ETFS Commodity Securities Limited

Registered No: 90959

Report and Financial Statements for the Year ended 31 December 2017

Contents

Management and Administration

Directors

Gregory Barton
Christopher Foulds
Steven Ross
Peter Ziemba

Administrator

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St Helier
Jersey, JE4 8PW

Registered Office

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Jersey, JE4 8PW

Registrar

Computershare Investor Services (Jersey) Limited
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Manager

ETFS Management Company (Jersey) Limited
Ordnance House
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Trustee

The Law Debenture Trust Corporation plc
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Commodity Contract Counterparty

Merrill Lynch International
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Commodity Contract Counterparty

Citigroup Global Markets Limited
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Auditor

KPMG Channel Islands Limited
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Jersey, JE4 8WQ

Jersey Legal Advisers

Mourant Ozannes
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Company Secretary

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

The directors of ETFS Commodity Securities Limited ("CSL" or the "Company") submit herewith the annual report and financial statements of the Company for the year ended 31 December 2017.

Directors

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

Gregory Barton	(Appointed 11 April 2018)
Christopher Foulds	
Steven Ross	
Joseph Roxburgh	(Resigned 11 April 2018)
Graham Tuckwell	(Resigned 11 April 2018)
Peter Ziemba	(Appointed 11 April 2018)

Directors' Interests

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

Prior to the change in ownership (described below) Graham Tuckwell held an interest in the Ordinary Shares of the Company as the majority shareholder of ETF Securities Limited.

Principal Activities

The Company's principal activity is the issue and listing of commodity securities ("Commodity Securities"). The Company's portfolio of Commodity Securities includes Classic, Longer Dated, Short and Leveraged Commodity Securities.

Commodity Securities are financial instruments designed to track the price of commodity futures, and give investors an exposure similar to that which could be achieved by managing a fully cash-collateralised position in near-term futures contracts. However, unlike managing a futures position, Commodity Securities involve no need to roll from one futures contract to another, no margin calls, and no other brokerage or other costs in holding or rolling futures contracts (although security holders incur costs in holding Commodity Securities). No trading or management of futures contracts is required by the Company.

Commodity Securities are backed by commodity contracts ("Commodity Contracts") with terms corresponding to the terms of Commodity Securities. The Company entered into two facility agreements, one with Citigroup Global Markets Limited ("Citigroup") and one with Merrill Lynch International ("Merrill Lynch") (together the "Commodity Contract Counterparties") on 3 July 2017, enabling the Company to create and cancel Commodity Contracts on an ongoing basis.

UBS Securities AG, London Branch ("UBS") and Merrill Lynch Commodities, Inc ("MLCI") were commodity contract counterparties and had entered into agreements with the Company on similar terms to the current facility agreements with the existing Commodity Contract Counterparties. The facility agreements with UBS and MLCI were terminated on 24 October 2017 and the Commodity Contracts outstanding thereunder were replaced by equivalent Commodity Contracts with Merrill Lynch and Citigroup, respectively.

The Company earns a management fee and a licence allowance based upon the number of Commodity Securities in issue. These fees are expressed as an annual percentage, calculated on a daily basis and reflected in the Net Asset Value ("NAV") of the Commodity Securities on a daily basis, and paid monthly in arrears.

Principal Activities (continued)

The Company has entered into a service agreement with ETFS Management Company (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 Commodity Securities. In return for these services, the Company pays ManJer an amount equal to the aggregate of the management fee, licence allowance and the creation and redemption fees (the "ManJer Fee"). As a result, amounts in respect of the management fee and licence allowance are transferred directly to ManJer by the Commodity Contract Counterparties under the terms of the Commodity Contracts and ManJer receives creation and redemption fees directly from Authorised Participants. Accordingly there are no cash flows through the Company.

Review of Operations

The most recent Prospectuses were issued on 6 October 2017 (Classic and Longer Dated) and 5 September 2017 (Short and Leveraged). As at 31 December 2017, 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 31 December 2017, the fair value of assets under management amounted to USD 3,530.4 million (2016: USD 3,336.0 million). The Company recognises its financial assets (Commodity Contracts) and financial liabilities (Commodity Securities) at fair value in the Statement of Financial Position.

