullion is held to provide the security holders with the exposure to changes in the fair value of Gold Bullion and therefore the Directors consider that carrying the Gold Bullion at fair value through profit or loss, consistent with the treatment that would be applicable to a financial instrument, reflects the objectives and the purpose of holding the asset.

The directors do not consider that any significant estimates have been applied in the preparation of these financial statements.

Going Concern

The nature of the Company's business dictates that the outstanding Gold Securities may be redeemed at any time by Approved Applicants and in certain circumstances by individual holders and also, in certain circumstances, may be compulsorily redeemed by the Company. As the redemption of Gold Securities will always coincide with the transfer of an equal amount (in value) of Gold Bullion, and furthermore, the Company will hold the Gold Bullion received to support the Gold Securities issued and will only transfer out Gold Bullion to facilitate the payment of Management Fees or the redemption of Gold Securities, liquidity risk is mitigated such that there is no residual liquidity risk. All other expenses of the Company are met by ManJer. The directors are closely monitoring the advice and developments relating to the spread of COVID-19, particularly with its impact on ManJer, its assets under management, and therefore its related revenue streams, in respect of fulfilling the obligations under the services agreement in place. The directors consider the operations of the Company to be ongoing, with a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of these financial statements, and accordingly these financial statements have been prepared on the going concern basis.

Accounting Standards

(a) *Standards, amendments and interpretations adopted in the year:*

In preparing the financial statements the Company has adopted all new or revised Standards and Interpretations in issue and effective for the year, including:

- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The changes to IAS 1 and IAS 8 are changes regarding the definition of material and therefore are applicable to the Company, however these are not considered to have resulted in a significant effect on these financial statements.

2. Accounting Policies (continued)

Accounting Standards (continued)

(b) Standards, amendments and interpretations not applicable to the Company:

The following standards that have been revised, issued and became effective but are not considered applicable to the Company:

- Amendments to IFRS 3 Business Combinations
- Amendments to IFRS 7 Financial Instruments: Disclosures
- Amendments to IFRS 9 Financial Instruments
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement

The directors consider that the adoption of the above standards, amendments and interpretations did not have a material impact on the financial statements of the Company on the basis that the changes to IFRS 7, IFRS 9 and IAS 39 are pre-replacement issues in the context of the Interbank Offered Rate (or IBOR) reform in respect of hedge accounting.

(c) New and revised IFRSs in issue but not yet effective:

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IFRS 16 Leases (effective for annual periods beginning on or after 1 June 2020)
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the accounting issues that arise when financial instruments are modified from referencing an IBOR
- Annual Improvements to IFRS (impacting IFRS 1, IFRS 9 and IAS 41)

The directors do not expect the adoption of the above standards, amendments and interpretations that are in issue but not yet effective will have a material impact on the financial statements of the Company in future periods.

The directors have considered other standards and interpretations in issue but not effective and concluded that they would not have a material impact on the future financial periods when they become available.

Gold Securities

i) Issue and Redemption

Each time a Gold Security is issued or redeemed by the Company a corresponding amount of Gold Bullion is transferred into or from the relevant secured account held by the Custodian. Upon initial recognition, the fair value is recorded using the fixing price published by the London Bullion Market Association ("LBMA") applied to the underlying Gold Bullion transferred.

Financial liabilities are recognised and de-recognised on the transaction (trade) date.

2. Accounting Policies (continued)

Gold Securities (continued)

ii) Classification at fair value through Profit or Loss

Gold Securities comprise a financial instrument whose redemption price is linked to the value of the underlying Gold Bullion. Gold Securities are classified as liabilities measured at fair value through profit or loss under IFRS 9 to significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

iii) Pricing

IFRS 13 requires the Company to identify the principal market and to utilise the available price within that principal market. The directors consider the stock exchanges where the Gold Securities are listed to be the principal market and as a result the fair value of the Gold Securities is the on-exchange price as quoted on the stock exchange demonstrating active trading with the highest trading volume on each day that the price is obtained. The Gold Securities are priced using the mid-market price on the Statement of Financial Position date taken at the time the gold fix is set.

A difference arises between the value of Gold Bullion (held to support the Gold Securities) and Gold Securities (at market value) presented in the Statement of Financial Position. This difference is reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion.

