



## **Gold Bullion Securities Limited**

**Registered No: 87322**

**Unaudited Interim Financial Report for the  
Six Months to 30 June 2020**

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The directors of Gold Bullion Securities Limited (“GBS” or the “Company”) submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2020.

### Directors

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

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

### Directors' Interests

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

### Principal Activities

During the period there were no significant changes in the nature of the Company's activities.

### Review of Operations

The Gold Securities are listed on the London Stock Exchange, the Deutsche Börse, the Borsa Italia and NYSE Euronext Paris.

As at 30 June 2020, the Company had 28,488,506 (31 December 2019: 27,269,740) Gold Securities in issue, with assets under management of USD 4,719.8 million (31 December 2019: USD 3,893.6 million). The Company recognises its assets (“Gold Bullion”) and financial liabilities (“Gold Securities”) at fair value in the Condensed Statement of Financial Position.

During the period, the Company generated income from creation and redemption fees and management fees as follows:

	30 June 2020	30 June 2019
	USD	Restated USD
Creation and Redemption Fees	8,250	10,750
Management Fees	8,778,927	6,991,146
<b>Total Fee Income</b>	<b>8,787,177</b>	<b>7,001,896</b>

Under the terms of the service agreement with WisdomTree Management (Jersey) Limited (“ManJer” or the “Manager”), the Company accrued expenses equal to its income less its own administrative expenses, resulting in an operating result for the period of USD Nil (30 June 2019: USD Nil).

The gain or loss on Gold Securities and Gold Bullion is recognised in the Condensed Statement of Profit or Loss and Other Comprehensive Income in line with the Company's accounting policy.

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 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 issue and redemption transactions are processed through a direct transfer of Gold Bullion between the Authorised Participant and the Custodian, however the accounting value recorded in respect of each creation and redemption applies the price published by the LBMA on the transaction date.

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**Review of Operations (continued)**

IFRS 13 requires the Company to identify the principal market and to utilise the available market price within that principal market. The directors consider that 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 those stock exchanges demonstrating active trading. As a result of the difference in valuation methodology between Gold Bullion and Gold Securities there is a mis-match between accounting values, 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 published by the LBMA against the Gold Entitlement and referred to within this financial statements as the "Contractual Value") and the market price of Gold Securities. This gain or loss would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion. This is presented in more detail in note 6 to these interim financial statements.

*Restatement as a result of change in Functional and Presentational Currency*

British Pounds ("GBP") was historically regarded as the functional and presentational currency of the Company. During 2019, the directors have reassessed the primary economic environment.

During the reassessment process, the directors considered all of the facts and circumstances regarding the Company's primary economic environment in determining the effective date of the restatement. The directors determined that USD was the functional currency for the year ended 31 December 2019 and for periods before then. There was no single economic event which has resulted in USD reflecting the Company's primary economic environment for periods prior to 31 December 2018. Therefore, as a result of the error in the functional currency, the directors have restated the comparative information previously presented for the period ended 30 June 2019. The presentation currency has been retrospectively changed from GBP to USD for the same periods.

The changes in functional and presentational currencies in presenting the operating results and financial position of the Company is accounted for in accordance with International Accounting Standard 21: The Effects of Changes in Foreign Exchange Rates and International IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors. Further details of the impact on these interim financial statements are described in note 1.

*Coronavirus disease (COVID-19)*

On 11 March 2020, the Director-General of the World Health Organisation ("WHO") announced that the WHO had assessed the worldwide outbreak of COVID-19 as a pandemic. National governments and supranational organisations in multiple states have taken 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. 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, 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.

**Future Developments***United Kingdom's ("UK's") withdrawal from the European Union ("EU")*

Pursuant to the European Referendum Act 2015, a referendum on the United Kingdom's membership of the EU was held on 23 June 2016 with the majority voting to leave the EU. On 29 March 2017, the UK Government exercised its right under Article 50 of the Treaty of the European Union. The UK left the EU on 31 January 2020, subject to a withdrawal agreement between the UK and the other EU Member States which provides for a transition period lasting until December 2020 during which EU law continues to apply to the UK as if it were a Member State may take place without any transitional arrangements in place.