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

	2017 USD	**2016 USD**
Creation and Redemption Fees	371,319	357,957
Management Fees and Licence Allowance	21,981,494	19,173,294
Total Fee Income	22,352,813	19,531,251

Under the terms of the service agreement with ManJer, the Company accrued expenses equal to the management fee and licence allowance and creation and redemptions fees, which, after taking into account other operating income and expenses, resulted in an operating result for the year of USD Nil (2016: USD Nil).

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

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 agreed formulae published in the Prospectuses, and are equal to the published NAV of each class of Commodity Security.

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 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 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 8 to these financial statements.

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 compulsorily redeemed by the Company. As the redemption of Commodity Securities will always coincide with the cancellation of an equal amount of Commodity Contracts, no 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.

On 13 November 2017, the Company announced that WisdomTree Investments, Inc ("WisdomTree") (an exchange-traded product sponsor and asset manager) entered into an agreement to acquire ETF Securities Limited's European exchange-traded product business as a going concern, which includes the Company. The Company continues as a going concern following completion of the acquisition on 11 April 2018.

Future Developments

Referendum of the United Kingdom's ("UK's") membership of the European Union (the "EU Referendum")

The EU Referendum took place on 23 June 2016 and resulted in an overall vote to leave the European Union ("EU"). The British government invoked Article 50 of the Lisbon Treaty on 29 March 2017 which started the two-year period during which a leaving agreement is to be negotiated setting out the arrangements for the withdrawal and outlining the UK's future relationship with the EU. The exact process for the UK's withdrawal is uncertain, although it is generally expected to take longer than two years as this would require the renegotiation of treaties and agreements, together with legislation changes.

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 Prospectus Directive.

It is currently expected that the Company would select an alternate EU Member State regulator through which to seek approval and request passporting for its offering to maintain the Company's access to relevant markets. As the Commodity Securities already comply with the European wide requirements of the 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.

Future Developments (Continued)

Change of Ownership

On 13 November 2017, the Company announced that WisdomTree entered into an agreement to acquire ETF Securities Limited's European exchange-traded product business, which includes the Company. The change of ownership occurred on 11 April 2018.

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 financial statements.

Risk Management

Each Commodity Security is a debt instrument whose redemption price is linked directly to the performance of the underlying commodity index. The Commodity Securities are issued under limited recourse arrangements whereby the holders have recourse only to the value of the Commodity Contracts attributable to the class of security they hold and not to the Company. In addition, since any such price movements are wholly attributable to the Commodity Security holders, the Company has no residual exposure to price movements of the Commodity Contracts. From a commercial perspective, the gains or losses on the liability represented by the Commodity Securities are matched economically by corresponding losses or gains attributable to the Commodity Contracts (see detail on page 4 regarding the accounting mis-match). The Company does not retain any net gains or losses or net risk exposures. Further details surrounding the value of Commodity Securities and the Commodity Contracts are disclosed in note 12.

Movements in the price of the underlying commodity, and thus the value of the Commodity Securities, may vary widely which could have an impact on the demand for the Commodity Securities issued by the Company. These movements are shown in notes 7 and 8.

Dividends

There were no dividends declared or paid in the year (2016: USD Nil). It is the Company's policy that dividends will only be declared when the directors are of the opinion that there are sufficient distributable reserves.

Employees

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

Directors' Remuneration

No director has a service contract with the Company. The directors of the Company who are employees within the ETF Securities Limited group or 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 year:

	2017 GBP	**2016 GBP**
Graham Tuckwell	Nil	Nil
Christopher Foulds	Nil	Nil
Graeme Ross	Nil	7,500
Steven Ross	8,000	500
Joseph Roxburgh	Nil	Nil

Gregory Barton and Peter Ziemba were not directors of the Company during the years ending 31 December 2017 and 2016, and therefore have been excluded from the table above.

Auditor

A resolution to reappoint KPMG Channel Islands Limited as the auditor of the Company will be proposed at the next meeting of the directors.

Corporate Governance

There is no standard code of corporate governance in Jersey. The operations, as previously described in the directors' report, are such that the directors do not consider the Company is required to voluntarily apply the UK Corporate Governance Code.