Gold Bullion

The Company holds Gold Bullion equal to the amount due to holders of Gold Securities solely for the purpose of meeting its obligations under the Gold Securities.

As described above, under IFRS there is no standard treatment for the classification of physical metals. The Gold Bullion is held to provide the security holders with the exposure to changes in the fair value of Gold Bullion and therefore the Directors consider that carrying the Gold Bullion at fair value through profit or loss, consistent with the treatment that would be applicable to a financial instrument, reflects the objectives and the purpose of holding the asset.

Gold Bullion is priced on a daily basis based on the amount of Gold Bullion held using the latest fixing price provided by the LBMA, and is considered to be the fair value of the Gold Bullion. Also on a daily basis an amount is transferred to Gold Bullion held in respect of the Management Fee. The valuation of the Gold Bullion is equivalent to the LBMA fixing price being applied to the total Gold Entitlement of the Gold Securities, and is referred to as the 'Contractual Value'.

Gold Bullion and Gold Securities Awaiting Settlement

The issue and redemption of Gold Securities, and the transfer in and out of Gold Bullion, is accounted for on the transaction date. The transaction will not settle until two days after the transaction date. Where transactions are awaiting settlement at the year end, the value of the Gold Bullion and the Gold Securities due to be settled is separately disclosed within the relevant assets and liabilities on the Statement of Financial Position. The fair value of these receivables and payables is considered equivalent to their carrying value.

Gold Bullion Held in Respect of Management Fees and Management Fee Payable in Gold Bullion

Management Fee income is accrued by reducing the Gold Entitlement of the Gold Securities on a daily basis by an agreed amount. These fees are recognised in Gold Bullion, recorded at fair value through profit or loss in accordance with the accounting judgement set out above in respect of Gold Bullion. The amount recognised at the Statement of Financial Position date is revalued using the latest price published by the LBMA.

Management Fees payable are also accrued based on the income accrued in accordance with the agreement with ManJer. These fees are payable in Gold Bullion, recorded at fair value through profit or loss to significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases). The payable at the Statement of Financial Position date is revalued using the latest price published by the LBMA.

2. Accounting Policies (continued)

Gold Swing Bar

The Company has a loan facility with HSBC Bank USA, N.A. giving the Company the rights, interest and title to a gold bar that is held for the purpose of facilitating the allocation of gold to holders of Gold Securities (the "Gold Swing Bar"). The Gold Swing Bar is denominated in gold ounces. Under IFRS there is no standard treatment for the classification of physical metals. The Directors however consider that the measurement of the Gold Bullion, including the Gold Swing Bar, at fair value through profit or loss is the most appropriate treatment as it most accurately reflects the substance of the asset.

The fair value is calculated using the latest price published by the LBMA.

Gold Loan

The Gold Loan with HSBC Bank USA, N.A. associated with the Gold Swing Bar is also denominated in gold ounces, and has been designated as a financial liability at fair value through profit or loss as this eliminates the potential accounting mismatch that would result from any differing treatment of the Gold Swing Bar and the Gold Loan (should the Gold Loan be measured at amortised cost).

The fair value is calculated using the latest price published by the LBMA applied to the amount in gold ounces of the Gold Loan.

Other Financial Assets and Liabilities

Other financial assets and liabilities are non-derivative financial assets and liabilities including trade and other receivables and trade and other payables (primarily Creation and Redemption Fees) with a fixed payment amount and are not quoted in an active market. After initial measurement the other financial assets and liabilities are subsequently measured at amortised cost using the effective interest method less any allowance for expected credit losses. The effective interest method is a method of calculating the amortised cost of an instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Impairment losses, including reversals of impairment losses and impairment gains, are recorded through profit or loss.

Reserves

A revaluation reserve and a retained earnings reserve are maintained within equity. All profit or loss is taken to the retained earnings reserve at the end of the accounting period to which it relates and the gain or loss relating to the mis-match of accounting values is transferred to the non-distributable revaluation reserve as the balance relates to unrealised gains and losses on Gold Bullion (held to support the Gold Securities) and Gold Securities, which will be reversed on a subsequent redemption of the Gold Securities and the related transfer of Gold Bullion and will therefore not be realised.

