



# **WisdomTree Hedged Metal Securities Limited**

**Registered No: 108311**

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

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The directors of WisdomTree Currency-Hedged Metal Securities Limited (“HMSL” or the “Company”) formerly ETFS Hedged Metal Securities Limited until a change of name on 26 September 2019, 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 Ziemba

### 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

As at 30 June 2020, the Company had the following number of classes, in aggregate, of Currency-Hedged Metal Securities in issue and admitted to trading on the following exchanges:

	London Stock Exchange	Borsa Italiana	Deutsche Börse
GBP-Hedged Metal Securities	1	-	-
EUR-Hedged Metal Securities	-	1	1
<b>Total Currency-Hedged Metal Securities</b>	<b>1</b>	<b>1</b>	<b>1</b>

As at 30 June 2020, the fair value of assets under management amounted to USD 942.5 million (31 December 2019: USD 678.6 million). The Company recognises its financial assets (Metal Bullion) and financial liabilities (Currency-Hedged Metal 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 USD	30 June 2019 USD
Creation and Redemption Fees	4,482	647
Management Fees	2,507,346	1,325,525
<b>Total Fee Income</b>	<b>2,511,828</b>	<b>1,326,172</b>

Under the terms of the service agreement with WisdomTree Management (Jersey) Limited (“ManJer” or the “Manager”), the Company accrued expenses equal to the management fees and creation and redemption fees, which, after taking into account other operating income and expenses, resulted in an operating result for the period of USD Nil (30 June 2019: USD Nil).

**Review of Operations (continued)**

The gain or loss on Currency-Hedged Metal Securities and Metal Bullion together with the Metal Adjustment Contracts are recognised in the Condensed Statement of Profit or Loss and Other Comprehensive Income in line with the Company's accounting policy.

The Company holds Metal Bullion and enters into Metal Adjustment Contracts to support the Currency-Hedged Metal Securities as determined by the Metal Entitlement (which is calculated in accordance with an agreed formula published in the Prospectus). Metal Bullion and Metal Adjustment Contracts are marked to fair value at the end of each Pricing Day by reference to the futures benchmark price (currently COMEX for gold bullion) adjusted by an Exchange for Physical. The Exchange for Physical is determined by reference to the MSPM indices published by Morgan Stanley & Co. LLC. The fair value of the Metal Bullion and Metal Adjustment Contracts is collectively referred to within these financial statements as the "Contractual Value".

The Company has entered into contractual obligations to issue and redeem Currency-Hedged Metal Securities exchange for Metal Bullion as determined by the Metal Entitlement of each class of Currency-Hedged Metal Security on each trading day. The Metal Bullion in respect of each creation and redemption is recorded using the Contractual Value on the transaction date.

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 Currency-Hedged Metal Securities are listed to be the principal market and as a result the fair value of the Currency-Hedged Metal 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 the Metal Bullion, the Metal Adjustment Contracts and the Currency-Hedged Metal 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 Metal Bullion and the Metal Adjustment Contracts at Contractual Value and the market price of Currency-Hedged Metal Securities. This gain or loss would be reversed on a subsequent redemption of the Currency-Hedged Metal Securities, transfer of the equivalent Metal Bullion and cancellation of the Metal Adjustment Contracts. This is presented in more detail in note 7 to these interim financial statements.

*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 Currency-Hedged Metal 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 Currency-Hedged Metal 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 Currency-Hedged Metal 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 Currency-Hedged Metal Securities.