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

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

Internal Control

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

The Company is dependent upon ManJer to provide management and administration services to it. ManJer is licensed under the Financial Services (Jersey) Law 1998 to conduct classes U and Z of Fund Services Business (ManJer was also licensed to conduct class V of Fund Services Business until 11 April 2018). ManJer outsources the administration services in respect of the Company to R&H. Documented contractual arrangements are in place with the Administrator which define the areas where the authority is delegated to them. The performance of the Manager and Administrator are reviewed on an ongoing basis by the Board, through their review of periodic reports.

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

The Board, having reviewed the effectiveness of the internal control systems of the Manager and R&H, and having a regard to the role of its external auditor, does not consider that there is a need for the Company to establish its own internal audit function.

Audit Committee

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

Christopher Foulds
Director
Jersey
27 April 2018

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

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

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

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

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

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

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

- the financial statements for the year ended 31 December 2017 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by law and in accordance with IFRS as issued by the IASB; and
- the Directors' Report gives a fair view of the development of the Company's business, financial position and the important events that have occurred during the year and their impact on these financial statements.

The principal risks and uncertainties faced by the Company are disclosed in note 12 of these financial statements.

By order of the Board

Christopher Foulds
Director
27 April 2018

Independent Auditor's Report to the Members of ETFS Commodity Securities Limited

Our opinion is unmodified

We have audited the financial statements of ETFS Commodity Securities Limited (the "Company"), which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

— give a true and fair view of the financial position of the Company as at 31 December 2017, and of the Company's financial performance and cash flows for the year then ended;

— are prepared in accordance with International Financial Reporting Standards; and

— have been properly prepared in accordance with the requirements of the Companies (Jersey) Law, 1991.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key Audit Matters: our assessment of the risks of material misstatement

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

	The risk	Our response
Valuation of Commodity Contracts *USD3,530,411,481; (2016: USD3,335,980,666)* *Refer to the accounting policy in note 2, and to disclosures in notes 7 and 12.*	*Basis:* Commodity Contracts represent 99% of the Company's total assets at 31 December 2017. Commodity Contracts are used to back Commodity Securities issued by the Company. Commodity Contracts are accounted for at fair value. In the absence of a quoted price in an active market for the Commodity Contracts, the Company determines fair value by revaluing the Commodity Contracts entered into at the reporting date to their Contractual Value, as described in notes 2(ii) and 12(g). Contractual Value is calculated, in accordance with the formula set out in the prospectus, to reflect the change in the relevant commodity index, taking into account the payment of a management fee and a daily spread. *Risk:* Incorrect application of the formula used to calculate Contractual Value may cause the reported fair value of Commodity Contracts to be materially misstated.	*Our audit procedures included:* *Internal Controls:* Assessed the design, implementation, and operating effectiveness of controls over valuation of the Commodity Contracts. *Evaluation of fair value methodology:* Assessed the appropriateness of the methodology used to determine fair value, and considered whether Contractual Value represents fair value in accordance with IFRS. *Independent confirmation:* Obtained independent confirmation from the Commodity Contract Counterparty of the Contractual Value of Commodity Contracts entered into by the Company at the reporting date. *Independent evaluation:* Recalculated the Contractual Value for a selection of Commodity Contracts, selected based on the most significant classes of Commodity Securities in issue at the reporting date by value, using index data obtained from a third party source. Compared the recalculated Contractual Values to those determined by the Company. *Assessing disclosures:* Assessed the fair value disclosures in the financial statements for compliance with IFRS requirements.