Income

The Company derives its income over time (in respect of Management Fees), and at a point in time (in respect of creation and redemption fees) as follows:

i) *Management Fees*

Management Fees are calculated by applying a fixed percentage to reduce the Gold Entitlement of the Gold Securities on a daily basis in accordance with the terms of the Securities issued. The change in the Gold Entitlement reduces the value of the Gold Securities. This reduction equates to the Management Fee amount in Gold Bullion, that is recognised for that day per each Gold Security in issue on that day. The Management Fees are accrued and recognised on a daily basis until invoiced and settled by a transfer of Gold Bullion. The amount recognised as income is calculated by applying the average LBMA fixing price to the total Management Fee accrued on a monthly basis.

2. Accounting Policies (continued)

Income (continued)

ii) Creation and Redemption Fees

Fees for the issue and redemption of Gold Securities are recognised at the fair value of the consideration expected to be received, on the date on which the transaction becomes legally binding. Accrued creation and redemption fees are invoiced and settled on a quarterly basis.

Foreign Currency

The financial statements of the Company are presented in the currency in which the majority of the Gold Securities issued by the Company are denominated (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in United States Dollars, which is the functional currency of the Company and the presentational currency of the financial statements.

Transactions in foreign currencies are initially recorded at the spot rate at the date the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end date are translated at rates ruling at that date. Creation and redemption fees are translated at the average rate for the month in which they are incurred. The resulting differences are accounted for through profit or loss.

Segmental Reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker ("CODM") in order to allocate resources to the segments and to assess their performance. The CODM has been determined as the board of directors. A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Company has not provided segmental information as the Company has only one business or product group, issuing Gold Securities, and one geographical segment which is Europe. In addition, the Company has no single major customer from which greater than 10% of income is generated. All information relevant to the understanding of the Company's activities is included in these financial statements.

3. Result Before Fair Value Movements

Result Before Fair Value Movements for the year comprised:

	Year ended 31 December	
	2020	2019
	USD	USD
Creation and Redemption Fees	12,250	17,250
Management Fees	18,635,797	15,101,792
Total Income	18,648,047	15,119,042
ManJer Fees	(18,648,047)	(15,119,042)
Total Operating Expenses	(18,648,047)	(15,119,042)
Result Before Fair Value Movements	-	-

Audit Fees for the year of GBP 26,430 will be met by ManJer (2019: GBP 13,830).

4. Taxation

The Company is subject to Jersey Income Tax. During the year the Jersey Income Tax rate applicable to the Company is zero percent (2019: zero percent).

5. Gold Swing Bar

	Year ended 31 December	
	2020 USD	2019 USD
Gold Swing Bar	<u>813,173</u>	<u>654,890</u>

The 430 (2019: 430) ounce gold bar held by the Company is held for the purpose of facilitating the allocation of gold to holders of Gold Securities. The gold is recorded at fair value using the last price published by the LBMA being the AM fix rate on 31 December 2020 of USD 1,891.100 per oz. (2019: USD 1,523.000 per oz.).

6. Gold Bullion Held in Respect of Management Fees

	As at 31 December	
	2020 USD	2019 USD
Management Fees	<u>1,572,334</u>	<u>1,414,409</u>

Management Fees recognised in Gold Bullion and are recorded at fair value.

7. Trade and Other Receivables

	As at 31 December	
	2020 USD	2019 USD
Creation and Redemption Fees	9,025	8,775
Receivable from Related Party	141,820	141,820
	<u>150,845</u>	<u>150,595</u>

The fair value of the receivables is equal to the carrying value. The Trade and Other Receivables are due to be recovered within 12 months of the year end.

8. Gold Bullion

	As at 31 December	
	2020 USD	2019 USD
Change in Fair Value of Gold Bullion	<u>974,094,680</u>	<u>605,268,585</u>
Gold Bullion Held at Fair Value	<u>4,623,226,427</u>	<u>3,893,624,633</u>

8. Gold Bullion (continued)

As at 31 December 2020, there were certain amounts of Gold Bullion awaiting settlement in respect of the creation or redemption of Gold Securities with transaction dates before the year end and settlement dates in the following year:

- The amount receivable as a result of unsettled redemptions is USD 5,079,300 (2019: USD Nil).
- The amount payable as a result of unsettled creations is USD Nil (2019: USD 1,136,080).

All Gold Bullion assets have been valued using the AM fix on 31 December 2020 as published by the LBMA being the last fix price available for the year.

The below reconciliation of changes in the Gold Bullion includes only non-cash changes.