The Currency-Hedged Metal 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 Currency-Hedged Metal Securities may be redeemed at any time by the holder and in certain circumstances may be redeemed by the Company. As the redemption of Currency-Hedged Metal Securities would coincide with the transfer of an equal amount (in value) of Metal Bullion, no net liquidity risk is considered to arise. 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 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 Unaudited USD	2019 Unaudited USD
Revenue	2	2,511,828	1,326,172
Expenses	2	(2,511,828)	(1,326,172)
<b>Operating Result</b>		-	-
Net Gain Arising on Contractual and Fair Value of Metal Bullion and Metal Adjustment Contracts	3	88,703,205	34,671,976
Net Loss Arising on Fair Value of Currency-Hedged Metal Securities	4	(92,385,181)	(33,884,412)
<b>Result and Total Comprehensive (Loss)/Income for the Period</b>		<b>(3,681,976)</b>	<b>787,564</b>
<sup>1</sup> Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency-Hedged Metal Securities	5	3,681,976	(787,564)
<b>Adjusted Result</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 10 and 11. This represents the movement in the difference between the Contractual Value of the Metal Bullion and the market price of Currency-Hedged Metal Securities.

		As at	
	Notes	30 June 2020 Unaudited USD	31 December 2019 Audited USD
<b>Assets</b>			
Metal Bullion Exposure	3	942,498,436	678,571,815
Amounts Receivable on Currency-Hedged Metal Securities Awaiting Settlement	4	182,437	-
Amounts Receivable on Metal Bullion Awaiting Settlement	3	601,244	-
Trade and Other Receivables		495,947	383,594
<b>Total Assets</b>		<b>943,778,064</b>	<b>678,955,409</b>
<b>Liabilities</b>			
Currency-Hedged Metal Securities Amount Payable on Currency-Hedged Metal Securities Awaiting Settlement	4	941,351,244	673,742,647
Amount Payable on Metal Bullion Awaiting Settlement	4	601,244	-
Trade and Other Payables	3	182,437	-
		495,944	383,591
<b>Total Liabilities</b>		<b>942,630,869</b>	<b>674,126,238</b>
<b>Equity</b>			
Stated Capital		3	3
Revaluation Reserve		1,147,192	4,829,168
<b>Total Equity</b>		<b>1,147,195</b>	<b>4,829,171</b>
<b>Total Equity and Liabilities</b>		<b>943,778,064</b>	<b>678,955,409</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 4 to 13 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 Unaudited USD	2019 Unaudited USD
<b>Operating Result for the Period</b>	-	-
Cash Generated from Operating Activities	-	-
<b>Net Increase in Cash and Cash Equivalents</b>	-	-
Cash and Cash Equivalents at the Beginning of the Period	-	-
Net Increase in Cash and Cash Equivalents	-	-
<b>Cash and Cash Equivalents at the End of the Period</b>	-	-

Currency-Hedged Metal Securities are issued through a direct transfer of Metal Bullion from the Authorised Participant to the Custodian or redeemed by the direct transfer of Metal 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 Currency-Hedged Metal Securities and additions and disposals of Metal Bullion, which are non-cash transactions for the Company, are disclosed in notes 3 and 4 respectively in the reconciliation of opening to closing Currency-Hedged Metal Securities and Metal Bullion and Metal Adjustment Contracts.

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 Currency-Hedged Metal Securities. In return for these services, the Company has an obligation to remunerate ManJer with an amount equal to the aggregate of the Management Fee, the Hedging Fee and the creation and redemption fees earned (the “ManJer Fee”). The bullion in respect of the Management Fee and Hedging Fee is transferred by the Trustee from the custodian accounts directly to ManJer. In addition, the monetary amounts in respect of the creation and redemption fees are transferred directly to ManJer and there are no cash flows through the Company.

