

ETFS Commodity Securities Limited

Registered No: 90959

Unaudited Interim Financial Report for the Six Months to 30 June 2019

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The directors of ETFS Commodity Securities Limited ("CSL" or the "Company") submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2019.

Directors

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

Gregory Barton (resigned 15 March 2019)
Hilary Jones
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 2019 the Company had the following number of classes, in aggregate, of Commodity Securities in issue and admitted to trading on the following exchanges:

	London Stock Exchange	Borsa Italiana	Deutsche Börse	NYSE-Euronext Paris	Tokyo Stock Exchange
Classic & Longer Dated Commodity Securities	55	34	41	9	14
Short & Leveraged Commodity Securities	86	86	27	4	-
Total Commodity Securities	141	120	68	13	14

As at 30 June 2019, the fair value of assets under management amounted to USD 3,161.7 million (31 December 2018: USD 3,092.0 million). The Company recognises its financial assets (Commodity Contracts) and financial liabilities (Commodity Securities) at fair value in the Condensed Statement of Financial Position.

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

	30 June 2019 USD	30 June 2018 USD
Creation and Redemption Fees	311,928	340,644
Management Fees and Licence Allowance	9,915,500	11,303,519
Total Fee Income	**10,227,428**	**11,644,163**

Under the terms of the service agreement with ETFS Management Company (Jersey) Limited ("ManJer"), the Company accrued expenses equal to the management fees and licence allowance 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 2018: USD Nil).

Review of Operations (continued)

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

The Company has entered into contractual obligations to issue and redeem Commodity Securities at set prices on each trading day. These prices are based on an agreed formula published in the Prospectus, and are equal to the published net asset value ("NAV") of each class of Commodity Security.

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 Commodity Securities are listed to be the principal market and as a result the fair value of the Commodity 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 Commodity Contracts and Commodity Securities there is a mis-match between the accounting values, and the results of the Company reflect a gain or loss on the difference between the agreed formula price of the Commodity Contracts and the market price of Commodity Securities. This gain or loss would be reversed on a subsequent redemption of the Commodity Securities and cancellation of the corresponding Commodity Contracts. This is presented in more detail in note 6 to these interim financial statements.

Future Developments

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

The process for the UK's withdrawal from the EU is still ongoing. The UK's future relationship with the EU is still uncertain and the renegotiations of treaties and agreements, together with legislation changes, have yet to be completed.

The Company is domiciled in Jersey, outside of the EU, and the Commodity 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.

It is currently expected that, if necessary, the Company would select an alternate EU Member State regulator through which to seek approval and request passporting for its offering. As the Commodity 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 Commodity Securities.

The Commodity Securities continue to comply with all applicable laws and regulations. Continued assessment of the impact will be required throughout the withdrawal process.

The board of directors (the "Board") 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 were employees within the ETF Securities Limited group or 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.

Directors' Remuneration (continued)

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

	30 June 2019 GBP	30 June 2018 GBP
Gregory Barton	Nil	Nil
Christopher Foulds	Nil	1,750
Hilary Jones	4,000	Nil
Steven Ross	4,000	4,000
Peter Ziemba	Nil	Nil

Going Concern

The nature of the Company's business dictates that the outstanding Commodity Securities may be redeemed at any time by the holder and in certain circumstances may be redeemed by the Company. As the redemption of Commodity Securities will coincide with the cancellation of an equal amount of Commodity Contracts, no net liquidity risk is considered to arise. All other expenses of the Company are met by ManJer; therefore the directors consider the Company to be a going concern for the foreseeable future and have prepared the interim financial statements on this basis.

Directors Statement

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the directors confirm that to the best of their knowledge that:

- the interim financial statements for the period ended 30 June 2019 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 of the Company's business, 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



Hilary Jones
Director
Jersey
12 September 2019

	Notes	Period ended 30 June 2019 Unaudited USD	2018 Unaudited USD
Revenue	2	10,227,428	11,644,163
Expenses	2	(10,227,428)	(11,644,163)
Operating Result		**-**	**-**
Net Gain Arising on Contractual and Fair Value of Commodity Contracts	4	313,981,462	132,572,960
Net Loss Arising on Fair Value of Commodity Securities	5	(310,116,255)	(159,480,696)
Result and Total Comprehensive Income for the Period		**3,865,207**	**(26,907,736)**
[1] Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities	6	(3,865,207)	26,907,736
Adjusted Result and Total Comprehensive Income for the Period		**-**	**-**

The directors consider the Company's activities as continuing.

[1] An explanation of the non-statutory adjustment is set out on pages 11 and 12 This represents the movement in the difference between the Contractual Value of the Commodity Contracts and the market price of Commodity Securities.