	The risk	Our response
Valuation of Commodity Securities *USD3,506,478,237; (2016: USD3,340,966,977)* *Refer to the accounting policy in note 2, and to disclosures in notes 8 and 12.*	*Basis:* The issuance of Commodity Securities is central to the Company's principal activity. Commodity Securities allow investors to gain long or short exposure to movements in commodity indices. Commodity Securities are accounted for at fair value. The Company determines fair value by revaluing the Commodity Securities in issue at the reporting date to prices quoted for the Commodity Securities in active markets. The Company discloses at the foot of the Statement of Profit or Loss and Other Comprehensive Income the impact of a non-statutory adjustment to the value of Commodity Securities to recognise that there is an accounting valuation difference between the Commodity Securities and the underlying Commodity Contracts which results from the Company's application of IFRS fair value principles. *Risk:* The reported value of the Commodity Securities may diverge from fair value due to the use of an inappropriate market price. Disclosure of a non-statutory adjustment may not be appropriate to achieve fair presentation under IFRS.	*Our audit procedures included:* *Internal Controls:* Assessed the design, implementation, and operating effectiveness of controls over the valuation of Commodity Securities. *Independent evaluation:* Assessed the appropriateness of the pricing source and considered whether the market price represents fair value in accordance with IFRS. Performed an independent evaluation of fair value based on published market prices, and compared to those determined by the Company. *Assessing disclosures:* Assessed the fair value disclosures in the financial statements, including those relating to the non-statutory adjustment, for compliance with IFRS requirements. Considered the Company's basis for the disclosure of the non-statutory adjustment in the context of reducing the perceived misleading aspects of compliance with IFRS and achieving a fair presentation.

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at USD17.9 million, determined with reference to a benchmark of total assets of USD3,572,778,104 as at 31 December 2017, of which it represents 0.5% (2016: 0.5%).

We reported to the Audit Committee all corrected or uncorrected misstatements we identified through our audit exceeding USD895,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

We have nothing to report on the other information in the Directors' Report

The directors are responsible for the other information presented in the Directors' Report together with the financial statements. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

We have nothing to report on other matters on which we are required to report by exception

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

- proper accounting records have not been kept by the Company;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 7, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

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

Steven Hunt
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognized Auditors,
St Helier, Jersey

27 April 2018

	Notes	Year ended 31 December 2017 USD	2016 USD
Revenue	3	22,352,813	19,531,251
Expenses	3	(22,352,813)	(19,531,251)
Operating Result	3	**-**	**-**
Net Gain Arising on Contractual and Fair Value of Commodity Contracts	7	187,122,918	363,127,375
Net Loss Arising on Fair Value of Commodity Securities	8	(158,203,363)	(394,817,370)
Result and Total Comprehensive Income for the Year	8	**28,919,555**	**(31,689,995)**
[1] Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities	2	(28,919,555)	31,689,995
Adjusted Result and Total Comprehensive Income for the Year		**-**	**-**

The directors consider the Company's activities as continuing.

[1] An explanation of the non-statutory adjustment is set out on page 20. 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 17 to 29 form part of these financial statements

	Notes	As at 31 December 2017 USD	2016 USD
Current Assets			
Trade and Other Receivables	6	1,891,450	1,938,258
Commodity Contracts	7	3,530,411,481	3,335,980,666
Amounts Receivable on Commodity Contracts Awaiting Settlement	7	29,819,343	36,641,685
Amounts Receivable on Commodity Securities Awaiting Settlement	8	10,655,830	30,555,135
Total Assets		**3,572,778,104**	**3,405,115,744**
Current Liabilities			
Commodity Securities	8	3,506,478,237	3,340,966,977
Amounts Payable on Commodity Securities Awaiting Settlement	8	29,819,343	36,641,685
Amounts Payable on Commodity Contracts Awaiting Settlement	7	10,655,830	30,555,135
Trade and Other Payables	9	1,891,448	1,938,256
Total Liabilities		**3,548,844,858**	**3,410,102,053**
Equity			
Stated Capital	10	2	2
Revaluation Reserve		23,933,244	(4,986,311)
Total Equity		**23,933,246**	**(4,986,309)**
Total Equity and Liabilities		**3,572,778,104**	**3,405,115,744**

The financial statements on pages 13 to 29 were approved and authorised for issue by the board of directors and signed on its behalf on 27 April 2018.

Christopher Foulds
Director

The notes on pages 17 to 29 form part of these financial statements

	Year ended 31 December	
	2017	2016
	USD	USD
Operating Result for the Year	**-**	**-**
Changes in Operating Assets and Liabilities		
Decrease in Receivables	46,808	280,371
Decrease in Payables	(46,808)	(280,371)
Cash Generated from Operating Activities	-	-
Net Increase in Cash and Cash Equivalents	**-**	**-**
Cash and Cash Equivalents at the Beginning of the Year	-	-
Net Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the End of the Year	**-**	**-**

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 Contract have been netted off in the Statement of Cash Flows.