	Year ended 31 December	
	2020 USD	2019 USD
Opening Gold Bullion	3,893,624,633	3,304,495,168
Additions	1,234,589,791	1,113,176,741
Disposals	(1,460,446,880)	(1,114,214,069)
Gold Bullion Transferred to Gold Bullion Held in Respect of Management Fees	(18,635,797)	(15,101,792)
Change in Fair Value	974,094,680	605,268,585
Closing Gold Bullion	4,623,226,427	3,893,624,633

9. Gold Securities

Gold Securities are secured, undated zero coupon notes with a face value of USD 0.00001. As at 31 December 2020, there were 26,181,830 (2019: 27,269,740) Gold Securities outstanding, with a face value, in aggregate, of USD 262 (2019: USD 273).

Whilst the Gold Securities are quoted on the open market, the Company's ultimate liability relates to its contractual obligations to issue and redeem Gold Securities in exchange for Gold Bullion as determined by the Gold Entitlement on each trading day. The fair value of each creation and redemption of Gold Securities is recorded using the price provided by the LBMA on the transaction date, and is the "Contractual Value". The issue and redemption of Gold Securities is recorded at a value that corresponds to the value of the Gold Bullion transferred in respect of the issue and redemption. As a result, the Company has no net exposure to gains or losses on the Gold Securities and Gold Bullion.

The Company measures the Gold Securities at their fair value in accordance with IFRS 13 rather than at the Contractual Value described above. The fair value is the price quoted on stock exchanges or other markets where the Gold Securities are listed or traded.

The fair values and changes thereof during the year based on prices available on the open market as recognised in the financial statements are:

	As at 31 December	
	2020 USD	2019 USD
Change in Fair Value of Gold Securities	(983,215,836)	(599,142,578)
Gold Securities at Fair Value	4,630,387,545	3,891,664,595

9. Gold Securities (continued)

The contractual values and changes thereof during the year based on the contractual settlement values are:

	As at 31 December	
	2020 USD	2019 USD
Change in Contractual Value for the Year	<u>(974,094,680)</u>	<u>(605,268,585)</u>
Gold Securities at Contractual Value	<u>4,623,226,427</u>	<u>3,893,624,633</u>

The gain or loss on the difference between the value of the Gold Bullion and the fair value of Gold Securities would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion. Refer to note 18 for the non-statutory and non-GAAP adjustments which reflect the results of this reversal.

As at 31 December 2020, there were certain Gold Securities awaiting settlement in respect of creations or redemptions with transaction dates before the year end and settlement dates in the following year:

- The amount receivable as a result of unsettled creations of Gold Securities is USD Nil (2019: USD 1,136,080).
- The amount payable as a result of unsettled redemptions of Gold Securities is USD 5,079,300 (2019: USD Nil).

The below reconciliation of changes in the Gold Securities, being liabilities arising from financing activities, includes only non-cash changes.

	Year ended 31 December	
	2020 USD	2019 USD
Opening Gold Securities	3,891,664,595	3,308,661,137
Securities Created	1,234,589,791	1,113,176,741
Securities Redeemed	(1,460,446,880)	(1,114,214,069)
Management Fee	(18,635,797)	(15,101,792)
Change in Fair Value	983,215,836	599,142,578
Closing Gold Securities at Fair Value	4,630,387,545	3,891,664,595

10. Trade and Other Payables

	As at 31 December	
	2020 USD	2019 USD
ManJer Fees Payable	<u>1,581,359</u>	<u>1,423,184</u>

Management Fees payable by transfer of Gold Bullion are recorded at fair value. The fair value of the remaining payables is equal to the carrying value. The ManJer Fee Payable is due to be settled within 12 months of the year end.

11. Gold Loan

	Year ended 31 December	
	2020 USD	2019 USD
Gold Loan	<u>813,173</u>	<u>654,890</u>

The loan is denominated in gold ounces and marked to fair value at the year end with movements recognised in the Statement of Profit or Loss and Other Comprehensive Income. The loan is repayable on demand. The Company intends to maintain the loan as long as the Company continues to operate.

12. Share Capital

	As at 31 December	
	2020 USD	2019 USD
100 Shares, Issued and Fully Paid	<u>142</u>	<u>142</u>

The Company has an authorised capital of 10,000 Ordinary Shares of GBP 1 each.