The notes on pages 8 to 14 form part of these condensed interim financial statements

Condensed Statement of Financial Position

	Notes	As at 30 June 2019 Unaudited USD	As at 31 December 2018 Audited USD
Current Assets			
Trade and Other Receivables		2,290,915	3,286,424
Commodity Contracts	4	3,161,702,112	3,091,983,052
Amounts Receivable on Commodity Securities Awaiting Settlement	5	250,931,681	13,874,417
Amounts Receivable on Commodity Contracts Awaiting Settlement	4	57,568,165	11,959,380
Total Assets		**3,472,492,873**	**3,121,103,273**
Current Liabilities			
Commodity Securities	5	3,186,970,467	3,121,116,614
Amounts Payable on Commodity Contracts Awaiting Settlement	4	250,931,681	13,874,417
Amounts Payable on Commodity Securities Awaiting Settlement	5	57,568,165	11,959,380
Trade and Other Payables		2,290,913	3,286,422
Total Liabilities		**3,497,761,226**	**3,150,236,833**
Equity			
Stated Capital		2	2
Revaluation Reserve		(25,268,355)	(29,133,562)
Total Equity		**(25,268,353)**	**(29,133,560)**
Total Equity and Liabilities		**3,472,492,873**	**3,121,103,273**

The condensed interim financial statements on pages 4 to 14 were approved and authorised for issue by the board of directors and signed on its behalf on 12 September 2019.

Hilary Jones
Director

The notes on pages 8 to 14 form part of these condensed interim financial statements

	Period ended 30 June	
	2019 Unaudited USD	2018 Unaudited USD
Operating Result for the Period	**-**	**-**
Changes in Operating Assets and Liabilities		
Decrease/(Increase) in Receivables	995,509	(248,038)
(Decrease)/Increase in Payables	(995,509)	248,038
Cash Generated from Operating Activities	-	-
Net Increase in Cash and Cash Equivalents	**-**	**-**
Cash and Cash Equivalents at the Beginning of the Period	-	-
Net Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the End of the Period	**-**	**-**

Commodity Securities are issued through a receipt of cash directly with the Commodity Contract Counterparties or redeemed by the transfer of cash directly by the Commodity Contract Counterparties. Cash flows in respect of the issue and redemption of Commodity Securities and the creation and cancellation of Commodity Contracts have been netted off in the Condensed Statement of Cash Flows.

Condensed Statement of Changes in Equity

	Notes	Stated Capital USD	Retained Earnings USD	Revaluation Reserve[2] USD	Total Equity USD	Adjusted Total Equity USD
Audited Opening Balance at 1 January 2018		2	-	23,933,244	23,933,246	2
Result and Total Comprehensive Income for the Period		-	(26,907,736)	-	(26,907,736)	(26,907,736)
Transfer to Revaluation Reserve		-	26,907,736	(26,907,736)	-	-
[3] Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities		-	-	-	-	26,907,736
Unaudited Balance at 30 June 2018		**2**	**-**	**(2,974,492)**	**(2,974,490)**	**2**
Unaudited Opening Balance at 1 July 2018		2	-	(2,974,492)	(2,974,490)	2
Result and Total Comprehensive Income for the Period		-	(26,159,070)	-	(26,159,070)	(26,159,070)
Transfer to Revaluation Reserve		-	26,159,070	(26,159,070)	-	-
[3] Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities		-	-	-	-	26,159,070
Audited Balance at 31 December 2018		**2**	**-**	**(29,133,562)**	**(29,133,560)**	**2**
Audited Opening Balance at 1 January 2019		2	-	(29,133,562)	(29,133,560)	2
Result and Total Comprehensive Income for the Period		-	3,865,207	-	3,865,207	3,865,207
Transfer to Revaluation Reserve	6	-	(3,865,207)	3,865,207	-	-
[3] Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities	6	-	-	-	-	(3685,207)
Unaudited Balance at 30 June 2019		**2**	**-**	**(25,268,355)**	**(25,268,353)**	**2**

[2] This represents the difference between the Contractual Value of the Commodity Contracts and the market price of Commodity Securities.
[3] An explanation of the non-statutory adjustment is set out on pages 11 and 12.

The notes on pages 8 to 14 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 2019 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 2018. 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 2018. The changes in accounting policies are also expected to be reflected in the financial statements for the year ended 31 December 2019.

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 Commodity Contracts and Commodity Securities held at fair value through profit or loss as disclosed in notes 4, 5 and 6. 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 2019 the Company adopted IFRS 16, IFRS 9, IAS 28, IAS 19 and annual improvements 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	
	2019 Unaudited USD	**2018 Unaudited USD**
Management Fees	9,093,433	10,361,493
Licence Allowance	822,067	942,026
Creation and Redemption Fees	311,928	340,644
Total Revenue	**10,227,428**	**11,644,163**
ManJer Fees	(10,227,428)	(11,644,163)
Total Operating Expenses	**(10,227,428)**	**(11,644,163)**
Operating Result	**-**	**-**

3. Segmental Reporting

The Company reports information on its operations for each of the Company's business segments only, as the Company only has one geographic segment which is Europe. In addition the Company has no single major customer from which greater than 10% of revenue is generated. The directors believe that the Company has two operating segments; Classic & Longer Dated and Short & Leveraged. The Company earns revenues from each of these sources.