### Future Developments (continued)

#### *United Kingdom's ("UK's") withdrawal from the European Union ("EU") (continued)*

The Company is domiciled in Jersey, outside of the EU, and the Gold Securities are distributed in the EU under the EU Prospectus Directive which requires their offering to the public to be approved by an EU Member State regulator. To date, the Company has chosen the UK Financial Conduct Authority ("FCA") as its Member State regulator for these purposes. Request is then made to the FCA, as the chosen Member State regulator, for the passporting of the offering across the EU, once again, under the EU Prospectus Directive.

The Company is working with an alternate EU Member State regulator to obtain approval of its prospectus and request passporting for its offering to maintain the Company's access to relevant markets post the departure of the UK from the EU. As the Gold Securities already comply with the European wide requirements of the EU Prospectus Directive, this is not expected to cause any disruption or alteration to the terms or nature of the Gold Securities.

The Gold Securities continue to comply with all applicable laws and regulations. The directors regularly assess the impact on the Company of the ongoing withdrawal process and consider that the decision to select an alternate EU Member State regulator substantially mitigates the key risks to the Company.

The directors are not aware of any other 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 interim financial statements.

### Directors' Remuneration

No director has a service contract with the Company. The directors of the Company who are employees within the WisdomTree 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 directors' fees which have been paid by ManJer on behalf of the Company for the period:

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>GBP</b>	<b>GBP</b>
Stuart Bell	Nil	Nil
Christopher Foulds	1,680	Nil
Hilary Jones	2,320	4,000
Steven Ross	4,000	4,000
Peter Ziemba	Nil	Nil

### Going Concern

The nature of the Company's business dictates that the outstanding Gold Securities may be redeemed at any time by the holder and in certain circumstances may be redeemed by the Company. As the redemption of Gold Securities would coincide with the transfer of an equal amount (in value) of Gold Bullion, no net liquidity risk is considered to arise. 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. The directors consider the Company to be a going concern and have prepared the interim financial statements on this basis.

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**Directors Statement**

With regard to the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the directors confirm that to the best of their knowledge that:

- the interim financial statements for the period ended 30 June 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 International Financial Reporting Standards as issued by the International Accounting Standards Board; 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 period and their impact on these interim financial statements.

On behalf of the directors



**Steven Ross**  
4 September 2020

	Notes	Period ended 30 June	
		2020	2019
		Unaudited USD	Restated Unaudited USD
Revenue	2	8,787,177	7,001,896
Expenses	2	(8,787,177)	(7,001,896)
<b>Operating Result</b>		<b>-</b>	<b>-</b>
Net Gain Arising on Fair Value of Gold Bullion	4	656,066,254	328,736,169
Net Loss Arising on Fair Value of Gold Securities	5	(692,565,027)	(321,855,961)
<b>Result and Total Comprehensive Income for the Period</b>		<b>(36,498,773)</b>	<b>6,880,208</b>
<sup>1</sup> Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities	6	36,498,773	(6,880,208)
<b>Adjusted Result</b>		<b>-</b>	<b>-</b>

The directors consider the Company's activities as continuing.

<sup>1</sup> An explanation of the non-statutory and non-GAAP adjustment is set out on pages 12 to 14. This represents the movement in the difference between the Contractual Value of Gold Bullion and the market price of Gold Securities.

The notes on pages 9 to 16 form part of these condensed interim financial statements

		As at 30 June 2020	31 December 2019
	Notes	Unaudited USD	Audited USD
<b>Assets</b>			
Gold Bullion	4	4,719,765,589	3,893,624,633
Amounts Receivable on Gold Bullion Awaiting Settlement	4	70,698,795	-
Amounts Receivable on Gold Securities Awaiting Settlement	5	9,769,882	1,136,080
Gold Swing Bar	3	760,283	654,890
Trade and Other Receivables		1,717,164	1,565,004
<b>Total Assets</b>		<b>4,802,711,713</b>	<b>3,896,980,607</b>
<b>Liabilities</b>			
Gold Securities	5	4,754,304,324	3,891,664,595
Amounts Payable on Gold Securities Awaiting Settlement	5	70,698,795	-
Amounts Payable on Gold Bullion Awaiting Settlement	4	9,769,882	1,136,080
Gold Loan		760,283	654,890
Trade and Other Payables		1,575,344	1,423,184
<b>Total Liabilities</b>		<b>4,837,108,628</b>	<b>3,894,878,749</b>
<b>Equity</b>			
Share Capital		142	142
Share Premium		141,678	141,678
Revaluation Reserve		(34,538,735)	1,960,038
<b>Total Equity</b>		<b>(34,396,915)</b>	<b>2,101,858</b>
<b>Total Equity and Liabilities</b>		<b>4,802,711,713</b>	<b>3,896,980,607</b>

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

The condensed interim financial statements on pages 5 to 16 were approved and authorised for issue by the board of directors and signed on its behalf on 4 September 2020.