	Notes	Stated Capital USD	Retained Earnings USD	Revaluation Reserve <sup>2</sup> USD	Total Equity USD	Adjusted Total Equity USD
Audited Opening Balance at 1 January 2019		3	-	(216,482)	(216,479)	3
Result and Total Comprehensive Income for the Period		-	787,564	-	787,564	787,564
Transfer to Revaluation Reserve		-	(787,564)	787,564	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency-Hedged Metal Securities		-	-	-	-	(787,564)
<b>Unaudited Balance at 30 June 2019</b>		<b>3</b>	<b>-</b>	<b>571,082</b>	<b>571,085</b>	<b>3</b>
Unaudited Opening Balance at 1 July 2019		3	-	571,082	571,085	3
Result and Total Comprehensive Income for the Period		-	4,258,086	-	4,258,086	4,258,086
Transfer to Revaluation Reserve		-	(4,258,086)	4,258,086	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency-Hedged Metal Securities		-	-	-	-	(4,258,086)
<b>Audited Balance at 31 December 2019</b>		<b>3</b>	<b>-</b>	<b>4,829,168</b>	<b>4,829,171</b>	<b>3</b>
Audited Opening Balance at 1 January 2020		3	-	4,829,168	4,829,171	3
Result and Total Comprehensive Income for the Period		-	(3,681,976)	-	(3,681,976)	(3,681,976)
Transfer to Revaluation Reserve	5	-	3,681,976	(3,681,976)	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency-Hedged Metal Securities	5	-	-	-	-	3,681,976
<b>Unaudited Balance at 30 June 2020</b>		<b>3</b>	<b>-</b>	<b>1,147,192</b>	<b>1,147,195</b>	<b>3</b>

<sup>2</sup> This represents the difference between the Contractual Value of the Metal Bullion and the market price of Currency-Hedged Metal Securities.

<sup>3</sup> An explanation of the non-statutory and non-GAAP adjustment is set out on pages 10 and 11.

## 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 Metal Bullion and Currency-Hedged Metal Securities held at fair value through profit or loss as disclosed in notes 3, 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.

## 2. Operating Result

Operating result for the period comprised:

	Period ended 30 June	
	2020	2019
	Unaudited	Unaudited
	USD	USD
Creation and Redemption Fees	4,482	647
Management Fees	2,507,346	1,325,525
<b>Total Revenue</b>	<b>2,511,828</b>	<b>1,326,172</b>
ManJer Fees	(2,511,828)	(1,326,172)
<b>Total Operating Expenses</b>	<b>(2,511,828)</b>	<b>(1,326,172)</b>
<b>Operating Result</b>	<b>-</b>	<b>-</b>

**3. Metal Bullion**

	Period ended 30 June	
	2020 Unaudited USD	2019 Unaudited USD
Change in Fair Value	<b>88,703,205</b>	<b>34,671,976</b>
	As at	
	30 June 2020 Unaudited USD	31 December 2019 Audited USD
Metal Bullion at Fair Value	941,108,993	669,769,845
Metal Adjustment Contracts at Fair Value:		
Metal Bullion Receivable	(3,152,987)	8,801,970
Metal Bullion Payable	4,542,430	-
	1,389,443	8,801,970
Metal Bullion Exposure at Fair Value	<b>942,498,436</b>	<b>678,571,815</b>

As at 30 June 2020, there were certain amounts of Metal Bullion awaiting the settlement in respect of the creation or redemption of Currency-Hedged Metal Securities with transaction dates before the period end and settlement dates in the following period:

- The monetary amount payable as a result of unsettled creations of Currency-Hedged Metal Securities is USD 182,437 (31 December 2019: USD Nil).
- The monetary amount receivable as a result of unsettled redemptions of Currency-Hedged Metal Securities is USD 601,244 (31 December 2019: USD Nil).

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

	Period ended 30 June	
	2020 Unaudited USD	2019 Unaudited USD
<b>Opening Metal Bullion Exposure</b>	<b>678,571,815</b>	<b>332,044,573</b>
Additions	313,194,678	200,012,516
Disposals	(135,463,916)	(35,328,234)
Management Fee	(2,507,346)	(1,325,525)
Change in Fair Value	88,703,205	34,671,976
<b>Closing Metal Bullion Exposure</b>	<b>942,498,436</b>	<b>530,075,307</b>

**4. Currency-Hedged Metal Securities**

	Period ended 30 June	
	2020 Unaudited USD	2019 Unaudited USD
Change in Fair Value	<b>(92,385,181)</b>	<b>(33,884,412)</b>
	As at	
	30 June 2020 Unaudited USD	31 December 2019 Audited USD
Currency-Hedged Metal Securities at Fair Value	<b>941,351,244</b>	<b>673,742,647</b>

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

- The amount receivable as a result of unsettled creations of Currency-Hedged Metal Securities is USD 182,437 (31 December 2019: USD Nil).
- The amount payable as a result of unsettled redemptions of Currency-Hedged Metal Securities is USD 601,244 (31 December 2019: USD Nil).