All Shares issued by the Company carry one vote per Share without restriction and carry the right to dividends. All Shares are held by WisdomTree Holdings Jersey Limited ("HoldCo").

13. Share Premium

	As at 31 December	
	2020 USD	2019 USD
100 Shares of GBP 1 Each, Issued at GBP 1,000 Each and Fully Paid	<u>141,678</u>	<u>141,678</u>

14. Related Party Disclosures

Entities and individuals which have significant influence over the Company, either through ownership or by virtue of being a director of the Company are considered to be related parties. In addition, entities with common ownership to the Company and entities with common directors are also considered to be related parties.

Fees charged by ManJer during the year:

	Year ended 31 December	
	2020 USD	2019 USD
ManJer Fees	<u>18,648,047</u>	<u>15,119,042</u>

The following balances were due to ManJer at the year end:

	As at 31 December	
	2020 USD	2019 USD
ManJer Fees Payable	<u>1,581,359</u>	<u>1,423,184</u>

At 31 December 2020, USD 141,820 is receivable from ManJer (2019: USD 141,820).

14. Related Party Disclosures (continued)

As disclosed in the Directors' Report, ManJer paid Directors' Fees in respect of the Company of GBP 16,000 (2019: GBP 16,000).

Steven Ross is a director of R&H Fund Services (Jersey) Limited ("R&H" or the "Administrator") and a partner of Rawlinson & Hunter, Jersey Partnership, which wholly owns R&H. Christopher Foulds is a senior employee of R&H. During the year, R&H charged ManJer administration fees in respect of the Company of GBP 67,252 (2019: GBP 63,370), of which GBP 16,813 (2019: GBP 16,870) was outstanding at the year end.

Peter Ziembra and Stuart Bell are executive officers of WisdomTree Investments, Inc.

15. Financial Risk Management

The Company is exposed to a number of risks arising from its activities, including credit risk, liquidity risk, settlement risk and market risk. The Board is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board meets frequently to consider the risk exposures of the Company and to determine appropriate management policies. The risk management policies employed by the Company to manage these are discussed below.

The Gold Securities are subject to normal market fluctuations and other risks inherent in investing in securities and other financial instruments. There can be no assurance that any appreciation in the value of securities will occur, and the capital value of an investor's original investment is not guaranteed. The value of investments may go down as well as up, and an investor may not get back the original amount invested.

The information provided below is not intended to be a comprehensive summary of all the risks associated with the Gold Securities and investors should refer to the most recent Prospectus for a detailed summary of the risks inherent in investing in the Gold Securities. Any data provided should not be used or interpreted as a basis for future forecast or investment performance.

(a) Credit Risk

Credit risk primarily refers to the risk that only holders of Gold Securities who have entered into an authorised applicant agreement with the Company ("Approved Applicants") or the Custodian will default on their contractual obligations resulting in financial loss. The Gold Securities are issued under limited recourse arrangements whereby the holders have recourse only to the Gold Bullion (held to support the Gold Securities) and not to the Company, therefore limiting the credit risk of the Company in connection with the issue of the Gold Securities.

The total carrying amounts of the amounts receivable awaiting settlement and trade and other receivables best represent the maximum credit risk exposure at the Statement of Financial Position date. At the reporting date the Company's amounts receivable awaiting settlement and trade and other receivables are detailed on the Statement of Financial Position.

Credit risk is managed by the Company by only dealing with Approved Applicants who are believed to be creditworthy. In the event the Approved Applicants fail to complete their obligation, no Gold Securities will be created therefore the Company does not have the risk of loss of the amount expected to be received.

Credit risk also includes custodial risk. The custodian is not required to take out insurance and neither is the Trustee. Accordingly, there is a risk that the secured Gold Bullion could be lost, stolen or damaged and the Company would not be able to satisfy its obligations in respect of the Gold Securities. Currently HSBC Bank plc is the only custodian.

The Board monitors credit risk exposure to ensure the Company's exposure is managed and has continued to do so more closely with a focus on any the potential impact of, or developments relating to the spread of COVID-19, which is fluid and rapidly changing.

15. Financial Risk Management (continued)*(b) Settlement Risk*

Settlement risk primarily refers to the risk that an Approved Applicant or the Custodian will default on its contractual obligations resulting in financial loss.