The notes on pages 17 to 29 form part of these financial statements

	Notes	Stated Capital USD	Retained Earnings USD	Revaluation Reserve[2] USD	Total Equity USD	Adjusted Total Equity USD
Opening Balance at 1 January 2016		**2**	**-**	**26,703,684**	**26,703,686**	**2**
Result and Total Comprehensive Income for the Year		-	(31,689,995)	-	(31,689,995)	(31,689,995)
Transfer to Revaluation Reserve	8	-	31,689,995	(31,689,995)	-	-
[3] Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities	8	-	-	-	-	31,689,995
Balance at 31 December 2016		**2**	**-**	**(4,986,311)**	**(4,986,309)**	**2**
Opening Balance at 1 January 2017		2	-	(4,986,311)	(4,986,309)	2
Result and Total Comprehensive Income for the Year		-	28,919,555	-	28,919,555	28,919,555
Transfer to Revaluation Reserve	8	-	(28,919,555)	28,919,555	-	-
[3] Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities	8	-	-	-	-	(28,919,555)
Balance at 31 December 2017		**2**	**-**	**23,933,244**	**23,933,246**	**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 page 20.

The notes on pages 17 to 29 form part of these financial statements

1. General Information

ETFS Commodity Securities Limited (the "Company") is a company incorporated in Jersey. The address of the registered office is Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW.

ETFS Management Company (Jersey) Limited and the related European exchange-traded product business specialises in the development and issuance of Exchange Traded Products ("ETPs"). ETPs include Exchange Traded Commodities ("ETCs") and Exchange Traded Funds ("ETFs"). The ETCs issued by the Company are secured, undated, limited recourse debt securities designed to track the value (before fees and expenses) of an underlying commodity, index or currency while providing market liquidity for the investor.

The purpose of the Company is to provide a vehicle that permits trading of the Commodity Securities and the Company does not make gains from trading in the underlying Commodity Contracts themselves. The Commodity Securities are issued under limited recourse arrangements whereby the Company has no residual exposure to price movements of the underlying assets, therefore from a commercial perspective gains and losses in respect of Commodity Contracts will always be offset by a corresponding loss or gain on the Commodity Securities. Further details regarding the risks of the Company are disclosed in note 12.

ETCs are not typically actively managed, are significantly lower in cost when compared to actively managed mutual funds and are easily accessible to investors. No trading or management of futures contracts is required of the Company because the Company has entered into arrangements to acquire an equivalent asset exposure to the underlying assets from third parties which fully hedges the exposure of the Company.

The Company is entitled to:

(1) a management fee and a licence allowance which are calculated by applying a fixed percentage to the contractual value of Commodity Securities in issue on a daily basis; and
(2) creation and redemption fees on the issue and redemption of the Commodity Securities.

No creation or redemption fees are payable to the Company when investors trade in the Commodity Securities on a listed market such as the London Stock Exchange.

The Company has entered into a service agreement with ETFS Management Company (Jersey) Limited ("ManJer" or the "Manager), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company (including marketing), as well as the payment of costs relating to the listing and issuance of Commodity Securities. In return for these services the Company pays ManJer an amount equal to the management fee, licence allowance and the creation and redemption fees earned (the "ManJer Fee"). As a result there are no operating profits or losses recognised through the Company.

2. Accounting Policies

The main accounting policies of the Company are described below.

Basis of Preparation

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

2. Accounting Policies (continued)

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 compulsorily redeemed by the Company. Generally only security holders who have entered into an authorised participant agreement with the Company ("Authorised Participant") can submit applications and redemptions directly with the Company. As the redemption of Commodity Securities will always 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 financial statements on this basis.

On 13 November 2017 the Company announced that WisdomTree Investments, Inc (an exchange-traded product sponsor and asset manager) entered into an agreement to acquire ETF Securities Limited's European exchange-traded product business as a going concern, which includes the Company. The Company continues as a going concern following completion of the acquisition on 11 April 2018.

Critical Accounting Estimates and Judgements

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

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The only key accounting judgement required to prepare these 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 7 and 8. Actual results could vary from these estimates.