For the period ended 30 June 2019 Unaudited	Classic & Longer Dated USD	Short & Leveraged USD	Central USD	Total USD
Management Fees	7,019,083	2,074,350	-	9,093,433
Licence Allowance	716,233	105,834	-	822,067
Creation and Redemption Fees	156,605	155,323	-	311,928
Total Revenue	7,891,921	2,335,507	-	**10,227,428**
Total Operating Expenses	(7,891,921)	(2,335,507)	-	(10,227,428)
Segmental Result	**-**	**-**	**-**	**-**

For the period ended 30 June 2018 Unaudited	Classic & Longer Dated USD	Short & Leveraged USD	Central USD	Total USD
Management Fees	8,102,215	2,259,278	-	10,361,493
Licence Allowance	826,757	115,269	-	942,026
Creation and Redemption Fees	172,667	167,977	-	340,644
Total Revenue	9,101,639	2,542,524	-	**11,644,163**
Total Operating Expenses	9,101,639	2,542,524	-	11,644,163
Segmental Result	**-**	**-**	**-**	**-**

Additional information relating to the assets and liabilities associated with these securities is disclosed in notes 4, 5 and 6.

4. Commodity Contracts

Change in Fair Value	Period ended 30 June 2019 Unaudited USD	2018 Unaudited USD
Classic & Longer Dated Commodity Contracts	280,492,939	123,100,920
Short & Leveraged Commodity Contracts	33,488,523	9,472,040
	313,981,462	**132,572,960**

4. Commodity Contracts (continued)

Fair Value of Commodity Contracts	As at	
	30 June 2019 Unaudited USD	31 December 2018 Audited USD
Classic & Longer Dated Commodity Contracts	2,765,376,385	2,735,862,976
Short & Leveraged Commodity Contracts	396,325,727	356,120,076
Total Commodity Contracts	**3,161,702,112**	**3,091,983,052**

As at 30 June 2019, there were certain Commodity Contracts awaiting settlement in respect of the creation or redemption of Commodity Securities with transaction dates before the period end and settlement dates in the following period:

- The amount payable on Commodity Contracts as a result of unsettled creations of Commodity Securities is USD 250,931,681 (31 December 2018: USD 13,874,417).
- The amount receivable on Commodity Contracts as a result of unsettled redemptions of Commodity Securities is USD 57,568,165 (31 December 2018: USD 11,959,380).

5. Commodity Securities

Change in Fair Value	Period ended 30 June	
	2019 Unaudited USD	2018 Unaudited USD
Classic & Longer Dated Commodity Contracts	(277,148,540)	(144,802,055)
Short & Leveraged Commodity Contracts	(32,967,715)	(14,678,641)
	(310,116,255)	**(159,480,696)**

Fair Value of Commodity Securities	As at	
	30 June 2019 Unaudited USD	31 December 2018 Audited USD
Classic & Longer Dated Commodity Contracts	2,787,661,524	2,761,492,515
Short & Leveraged Commodity Contracts	399,308,943	359,624,100
Total Commodity Contracts	**3,186,970,467**	**3,121,166,614**

As at 30 June 2019, there were certain Commodity Securities awaiting settlement in respect of creations or redemptions with trade dates before the period end and settlement dates in the following period:

- The amount payable as a result of unsettled redemptions of Commodity Securities is USD 57,568,165 (31 December 2018: USD 11,959,380).
- The amount receivable as a result of unsettled creations of Commodity Securities is USD 250,931,681 (31 December 2018: USD 13,874,417).

6. Adjustment from Market Value to Contractual Value of Commodity Securities

The Commodity Contracts are priced by reference to the value of the commodity indices calculated and published by Bloomberg L.P. or Bloomberg Finance L.P. (together "Bloomberg") and a multiplier calculated by the Company and agreed with the Commodity Contract Counterparties. The multiplier takes into account the daily accrual of the management fee, licence allowance and swap spread as well as the incremental capital enhancement component of the Commodity Security, and is the same across all Commodity Securities of the same type (i.e. all Classic Commodity Securities use the same multiplier). This price is calculated based on the formula set out in the Prospectus, and is referred to as the 'Contractual Value'.

The Company measures the Commodity Securities at their market value rather 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 Commodity Securities are listed to be the principal market and as a result the fair value of the Commodity Securities is the on-exchange price as quoted on those stock exchanges demonstrating active trading.