The directors believe that settlement risk would only be caused by the risk of the Company's trading counterparty not delivering Gold Bullion or Gold Securities on the settlement date. The Gold Securities settle through the CREST system. The directors feel that this risk is mitigated as Gold Securities are not issued until the required amount of Gold Bullion has been received in the Custodian account, and Gold Bullion is not transferred until the relevant Gold Securities have been delivered in CREST. As a result, each transaction does not settle until both parties have fulfilled their contractual obligations.

Amounts outstanding in respect of positions yet to settle are disclosed in notes 8 and 9.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities as they fall due. The Company's receivables and payables are all payable on demand and generally settled on a short-term basis. In addition, amounts in respect of the Management Fee and creation and redemption fees are transferred from the relevant counterparties directly to ManJer and there are no cash flows through the Company.

The Gold Securities do not have a contractual maturity date and will only be redeemed at the request of the holder of the security, which may be requested at any time, with the transaction settling through the transfer of Gold Bullion two days after the transaction date, or in the case of a compulsory redemption by either transferring the Gold Bullion, or by realising the Gold Bullion for cash and settling the cash proceeds to holders on a short-term basis. Generally, only Approved Applicants can submit applications and redemptions directly with the Company.

When the Gold Securities are redeemed, the Company returns the corresponding amount of Gold Bullion determined by the Gold Entitlement of those Gold Securities, therefore any redemption of Gold Securities would not impact the liquidity of the Company.

Consequently, the Company has not presented any tabular information in respect of liquidity risk.

(d) Capital Management

The primary objective of the Company's capital management policy is to ensure that it maintains sufficient resources for operational purposes. The capital being managed are the Share Capital and Share Premium, as presented in the Statement of Changes in Equity. Retained Earnings and the Revaluation Reserve, as presented in the Statement of Changes in Equity, are not considered managed capital as these balances relate to unrealised gains and losses on Gold Bullion (held to support the Gold Securities) and Gold Securities, which are reversed on a subsequent redemption of the Gold Securities and the related transfer of Gold Bullion and will therefore not be realised. The Company is not subject to any capital requirements imposed by a regulator and there were no changes in the Company's approach to capital management during the year.

The Company's principal activity is the issue and listing of Gold Securities. These securities are issued and redeemed as demand requires. The Company holds a corresponding amount of Gold Bullion which matches the total liability of the Gold Securities issued. ManJer supplies or arranges for the supply of all management and administration services to the Company and pays all management and administration costs of the Company, including Trustee and Custodian Fees. In return for these services the Company pays ManJer a fee, which under the terms of the service agreement is equal to the aggregate of the Management Fee and creation and redemption fees earned.

As all Gold Securities in issue are supported by an equivalent amount of Gold Bullion held by the Custodian and the running costs of the Company are paid by ManJer, the directors of the Company consider the capital management and its current capital resources are adequate to maintain the ongoing listing and issue of Gold Securities.

15. Financial Risk Management (continued)*(e) Sensitivity Analysis*

IFRS 7 requires disclosure of “a sensitivity analysis” for each type of market risk to which the Company is exposed to at the reporting date, showing how profit or loss and equity would have been affected by a reasonably possible change to the relevant risk variable.

The Company’s rights and liabilities in respect of Gold Securities, relate to its contractual obligations to issue and redeem Gold Securities in exchange for Gold Bullion as determined by the Gold Entitlement on each trading day. The fair value of each creation and redemption of Gold Securities is recorded using the price provided by the LBMA on the transaction date. As a result, the Company’s contractual and economic liability in connection with the issue and redemption of Gold Securities is matched by movements in the corresponding Gold Bullion. Consequently, the Company does not have any net exposure to market price risk. Therefore, in the directors’ opinion, no sensitivity analysis is required to be disclosed.

(f) Market Risk

Market risk is the risk that changes in market prices (such as equity and bullion prices, interest rates and foreign exchange rates) will affect the Company’s income, or the value of its financial instruments held or issued.

i) Price Risk

The value of the Company’s liability in respect of the Gold Securities fluctuates according to Gold Bullion prices and the risk of such change in price is managed by the Company by holding Gold Bullion in the same quantity as its liability. Whilst the Gold Securities are quoted on the open market, the Company’s ultimate liability relates to its contractual obligations to issue and redeem Gold Securities in exchange for Gold Bullion as determined by the Gold Entitlement on each trading day. The Company measures the Gold Securities at their fair value in accordance with IFRS 13 rather than at the Contractual Value (as described in the Prospectus). The gain or loss on the difference between the value of the Gold Bullion and the fair value of Gold Securities would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion. Refer to note 9 for the further details regarding fair values.