Accounting Standards

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

In preparing the financial statements the Company has adopted all new or revised Standards and Interpretations, including:

- IAS 12 Income Taxes
- IAS 7 Statement of Cash Flows – Disclosure Initiative
- Annual Improvements to IFRS (including IFRS 12 Disclosure of Interest in Other Entities)

Of those Standards and Interpretations adopted in the current year, none have resulted in any significant effect on these financial statements.

2. Accounting Policies (continued)

Accounting Standards (continued)

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

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

- IFRS 2 Share-based Payment (effective for annual periods beginning on or after 1 January 2018)
- IFRS 4 Insurance Contracts (overlay approach to be applied when IFRS 9 is first applied, deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for three years after that date)
- IFRS 9 Financial Instruments (as amended in 2014) (effective for annual periods beginning on or after 1 January 2018)
- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (no effective date set)
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)
- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019)
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2021)
- IAS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019)
- IAS 40 Investment Property (effective for annual periods beginning on or after 1 January 2018)
- Annual Improvements to IFRS

The directors intend to adopt IFRS 9 for the annual period beginning on 1 January 2018. The directors have undertaken an assessment of the impact of adoption IFRS 9 and have concluded that there would be minimal impact on the amounts reported in respect of the Company's financial instruments. Disclosures in the financial statements will be amended as necessary to meet the requirements of the standard.

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

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

Commodity Securities and Commodity Contracts

i) Issue and Redemption

The Company has entered into facility agreements with Citigroup Global Markets Limited ("Citigroup") and Merrill Lynch International ("Merrill Lynch") (collectively the "Commodity Contract Counterparties"). The facility agreements permit the Company to create and cancel Commodity Contracts at prices equivalent to Commodity Securities issued or redeemed on the same day. Each time a Commodity Security is issued or redeemed by the Company a corresponding number and value of Commodity Contracts are created or cancelled with the Commodity Contract Counterparties.

Financial assets and liabilities are recognised and de-recognised on the transaction date.

UBS Securities AG, London Branch ("UBS") and Merrill Lynch Commodities, Inc ("MLCI") were commodity contract counterparties and had entered into agreements with the Company on similar terms to the current facility agreements with the existing Commodity Contract Counterparties. The facility agreements with UBS and MLCI were terminated on 24 October 2017 and the Commodity Contracts outstanding thereunder were replaced by equivalent Commodity Contracts with Merrill Lynch and Citigroup, respectively.

2. Accounting Policies (continued)

Commodity Securities and Commodity Contracts (continued)

ii) Pricing

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 and licence allowance and swap spread as well as the capital adjustment 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'.

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. The Commodity Securities are priced using the closing mid-market price on the Statement of Financial Position date.

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.

iii) Designation at fair value through Profit or Loss

Each Commodity Security and Commodity Contract comprises a financial instrument whose redemption or cancellation price is linked to the performance of the relevant commodity index adjusted by the applicable fees and expenses.

These instruments are designated at fair value through profit or loss upon initial recognition. This is in order to enable gains or losses on both the Commodity Securities and Commodity Contracts to be recorded in the Statement of Profit or Loss and Other Comprehensive Income.

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 Contractual Value (based on the formula set out in the Prospectus) of the Commodity Contracts and the market price of Commodity 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 movement entitled 'Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities'.

Commodity Contracts and Securities Awaiting Settlement

The issue or redemption of Commodity Securities, and the creation or cancellation of Commodity Contracts, is accounted for on the transaction date. Where settlement pricing is applied, the transaction will not settle until two days after the transaction date. Where transactions are awaiting settlement at the year end, the monetary value of the Commodity Contracts and the Commodity Securities due to be settled is separately disclosed within the relevant assets and liabilities on the Statement of Financial Position.

Revenue Recognition

Revenue is recognised to the extent that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty.

Fees received for the issue and redemption of Commodity Securities are recognised at the date on which the transaction becomes legally binding. All other income and expenses are recognised on an accruals basis.

2. Accounting Policies (continued)

Loans and Receivables

The loans and receivables are non-derivative financial assets with a fixed payment amount and are not quoted in an active market. After initial measurement the loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortised cost of an instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Gains and losses on loans and receivables which are impaired are recognised immediately through profit or loss.