**Steven Ross**  
Director

	Period ended 30 June	
	2020	2019
	Unaudited USD	Restated Unaudited USD
<b>Operating Result for the Period</b>	-	-
Non Cash Movement: Revaluation of Gold Swing Bar	78,130	(54,760)
Non Cash Movement: Increase in Gold Loan Due to Change in Gold Price	(78,130)	54,760
	-	-
<i>Changes in Operating Assets and Liabilities</i>		
(Decrease)/Increase in Payables	(23)	11
Cash (Used in)/Generated from Operating Activities	(23)	11
<i>Cash Flows from Financing Activities</i>		
Increase/(Decrease) in Undated Zero Coupon Notes	23	(11)
Net Cash Flows from Financing Activities	23	(11)
<b>Net Change in Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>
Cash and Cash Equivalents at the Beginning of the Period	-	-
Net Change in Cash and Cash Equivalents	-	-
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>-</b>	<b>-</b>

Gold Securities are issued through a direct transfer of Gold Bullion from the Authorised Participant to the Custodian or redeemed by the direct transfer of Gold Bullion by the Custodian to the Authorised Participant. 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 4 and 5 respectively in the reconciliation of opening to closing Gold Securities and Gold Bullion.

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 issuance 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 bullion in respect of the Management Fee is transferred by the Trustee from the custodian accounts directly to ManJer. In addition, the monetary amounts in respect of the aggregate of the creation and redemption fees are transferred directly to ManJer and there are no cash flows through the Company.

	Notes	Stated Capital USD	Share Premium USD	Retained Earnings USD	Revaluation Reserve <sup>2</sup> USD	Total Equity USD	Adjusted Total Equity USD
Restated Audited Opening Balance at 1 January 2019		142	141,678	-	(4,165,969)	(4,024,149)	141,820
Restated Result and Total Comprehensive Income for the Period		-	-	6,880,208	-	6,880,208	6,880,208
Restated Transfer to Revaluation Reserve		-	-	(6,880,208)	6,880,208	-	-
<sup>3</sup> Restated Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities		-	-	-	-	-	(6,880,208)
<b>Restated Unaudited Balance at 30 June 2019</b>		<b>142</b>	<b>141,678</b>	<b>-</b>	<b>2,714,239</b>	<b>2,856,059</b>	<b>141,820</b>
Restated Unaudited Opening Balance at 1 July 2019		142	141,678	-	2,714,239	2,856,059	141,820
Result and Total Comprehensive Income for the Period		-	-	(754,201)	-	(754,201)	(754,201)
Transfer to Revaluation Reserve		-	-	754,201	(754,201)	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities		-	-	-	-	-	754,201
<b>Audited Balance at 31 December 2019</b>		<b>142</b>	<b>141,678</b>	<b>-</b>	<b>1,960,038</b>	<b>2,101,858</b>	<b>141,820</b>
Audited Opening Balance at 1 January 2020		142	141,678	-	1,960,038	2,101,858	141,820
Result and Total Comprehensive Income for the Period		-	-	(36,498,773)	-	(36,498,773)	(36,498,775)
Transfer to Revaluation Reserve	6	-	-	36,498,773	(36,498,773)	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities	6	-	-	-	-	-	36,498,775
<b>Unaudited Balance at 30 June 2020</b>		<b>142</b>	<b>141,678</b>	<b>-</b>	<b>(34,538,735)</b>	<b>(34,396,915)</b>	<b>141,820</b>

<sup>2</sup> This represents the difference between the Contractual Value of Gold Bullion and the market price of Gold Securities.

<sup>3</sup> An explanation of the non-statutory and non-GAAP adjustment is set out on pages 12 to 14.

The notes on pages 8 to 16 form part of these condensed interim financial statements

## 1. Accounting Policies

The main accounting policies of the Company are described below.