Therefore, the Company bears no residual financial risk from a change in the price of Gold Bullion. Furthermore, the impact of price sensitivity is considered immaterial to these financial statements.

However, there is an inherent risk from the point of view of investors as the price of Gold Bullion and the value of the Gold Securities may vary widely due to, amongst other things, changing supply or demand for Gold Bullion, government and monetary policy or intervention and global or regional political, economic or financial events. The market price of Gold Securities is (and will remain) a function of supply and demand amongst investors wishing to buy and sell Gold Securities and the bid-offer spread that the market makers are willing to quote. This is highlighted further in note 18, and below under the Fair Value Hierarchy.

Coronavirus disease (COVID-19)

The COVID-19 pandemic continues to persist and the ultimate duration of the pandemic and its short-term and long-term impact on the global economy is unknown. National governments and supranational organisations in multiple states continue taking steps designed to protect their populations from COVID-19, including requiring or encouraging home working, the cancellation of sporting, cultural and other events and restricting or discouraging gatherings of people.

COVID-19 has created market turmoil and increased market volatility generally. Mutations in the virus, a setback in vaccine distribution and negative global economic consequences arising from the pandemic, amongst other factors, could have a future adverse impact on the global financial markets. The steps outlined above, and public sentiment, may affect both the volatility and prices of commodities and hence the prices of the Gold Securities, and such effects may be significant and may be long-term in nature. The directors are closely monitoring the advice and developments relating to the spread of COVID-19, particularly with its impact on ManJer, its assets under management, and therefore its related revenue streams, in respect of fulfilling the obligations under the services agreement. The directors’ consideration in respect of the going concern position of the Company is set out in note 2.

ii) Interest Rate Risk

The Company does not have significant exposure to interest rate risk since none of its assets or liabilities bear any interest.

15. Financial Risk Management (continued)*(f) Market Risk (continued)**iii) Currency Risk*

The directors do not consider the Company to have a significant exposure to currency risk arising from the current economic uncertainties facing a number of countries around the world as the gains or losses on the liability represented by the Gold Securities are matched economically by corresponding losses or gains attributable to the Gold Bullion.

(g) Fair Value Hierarchy

The levels in the hierarchy are defined as follows:

- Level 1 fair value based on quoted prices in active markets for identical assets.
- Level 2 fair values based on valuation techniques using observable inputs other than quoted prices.
- Level 3 fair values based on valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset/liability.

The Company is required to utilise the available on-market price as the Gold Securities are quoted and actively traded on the open market. Therefore, Gold Securities are classified as Level 1 financial liabilities.

The Company holds Gold Bullion to support the Gold Securities as determined by the Gold Entitlement (which is calculated in accordance with an agreed formula published in the Prospectus). Gold Bullion is marked to fair value using the latest price published by the LBMA. The Company has contractual obligations to issue and redeem Gold Securities in exchange for Gold Bullion as determined by the Gold Entitlement on each trading day. The fair value of each creation and redemption of Gold Securities is recorded using the price provided by the LBMA on the transaction date applied to that Gold Entitlement. Therefore, Gold Bullion is classified as a level 2 asset, as the value is calculated using third party pricing sources supported by observable, verifiable inputs.

The categorisation of the Company's assets and (liabilities) are as shown below:

	Fair Value as at 31 December	
	2020	2019
	USD	USD
Level 1		
Gold Securities	<u>(4,630,387,545)</u>	<u>(3,891,664,595)</u>
Level 2		
Gold Bullion	4,623,226,427	3,893,624,633
Gold Swing Bar	813,173	654,890
Gold Loan	(813,173)	(654,890)
	<u>4,623,226,427</u>	<u>3,893,624,633</u>

The Gold Securities and the Gold Bullion are recognised at fair value through profit or loss upon initial recognition and revalued to fair value in line with the Company's accounting policy. There are no liabilities classified in level 3. Transfers between levels would be recognised if there was a change in circumstances that prevented public information in respect of Level 1 inputs from being available. Any such transfers would be recognised on the date of the change in circumstances that cause the transfer. There were no transfers or reclassifications between Level 1 and Level 2 for any of the assets or liabilities during the year.