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

Whilst the Commodity Securities are quoted on the open market, the Company's liability relates to its contractual obligations to issue and redeem Commodity Securities at set prices on each trading day and the prices are equal to the published NAVs of each class of Commodity Security. The actual contractual issue and redemption of Commodity Securities occur at a price that corresponds to gains or losses on the Commodity Contracts and as a result the Company has no net exposure to gains or losses on the Commodity Securities and Commodity Contracts.

The contractual redemption values and movements in unrealised gains/losses during the period/year based on the contractual settlement values are:

Change in Contractual Value	**Period ended 30 June**	
	2019 Unaudited USD	**2018 Unaudited USD**
Classic & Longer Dated Commodity Contracts	(280,492,939)	(123,100,920)
Short & Leveraged Commodity Contracts	(33,488,523)	(9,472,040)
	(313,981,462)	**(132,572,960)**

Contractual Value of Commodity Securities	**As at**	
	30 June 2019 Unaudited USD	**31 December 2018 Audited USD**
Classic & Longer Dated Commodity Contracts	2,765,376,385	2,735,862,976
Short & Leveraged Commodity Contracts	396,325,727	356,120,076
Total Commodity Contracts	**3,161,702,112**	**3,091,983,052**

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 agreed Contractual Value (based on the formula set out in the prospectus) of the Commodity Contracts and the market price of Commodity Securities. The results of the Company are adjusted through the presentation of a non-statutory movement entitled 'Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities'.

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

The mismatched accounting values are as shown below and represent the non-statutory adjustment presented in the Condensed Statement of Profit or Loss and Other Comprehensive Income:

	Period ended 30 June	
	2019 Unaudited USD	2018 Unaudited USD
Net Gain Arising on Contractual and Fair Value of Commodity Contracts	313,981,462	132,572,960
Net(Loss Arising on Fair Value of Commodity Securities	(310,116,255)	(159,480,696)
	3,865,207	**(26,907,736)**

The gain or loss on the difference between the Contractual Value of the Commodity Contracts and the market price of Commodity Securities would be reversed on a subsequent redemption of the Commodity Securities and cancellation of the corresponding Commodity Contracts. 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.

	2019 Unaudited USD	2018 Audited USD
Balance brought forward at 1 January	(29,133,562)	23,933,244
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities:		
Period 1 January to 30 June	3,865,207	(26,907,736)
Period 1 July to 31 December	-	(26,159,070)
	3,865,207	(53,066,806)
Closing balance at 30 June / 31 December	**(25,268,355)**	**(29,133,562)**

7. Fair Value Hierarchy

The fair value hierarchy levels 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 within level 1.
- 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's rights in respect of Commodity Contracts relate to its contractual obligations to issue and redeem Commodity Securities at set prices on each trading day. These prices are based on an agreed formula (set out in the Prospectus), and are equal to the published NAV's of each class of Commodity Security. Therefore, Commodity Contracts are classified as level 2 financial assets, as the value is calculated using third party pricing sources supported by observable, verifiable inputs.

7. Fair Value Hierarchy (continued)

The Company measures the Commodity Securities at their market value which is deemed to be the prices quoted on stock exchanges or other markets where the Commodity Securities are listed or traded. The Commodity Securities are priced using the closing mid-market price on the Statement of Financial Position date. Therefore Commodity Securities are classified as level 1 financial liabilities.

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

	Period ended 30 June 2019 Unaudited USD	Year ended 31 December 2018 Audited USD
Level 1		
Commodity Securities	**(3,186,970,467)**	**(3,121,166,614)**
Level 2		
Commodity Contracts	**3,161,702,112**	**3,091,983,052**

The Commodity Securities and the Commodity 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. There were no reclassifications during the period.

8. 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 related parties.

Fees charged by ManJer during the period:

	Period ended 30 June	
	2019 Unaudited USD	2018 Unaudited USD
ManJer Fees	**10,227,428**	**11,644,163**

The following balances were due to ManJer at period end:

	As at	
	30 June 2019 Unaudited USD	31 December 2018 Audited USD
ManJer Fees Payable	**2,290,913**	**3,286,424**

At 30 June 2019, USD 2 is receivable from ManJer (31 December 2018: USD 2).

As disclosed in the Directors' Report, ManJer paid directors' fees in respect of the Company of GBP 8,000 (30 June 2018: GBP 5,750).

Hilary Jones and Steven Ross are directors of R&H Fund Services (Jersey) Limited ("R&H"), the administrator. During the period, R&H charged ManJer administration fees in respect of the Company of GBP 166,500 (30 June 2018: GBP 156,000), of which GBP 83,250 (30 June 2018: GBP 83,250) was outstanding at the period end.

9. Events Occurring After the Reporting Period

There have been no significant events since the reporting period that require disclosure.

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