### Basis of Preparation

The interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2019. Except as described below under *Changes in Accounting Standards* the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2019. The changes in accounting policies are also expected to be reflected in the financial statements for the year ended 31 December 2020.

The presentation of interim financial statements in conformity with International Financial Reporting Standards (“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 only key accounting judgement required to prepare these interim financial statements is in respect of the valuation of Gold Bullion and Gold Securities held at fair value through profit or loss as disclosed in notes 4 and 5. Actual results could vary from these estimates.

This half yearly report has not been audited or reviewed by the Company’s auditors.

### Changes in Accounting Standards

On 1 January 2020 the Company adopted all applicable annual improvements to IFRSs and have assessed that the adoption of these revised and amended accounting standards has not resulted in any changes to the accounting policies and disclosures within these financial statements.

### Restatement as a result of change in Functional and Presentational Currency

British Pounds (“GBP”) was historically regarded as the functional and presentational currency of the Company. During 2019, the directors have reassessed the primary economic environment.

During the reassessment process, the directors considered all of the facts and circumstances regarding the Company’s primary economic environment in determining the effective date of the restatement. The directors determined that USD was the functional currency for the year ended 31 December 2019 and for periods before then. There was no single economic event which has resulted in USD reflecting the Company’s primary economic environment for periods prior to 31 December 2018. Therefore, as a result of the error in the functional currency, the directors have restated the comparative information previously presented for the period ended 30 June 2019. The presentation currency has been retrospectively changed from GBP to USD for the same periods.

The changes in functional and presentational currencies in presenting the operating results and financial position of the Company is accounted for in accordance with International Accounting Standard 21: The Effects of Changes in Foreign Exchange Rates and International IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors.

## 1. Accounting Policies (continued)

### Restatement as a result of change in Functional and Presentational Currency (continued)

For the purpose of re-presentation and restatement of the financial statements of the Company from GBP to USD:

- Share Capital and Share Premium are translated at the exchange rate at the date when the amounts were determined (i.e. historical exchange rates);
- Management Fee income and the related proportion of the ManJer Fee expense have been translated at the monthly average price of gold in USD published by the London Bullion Market Association (“LBMA”) for each month during which the fees were accrued (in gold ounces); and
- Transactions in Securities and the related Gold Bullion have been retranslated using the appropriate price of gold in USD published by the LBMA on the date of each transaction.

## 2. Operating result

Operating result for the period comprised:

	Period ended 30 June	
	2020	2019
	Unaudited USD	Restated Unaudited USD
Creation and Redemption Fees	8,250	10,750
Management Fees	8,778,927	6,991,146
<b>Total Revenue</b>	<b>8,787,177</b>	<b>7,001,896</b>
ManJer Fees	(8,787,177)	(7,001,896)
<b>Total Operating Expenses</b>	<b>(8,787,177)</b>	<b>(7,001,896)</b>
<b>Operating Result</b>	<b>-</b>	<b>-</b>

## 3. Gold Swing Bar

	As at	
	30 June 2020	31 December 2019
	Unaudited USD	Audited USD
Gold Swing Bar	<b>760,283</b>	<b>654,890</b>

The Company has a loan facility with HSBC Bank USA, N.A. giving the Company the rights, interest and title to a gold bar. The 430 (31 December 2019: 430) ounce gold bar is held for the purpose of facilitating the allocation of gold to holders of Gold Securities. The gold is recorded at market value using the last price published by the LBMA, being the PM fix on 30 June 2020 of USD 1,770.700 per oz (31 December 2019: AM fix of USD 1,523.000 per oz).

## 4. Gold Bullion

	Period ended 30 June	
	2020	2019
	Unaudited	Restated
	USD	Unaudited
		USD
Change in Fair Value	<u>656,066,254</u>	<u>328,736,169</u>
	As at	
	30 June 2020	31 December 2019
	Unaudited	Audited
	USD	USD
Gold Bullion Held at Fair Value	<u>4,719,765,589</u>	<u>3,893,624,633</u>

As at 30 June 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 period end and settlement dates in the following period:

- The monetary amount receivable a result of unsettled redemptions of Gold Securities is USD 70,698,795 (31 December 2019: USD Nil).
- The monetary amount payable a result of unsettled creations of Gold Securities is USD 9,769,882 (31 December 2019: USD 1,136,080).