16. Ultimate Controlling Party

In accordance with the disclosure requirements of IFRS the directors have determined that no entity meets the definition of immediate parent or ultimate controlling party. The holder of issued equity shares is HoldCo, a Jersey registered company. WisdomTree Investments, Inc is the ultimate controlling party of HoldCo.

17. Events Occurring After the Reporting Period

There have been no significant events that have occurred since the end of the reporting period up to the date of signing the Financial Statements which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 31 December 2020 or on the results and cash flows of the Company for the year ended on that date.

18. Non-GAAP and Non-Statutory Information

As a result of the mis-match in the accounting valuation of Gold Bullion (held to support the Gold Securities) and Gold Securities (as disclosed in notes 8 and 9) the profits and losses and comprehensive income of the Company presented in the Statement of Profit or Loss and Other Comprehensive Income reflect gains and losses which represent the movement in the cumulative difference between the value of the Gold Bullion and the price of Gold Securities. The Statement of Changes in Equity also reflects the fair value movements on both the Gold Bullion (held to support the Gold Securities) and the Gold Securities.

These gains or losses on the difference between the value of the Gold Bullion (held to support the Gold Securities) and the price of Gold Securities would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion.

Furthermore, the Gold Securities are issued under limited recourse arrangements whereby the holders have recourse only to the relevant Gold Bullion (held to support the Gold Securities) and not to the Company. As a result, the Company does not make gains from trading in the underlying Gold Bullion (held to support the Gold Securities) and, from a commercial perspective (with the exception of the impact of Management Fees) gains and losses in respect of Gold Bullion (held to support the Gold Securities) will always be offset by a corresponding loss or gain on the Gold Securities and the Company does not retain any net gains or losses.

The mismatched accounting values are as shown below:

	Year ended 31 December	
	2020 USD	2019 USD
Change in Fair Value of Gold Bullion	974,094,680	605,268,585
Change in Fair Value of Gold Securities	(983,215,836)	(599,142,578)
	(9,121,156)	6,126,007

To reflect the commercial results, the Company has presented below a non-GAAP and non-Statutory Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity for the period which reflect an Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities, together with those gains or losses being transferred to a separate reserve which is deemed non-distributable.

18. Non-GAAP and Non-Statutory Information (continued)(a) *Non-GAAP and Non-Statutory Statement of Profit or Loss and Other Comprehensive Income*

	Year ended 31 December	
	2020 USD	2019 USD
Income	18,648,047	15,119,042
Expenses	(18,648,047)	(15,119,042)
Result Before Fair Value Movements	-	-
Change in Fair Value of Gold Bullion	974,094,680	605,268,585
Change in Fair Value of Gold Securities	(983,215,836)	(599,142,578)
(Loss) / Profit for the Year	(9,121,156)	6,126,007
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities	9,121,156	(6,126,007)
Adjusted Result	-	-

18. Non-GAAP and Non-Statutory Information (continued)*(b) Non-GAAP and Non-Statutory Statement of Changes in Equity*

	Share Capital USD	Share Premium USD	Retained Earnings USD	Revaluation Reserve ⁴ USD	Total Equity USD	Adjusted Total Equity USD
Opening Balance at 1 January 2019	142	141,678	-	(4,165,969)	(4,024,149)	141,820
Result and Total Comprehensive Income for the Year	-	-	6,126,007	-	6,126,007	6,126,007
Transfer to Revaluation Reserve	-	-	(6,126,007)	6,126,007	-	-
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities	-	-	-	-	-	(6,126,007)
Balance at 31 December 2019	142	141,678	-	1,960,038	2,101,858	141,820
Opening Balance at 1 January 2020	142	141,678	-	1,960,038	2,101,858	141,820
Result and Total Comprehensive Loss for the Year	-	-	(9,121,156)	-	(9,121,156)	(9,121,156)
Transfer to Revaluation Reserve	-	-	9,121,156	(9,121,156)	-	-
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities	-	-	-	-	-	9,121,156
Balance at 31 December 2020	142	141,678	-	(7,161,118)	(7,019,298)	141,820

⁴ This represents the difference between the value of Gold Bullion and the price of Gold Securities.