Foreign Currency Translation

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in United States Dollars, which is the functional currency of the Company, and the presentational currency of the financial statements.

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

Segmental Reporting

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

The Company 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 there are two segments comprising Classic & Longer Dated and Short & Leveraged – results of each are disclosed separately in note 5.

3. Operating Result

Operating result for the year comprised:

	Year ended 31 December 2017 USD	2016 USD
Management Fees	20,172,029	17,627,648
Licence Allowance	1,809,465	1,545,646
Creation and Redemption Fees	371,319	357,957
Total Revenue	**22,352,813**	**19,531,251**
ManJer Fees	(22,352,813)	(19,531,251)
Total Operating Expenses	**(22,352,813)**	**(19,531,251)**
Operating Result	**-**	**-**

Audit Fees for the year of GBP 23,000 will be met by ManJer (2016: GBP 22,330).

4. Taxation

The Company is subject to Jersey Income Tax. The Jersey Income Tax rate applicable to the Company for the foreseeable future is zero percent.

5. Segmental Reporting

The Company has two operating segments; Classic & Longer Dated and Short & Leveraged Commodity Securities in issue. The Company earns revenues from each of these sources.

For the year ended 31 December 2017:	Classic & Longer Dated USD	Short & Leveraged USD	Total USD
Management Fees	15,293,481	4,878,548	20,172,029
Licence Allowance	1,560,559	248,906	1,809,465
Creation and Redemption Fees	186,479	184,875	371,354
Total Revenue	17,040,519	5,312,329	22,352,848
Total Operating Expenses	(17,040,519)	(5,312,329)	(22,352,848)
Segmental Result	-	-	-

For the year ended 31 December 2016:	Classic & Longer Dated USD	Short & Leveraged USD	Total USD
Management Fees	12,667,028	4,960,620	17,627,648
Licence Allowance	1,292,553	253,093	1,545,646
Creation and Redemption Fees	172,023	185,934	357,957
Total Revenue	14,131,604	5,399,647	19,531,251
Total Operating Expenses	(14,131,604)	(5,399,647)	(19,531,251)
Segmental Result	-	-	-

Additional information relating to the assets and liabilities associated with these Commodity Securities is disclosed in notes 7 and 8.

6. Trade and Other Receivables

	As at 31 December 2017 USD	As at 31 December 2016 USD
Management Fees and Licence Allowance	1,683,078	1,848,661
Creation and Redemption Fees	208,370	89,595
Receivable from Related Party	2	2
	1,891,450	**1,938,258**

The fair value of these receivables is equal to the carrying value.

7. Commodity Contracts

31 December 2017	Change in Fair Value USD	Fair Value USD
Classic & Longer Dated Commodity Contracts	193,069,698	3,008,284,802
Short & Leveraged Commodity Contracts	(5,946,780)	522,126,679
Total Commodity Contracts	**187,122,918**	**3,530,411,481**

31 December 2016	Change in Fair Value USD	Fair Value USD
Classic & Longer Dated Commodity Contracts	310,783,119	2,875,532,891
Short & Leveraged Commodity Contracts	52,344,256	460,447,775
Total Commodity Contracts	**363,127,375**	**3,335,980,666**

As at 31 December 2017, there were certain Commodity Contracts awaiting settlement in respect of the creation or redemption of Securities with transaction dates before the year end and settlement dates in the following year:

- The amount receivable on Commodity Contracts as a result of unsettled redemptions of Commodity Securities is USD 29,819,343 (2016: USD 36,641,685).
- The amount payable on Commodity Contracts as a result of unsettled creations of Commodity Securities is USD 10,655,830 (2016: USD 30,555,135).

8. Commodity Securities

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. These prices are based on agreed formulae, and are equal to the published net asset values ("NAV") of each class of Commodity Security. Therefore, the actual contractual issue and redemption of Commodity Securities occur at a price that corresponds to gains or losses on the Commodity Contracts. As a result the Company has no net exposure to gains or losses on the Commodity Securities and Commodity Contracts.

The Company measures the Commodity Securities at their market value in accordance with IFRS 13 rather than their Contractual Value (as described in the Prospectus). The market value is deemed to be the prices quoted on stock exchanges or other markets where the Commodity Securities are listed or traded. However Commodity Contracts are valued based on the agreed formulae set out in the Prospectus.