All Gold Bullion assets have been valued using the PM fix on 30 June 2020 as published by the LBMA, being the last fix price available at the period end.

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

	Period ended 30 June	
	2020	2019
	Unaudited	Restated
	USD	Unaudited
		USD
<b>Opening Gold Bullion</b>	<b>3,893,624,633</b>	<b>3,304,495,168</b>
Additions	956,146,779	486,304,390
Disposals	(777,293,150)	(614,177,766)
Management Fee	(8,778,927)	(6,991,146)
Change in Fair Value	656,066,254	328,736,169
<b>Closing Gold Bullion</b>	<b>4,719,765,589</b>	<b>3,498,366,815</b>

## 5. Gold Securities in Issue

	Period ended 30 June	
	2020	2019
	Unaudited	Restated
	USD	Unaudited
		USD
Change in Fair Value	<u>(692,565,027)</u>	<u>(321,855,961)</u>

## 5. Gold Securities in Issue (continued)

	As at 30 June 2020 Unaudited USD	31 December 2019 Audited USD
Gold Securities at Fair Value	<b>4,754,304,324</b>	<b>3,891,664,595</b>

As at 30 June 2020, there were certain Gold Securities awaiting settlement in respect of creations or redemptions with transaction dates before the period end and settlement dates in the following period:

- The monetary amount payable as a result of unsettled redemptions of Gold Securities is USD 70,698,795 (31 December 2019: USD Nil).
- The monetary amount receivable as a result of unsettled creations of Gold Securities is USD 9,769,882 (31 December 2019: USD 1,136,080).

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

	Period ended 30 June 2020 Unaudited USD	2019 Restated Unaudited USD
<b>Opening Gold Securities</b>	<b>3,891,664,595</b>	<b>3,308,661,137</b>
Additions	956,146,779	486,304,390
Disposals	(777,293,150)	(614,177,766)
Management Fee	(8,778,927)	(6,991,146)
Change in Fair Value	692,565,027	321,855,961
<b>Closing Gold Securities</b>	<b>4,754,304,324</b>	<b>3,495,652,576</b>

Gold Securities are secured, undated zero coupon notes with a face value of USD 0.00001. As at 30 June 2020, there were 28,488,506 (31 December 2019: 27,269,740) Gold Securities outstanding, with a face value, in aggregate, of USD 285 (31 December 2019: USD 273).

## 6. Adjustment from Market Value to Contractual Value of Gold Securities

Gold Bullion is valued on a daily basis based on the Gold Entitlement of the Gold Securities and the price of Gold Bullion published by the LBMA and is referred to as the 'Contractual Value'. The Gold Entitlement for each day is calculated based on the formula set out in the Prospectus.

The Company measures the Gold Securities at their market value rather than their Contractual Value because IFRS 13 requires the Company to identify the principal market and to utilise the available market price within that principal market. The directors consider that 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 those stock exchanges demonstrating active trading. 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.

Consequently a difference arises between the value of Gold Bullion (at Contractual Value) and Gold Securities (at market value) presented in the Condensed Statement of Financial Position. This difference is reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion.

## 6. Adjustment from Market Value to Contractual Value of Gold Securities (continued)

Whilst the Gold Securities are quoted on the open market, the Company's 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 monetary value of each creation and redemption of Gold Securities recorded using the price published by the LBMA on the transaction date. Therefore, 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 contractual redemption values and movements in unrealised gains/losses during the period/year based on the Contractual Values are:

	As at	
	30 June 2020 Unaudited USD	31 December 2019 Audited USD
Gold Securities at Contractual Value	<u>4,719,765,589</u>	<u>3,893,624,633</u>
	Period ended 30 June	
	2020	2019
	Unaudited USD	Restated Unaudited USD
Change in Contractual Value of Gold Securities	<u>(656,066,254)</u>	<u>(328,736,169)</u>

Through the mis-matched accounting values, the results of the Company reflect a gain or loss which represents the movement in the cumulative difference between the value of the Gold Bullion and the market price of Gold Securities. The results of the Company are adjusted through the presentation of a non-statutory and non-GAAP movement entitled 'Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities'.

