ETFS WTI 2mth OILW

Investment Objective

ETFS WTI 2mth (OILW) is designed to enable investors to gain a total return exposure to movements in the price of ICE 2 month WTI crude oil futures contracts plus a collateral yield. The exposure is obtained through fully funded uncollateralised swaps with Shell Trading Switzerland AG, a member of the Royal Dutch Shell Group.

OILW is an exchange traded commodity ("ETC"). Its securities can be created and redeemed on demand by authorised participants and traded on exchange just like shares in a company.

About the pricing

The price of OILW is based on a total return methodology, which means that the price comprises three components: (i) returns from exposure to ICE 2 month WTI crude oil futures contracts; (ii) returns from the roll yield (described below); and (iii) a collateral yield. A futures contract is an agreement to purchase a commodity at an agreed price, with delivery and payment to take place at a specified point in the future. Futures contracts are generally disposed of just before the term of the contract expires and new contracts entered into in order to avoid taking actual delivery of the commodity in question (a process known as 'rolling'), so that continuous exposure to the commodity is maintained. The contracts being purchased may be more expensive than the contracts being sold which would cause an investor in commodity futures to make an additional loss. This market trend is known as 'contango'. Alternatively the contracts being purchased may be cheaper than the ones being sold which would result in an additional gain, known as 'backwardation' . This price difference is commonly referred to as "roll yield". As the roll yield is incorporated into the pricing of the ETC, it may therefore have a positive or negative impact on its value depending on whether the relevant futures market is in contango or backwardation.

Product Information

Product Name	ETFS WTI 2mth
Issuer	ETFS Oil Securities Limited
Legal Form	Debt security
UCITS Eligible	Yes
Domicile	Jersey
Listing Date	11 May 2006
Base Currency	USD
Currency Hedged	No – this product is not protected against adverse currency movements
Management Fee	0.49% p.a.
Replication	Synthetic - fully funded swap
Counterparties	Shell Trading Switzerland AG, a member of the Royal Dutch Shell Group
Collateralised	No – the ETC is not protected against counterparty credit risk
Product Manager	ETFS Management Company (Jersey) Limited
Trustee	The Law Debenture Trust Corporation p.l.c.
SIPP And ISA (UK) Eligible	Yes
UK Reporting Fund Status	Yes
Passported To	Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Spain, Sweden, United Kingdom

Benchmark Information

Benchmark	WTI 2 months oil futures
Base Currency	USD

Trading Information

Exchange	ISIN	Exchange Code	Currency (Trading)	Bloomberg Code	Reuters Code
London Stock Exchange	GB00B0CTWK84	OILW	USD	OILW LN	OILW.L
Deutsche Börse	DE000A0KRKN3	OESB	EUR	OESB GY	OESB.DE
NYSE Euronext	GB00B0CTWK84	OILWP	EUR	OILWP FP	OILWP.PA
Borsa Italiana	GB00B0CTWK84	OILW	EUR	OILW IM	OILW.MI
London Stock Exchange	GB00B0CTWK84	OLWP	GBX	OLWP LN	OLWP.L

Benchmark Performance

Historical index performance based on investment from 1 July 2014 to 28 June 2019. This information is denominated in USD.

Data in this chart is simulated and should not be interpreted as an indication of actual or future performance. The benchmark information shown here is priced in USD and does not reflect 1) fees and expenses and 2) any movements in the exchange rate between USD and any other currency. The product is also denominated in USD. Exchange rate risk should always be considered when analysing performance denominated in another currency. Past performance is not a reliable indicator of future results.

Index	YTD	2 Years	3 Years	4 Years	5 Years
WTI 2 months oil futures	23.1%	26.5%	11.5%	-29.8%	-62.1%

Roll Methodology

The price of the securities incorporates the rolling from one futures contract to the next by referencing the price of two futures contracts- the futures contract due for delivery in the current month (the "Near Contract") and the futures contract due for delivery in the following month (the "Next Contract"). Over specific days in a month (the "Roll Period") the pricing formula is adjusted to allow for greater weight to be given to the value of the Next Contract to reproduce the effect of the rolling of the underlying futures contract. Exposure to the underlying NYMEX WTI crude oil futures contracts is rolled on a monthly basis, from the second to the third month contract. The roll occurs from the first to the fifth business day of the each month. The table below shows the "Near" and "Next" contract to which the product is exposed following the roll in the relevant month.

Month	Near	Next
Jan-18	Apr-18	May-18
Feb-18	May-18	Jun-18
Mar-18	Jun-18	Jul-18
Apr-18	Jul-18	Aug-18
May-18	Aug-18	Sep-18
Jun-18	Sep-18	Oct-18
Jul-18	Oct-18	Nov-18
Aug-18	Nov-18	Dec-18
Sep-18	Dec-18	Jan-19
Oct-18	Jan-19	Feb-19
Nov-18	Feb-19	Mar-19
Dec-18	Mar-19	Apr-19

Risks

An investment in an ETC involves a significant degree of risk. Any decision to invest should be based on the information contained in the relevant prospectus. Prospective investors should obtain independent accounting, tax and legal advice and should consult their professional advisers to ascertain the suitability of this ETC as an investment to their own circumstances.

This ETC is not a UCITS product.

Securities in this ETC are structured as debt securities and not as shares (equity).

The value of securities in this ETC is directly affected by increases and decreases in the value of the underlying futures contracts. Accordingly, the value of a security may go up or down and a security holder may lose some or all of the amount invested.

There can be no certainty that securities can always be bought or sold on a stock exchange or that the market price at which the securities may be traded on a stock exchange will always accurately reflect the performance of the underlying futures contracts.

The Issuer is reliant on there being swap counterparties available to enter into swap agreements with on a continuing basis and, if no swap counterparties are willing to do so, the ETC will not be able to achieve its investment policy of tracking the performance of the underlying futures contracts.

This ETC is not collateralised and as such the Issuer is not protected against the risk that the swap counterparty or other third party service providers may fail to return property belonging to the Issuer or pay money due to the Issuer.

Glossary

Authorised participant	Banks or other financial institutions that act as intermediaries between issuers of securities and other investors or intermediaries. Authorised participants subscribe for and redeem securities directly with the Issuer and buy and sell those securities to investors/intermediaries either directly or via stock exchanges.
Collateralised	A product is collateralised if cash or transferable securities are held independently in order to reduce the Issuer's credit risk in respect of the amount owed to the Issuer by its counterparties at any one time. This ETC is not collateralised.
Collateral yield	The collateral yield is the hypothetical interest that an investor would have received on cash equal in value to the underlying futures contracts.
Exposure	An ETC has exposure to an index or underlying asset if its value is directly affected by movements in the price of that index/underlying asset. Exposure to an index or underlying asset can be achieved in various different ways. This ETC aims to provide exposure to the underlying futures contracts using swaps.
Fully funded swap	This is a swap whereby the cash from investors is transferred by the Issuer to the swap counterparties.
Swap or swap agreement	This is where the Issuer enters into contracts with one or more swap counterparties whereby the Issuer is owed money from a swap counterparty when the value of the underlying futures contracts (tracked by the relevant ETC) goes up and the Issuer owes money to the swap counterparty when the value of the underlying futures contracts goes down. By using swaps, the ETC can efficiently track the upward or downward performance of the underlying futures contracts without having to actually own the underlying futures contracts themselves.
Swap counterparty	Typically a large bank or financial institution with whom the Issuer enters into swaps.