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 Unaudited USD
<b>Opening Currency-Hedged Metal Securities</b>	<b>673,742,647</b>	<b>332,261,055</b>
Additions	313,194,678	200,012,516
Disposals	(135,463,916)	(35,328,234)
Management Fee	(2,507,346)	(1,325,525)
Change in Fair Value	92,385,181	(33,884,412)
<b>Closing Currency-Hedged Metal Securities at Fair Value</b>	<b>941,351,244</b>	<b>529,504,224</b>

**5. Adjustment from Market Value to Contractual Value of Currency-Hedged Metal Securities**

A price is established in respect of each type and currency of bullion as at the end of each Pricing Day by reference to the futures benchmark price (currently COMEX for gold bullion) adjusted by an Exchange for Physical. The Exchange for Physical is determined by reference to the MSPM indices published by Morgan Stanley & Co. LLC (“Morgan Stanley”). The fair value of the Metal Bullion and Metal Adjustment Contracts is collectively referred to within these financial statements as the “Contractual Value”.

The Company measures the Currency Securities at their market value than their Contractual Value (as described in the Prospectus) 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 Currency-Hedged Metal Securities are listed to be the principal market and as a result the fair value of the Currency-Hedged Metal Securities is the on-exchange price as quoted on those stock exchanges demonstrating active trading. The Currency-Hedged Metal Securities are priced using the closing mid-market price on the Statement of Financial Position date.

**5. Adjustment from Market Value to Contractual Value of Currency-Hedged Metal Securities (continued)**

Consequently a difference arises between the value of Metal Bullion and Metal Adjustment Contracts at the Contractual Value (based on the prospectus) and Currency-Hedged Metal Securities at market value presented in the Statement of Financial Position. This difference is reversed on a subsequent redemption of the Currency-Hedged Metal Securities and the transfer of the corresponding Metal Bullion together with the cancellation of the Metal Adjustment Contracts.

Whilst the Currency-Hedged Metal Securities are quoted on the open market, the Company's liability relates to its contractual obligations to issue and redeem Currency-Hedged Metal Securities in exchange for Metal Bullion and Metal Adjustment Contracts as determined by the Metal Entitlement of each class of Currency-Hedged Metal Security on each trading day. The monetary value of each creation and redemption of Currency-Hedged Metal Securities is recorded based on the Contractual Value. Therefore, the issue and redemption of Currency-Hedged Metal Securities is recorded at a value that corresponds to the value of the Metal Bullion transferred in respect of the issue and redemption. As a result the Company has no net exposure to gains or losses on the Currency-Hedged Metal Securities and Metal Bullion and Metal Adjustment Contracts.

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	31 December 2019
	Unaudited USD	Audited USD
Currency-Hedged Metal Securities at Contractual Value	<u>942,498,436</u>	<u>678,571,815</u>
	<b>Period ended 30 June</b>	
	2020	2019
	Unaudited	Unaudited
	USD	USD
Change in Contractual Value of Currency-Hedged Metal Securities	<u>(88,703,205)</u>	<u>(34,671,976)</u>

Through the mis-matched accounting values, the results of the Company reflect a gain or loss which represents the aggregate of the movement in the cumulative difference between the Contractual Value of the Metal Bullion and Metal Adjustment Contracts and the market price of Currency-Hedged Metal Securities. This gain or loss is transferred to a Revaluation Reserve which is non-distributable. 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 Currency-Hedged Metal Securities'.