The overall impact is that through the mismatched accounting values, the results of the Company reflect a gain or loss on the aggregate of the movement in the difference between the value of the Gold Bullion and the market price of Gold Securities and represents the non-statutory adjustment presented in the Condensed Statement of Profit or Loss and Other Comprehensive Income:

	Period ended 30 June	
	2020	2019
	Unaudited USD	Restated Unaudited USD
Net Gain Arising on Contractual and Fair Value of Gold Bullion	656,066,254	328,736,169
Net Loss Arising on Contractual Value of Gold Securities	(692,565,027)	(321,855,961)
	<u>(36,498,773)</u>	<u>6,880,208</u>

## 6. Adjustment from Market Value to Contractual Value of Gold Securities (continued)

The gain or loss on the difference between the value of the Gold Bullion and the market price of Gold Securities would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion. This gain or loss is transferred to a Revaluation Reserve which is non-distributable and a reconciliation of the movements throughout the period/year is detailed below.

	<b>2020</b> <b>Unaudited</b> <b>USD</b>	<b>2019</b> <b>Audited</b> <b>USD</b>
Balance brought forward at 1 January	1,960,038	(4,165,969)
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Bullion Securities:		
Period 1 January to 30 June (Restated)	(36,498,773)	6,880,208
Period 1 July to 31 December	-	(754,201)
	<u>(36,498,773)</u>	<u>6,126,007</u>
<b>Closing balance at 30 June / 31 December</b>	<b><u>(34,538,735)</u></b>	<b><u>1,960,038</u></b>

## 7. Gold Loan

	<b>As at</b>	
	<b>30 June 2020</b> <b>Unaudited</b> <b>USD</b>	<b>31 December 2019</b> <b>Audited</b> <b>USD</b>
Gold Loan	<u>760,283</u>	<u>654,890</u>

The loan is denominated in gold ounces and marked to fair value at the period end with movements recognised in the Condensed Statement of Profit of 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.

## 8. 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 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.

## 8. Fair Value Hierarchy (continued)

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 monetary value of each creation and redemption of Gold Securities is recorded using the price published 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:

	Period ended 30 June 2020 Unaudited GBP	Year ended 31 December 2019 Audited USD
<b>Level 1</b>		
Gold Securities	<b>(4,754,304,324)</b>	<b>(3,891,664,595)</b>
<b>Level 2</b>		
Gold Bullion	4,719,765,589	3,893,624,633
Gold Swing Bar	760,283	654,890
Gold Loan	(760,283)	(654,890)
	<b>4,719,765,589</b>	<b>3,893,624,633</b>

The Gold Securities and the Gold Bullion are recognised at fair value through profit or loss upon initial recognition 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 the accounting policies adopted, or should there be changes 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 period.

Gold Bullion is not considered to be a financial asset; however, it has been presented here for purposes of consistency with prior periods and to show a matching between assets and liabilities.

## 9. Related Party Disclosures

Entities and individuals which have a 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 period:*

	Period ended 30 June 2020 Unaudited USD	2019 Restated Unaudited USD
ManJer Fees	<b>8,787,177</b>	<b>7,001,896</b>

## 9. Related Party Disclosures (continued)

The following balances were due to and from ManJer at the period/year end:

	As at	
	30 June 2020	31 December 2019
	Unaudited USD	Audited USD
ManJer Fees Payable	(1,575,344)	(1,423,184)
Other Receivables	141,820	141,820
Balance Payable	<b>1,433,524</b>	<b>(1,281,364)</b>

As disclosed in the Directors' Report, ManJer paid directors' fees in respect of the Company of GBP 8,000 (30 June 2019: GBP 8,000).

Steven Ross is a director of R&H Fund Services (Jersey) Limited ("R&H" or the "Administrator") and Steven Ross is a partner of Rawlinson & Hunter, Jersey Partnership, which wholly owns R&H. Hilary Jones is a consultant representing R&H. During the period, R&H charged ManJer administration fees in respect of the Company of GBP 33,626 (30 June 2019: GBP 31,000), of which GBP 16,813 (31 December 2019: GBP 16,870) was outstanding at the period end.

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

## 10. Events Occurring After the Reporting Period

The directors are continuing to closely monitor 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 acknowledge that any impacts on the amounts reported by the Company, including subsequent movements in the fair value of assets or securities in issue, are non-adjusting from an IFRS perspective.

Other than as noted above, there have been no significant events since the reporting period that require disclosure.