The overall impact is that through the mis-matched accounting values, the results of the Company reflect a gain or loss on the aggregate of the movement in the difference between the Contractual Value of the Metal Bullion and Metal Adjustment Contracts and the market price of Currency-Hedged Metal Securities.

	Period ended 30 June	
	2020	2019
	Unaudited	Unaudited
	USD	USD
Net Gain/(Loss) Arising on Contractual and Fair Value of Metal Bullion and Metal Adjustment Contracts	88,703,205	34,671,976
Net (Loss)/Gain Arising on Contractual Value of Currency-Hedged Metal Securities	(92,385,181)	(33,884,412)
	<u>(3,681,976)</u>	<u>787,564</u>

**5. Adjustment from Market Value to Contractual Value of Currency-Hedged Metal Securities (continued)**

The gain or loss on the difference between the Contractual Value of the Metal Bullion and Metal Adjustment Contracts and the market price of Currency-Hedged Metal Securities would be reversed on a subsequent redemption of the Currency-Hedged Metal Securities and transfer of the corresponding Metal 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	4,829,168	(216,482)
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency-Hedged Metal Securities:		
Period 1 January to 30 June	(3,681,976)	787,564
Period 1 July to 31 December	-	4,258,086
	<u>(3,681,976)</u>	<u>5,045,650</u>
<b>Closing balance at 30 June / 31 December</b>	<b><u>1,147,192</u></b>	<b><u>4,829,168</u></b>

**6. 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 Currency-Hedged Metal Securities are quoted and actively traded on the open market. Therefore Currency-Hedged Metal Securities are classified as Level 1 financial liabilities.

The Company holds Metal Bullion and Metal Adjustment Contracts to support the Currency-Hedged Metal Securities as determined by the Metal Entitlement (which is calculated in accordance with an agreed formula published in the Prospectus). The Company has contractual obligations to issue and redeem Currency-Hedged Metal Securities in exchange for Metal Bullion as determined by the Metal Entitlement of each class of Metal Security on each trading day.

The monetary value of each creation and redemption of each type and currency of bullion is calculated by reference to the futures benchmark price (currently COMEX for gold bullion) adjusted by an Exchange for Physical. The Exchange for Physical is determined by reference to the MSPM indices published by Morgan Stanley & Co. LLC. Therefore, Metal Bullion and Metal Adjustment Contracts are classified as level 2 assets (or liabilities), as the value is calculated using third party pricing sources supported by observable, verifiable inputs.

**6. Fair Value Hierarchy (continued)**

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

	Period ended 30 June 2020 Unaudited USD	Year ended 31 December 2019 Audited USD
<b>Level 1</b>		
Currency-Hedged Metal Securities	<u>(941,351,244)</u>	<u>(673,742,647)</u>
<b>Level 2</b>		
Metal Bullion	941,108,993	669,769,845
Metal Adjustment Contracts	1,389,443	8,801,970
	<u>942,498,436</u>	<u>678,571,815</u>

The Currency-Hedged Metal Securities and Metal Bullion together with the Metal Adjustment Contracts are recognised at fair value through profit or loss upon initial recognition in line with the Company's accounting policy. There are no assets or 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.

**7. Related Party Disclosures**

Entities and individuals which have a significant influence over the Company, either through ownership of HoldCo shares 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 Unaudited USD
ManJer Fees	<u>2,511,828</u>	<u>1,326,172</u>

*The following balances were due to ManJer at the period end:*

	As at	
	30 June 2020 Unaudited USD	31 December 2019 Audited USD
ManJer Fees Payable	<u>495,944</u>	<u>383,591</u>

At 30 June 2020, USD 3 is receivable from ManJer (31 December 2019: USD 3).

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).

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**7. Related Party Disclosures (continued)**

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 20,068 (30 June 2019: GBP 18,500), of which GBP 10,034 (31 December 2019: GBP 9,250) was outstanding at the period end.

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

**8. 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.