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

31 December 2017	Change in Fair Value USD	Fair Value USD
Classic & Longer Dated Commodity Securities	(171,682,256)	2,989,657,166
Short & Leveraged Commodity Securities	13,478,893	516,821,071
Total Commodity Securities	**(158,203,363)**	**3,506,478,237**

8. Commodity Securities (continued)

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

31 December 2017	**Change in Contractual Redemption Value USD**	**Contractual Redemption Value USD**
Classic & Longer Dated Commodity Securities	(193,069,698)	3,008,284,802
Short & Leveraged Commodity Securities	5,946,780	522,126,679
Total Commodity Securities	**(187,122,918)**	**3,530,411,481**

The gain or loss on the difference between the agreed 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.

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

	Year ended 31 December	
	2017 USD	**2016 USD**
Net Gain Arising on Contractual and Fair Value of Commodity Contracts	187,122,918	363,127,375
Net Loss Arising on Fair Value of Commodity Securities	(158,203,363)	(394,817,370)
	28,919,555	**(31,689,995)**

As at 31 December 2017, there were certain Commodity Securities awaiting settlement in respect of creations or redemptions with transaction dates before the year end and settlement dates in the following year:

- The amount receivable as a result of unsettled creations of Commodity Securities is USD 10,655,830 (2016: USD 30,555,135).
- The amount payable as a result of unsettled redemptions of Commodity Securities is USD 29,819,343 (2016: USD 36,641,685).

31 December 2016	**Change in Fair Value USD**	**Fair Value USD**
Classic & Longer Dated Commodity Securities	(333,194,986)	2,878,292,696
Short & Leveraged Commodity Securities	(61,622,384)	462,674,281
Total Commodity Securities	**(394,817,370)**	**3,340,966,977**

8. Commodity Securities (continued)

31 December 2016	Change in Contractual Redemption Value USD	Contractual Redemption Value USD
Classic & Longer Dated Commodity Securities	(310,783,119)	2,875,532,891
Short & Leveraged Commodity Securities	(52,344,256)	460,447,775
Total Commodity Securities	**(363,127,375)**	**3,335,980,666**

9. Trade and Other Payables

	As at 31 December 2017 USD	2016 USD
ManJer Fees Payable	**1,891,448**	**1,938,256**

The fair value of these payables is equal to the carrying value.

10. Stated Capital

	As at 31 December 2017 USD	2016 USD
2 Shares of Nil Par Value, Issued at GBP 1 Each	**2**	**2**

The Company can issue an unlimited capital of nil par value shares in accordance with its Memorandum of Association.

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

11. Related Party Disclosures

Entities and individuals which have a significant influence over the Company, either through the ownership or by virtue of being a director of the Company, are related parties.

Fees charged by ManJer during the year:

	Year ended 31 December 2017 USD	2016 USD
ManJer Fees	**22,352,813**	**19,531,251**

11. Related Party Disclosures (continued)

The following balances were due to ManJer at year end:

	As at 31 December 2017 USD	2016 USD
ManJer Fees Payable	**1,891,450**	**1,938,256**

At 31 December 2017, USD 2 is receivable from ManJer (2016: receivable from HoldCo USD 2).

As disclosed in the Directors' Report, ManJer paid Directors' Fees in respect of the Company of GBP 8,000 (2016: GBP 8,000).

Steven Ross is a director of R&H Fund Services (Jersey) Limited ("R&H" or the "Administrator"). Christopher Foulds is the Compliance Officer of ManJer, and was an employee of ETF Securities Limited until 11 April 2018. On 11 April 2018 Christopher Foulds joined R&H. During the year, R&H charged ManJer administration fees in respect of the Company of GBP 300,984 (2016: GBP 600,808), of which GBP 70,750 (2016: GBP 77,400) was outstanding at the year end.

Gregory Barton and Peter Ziemba are executive officers of WisdomTree Investments, Inc.

Graham Tuckwell is a director of ETF Securities Limited and was a director of ManJer and HoldCo until 11 April 2018. Joseph Roxburgh was a director of ManJer and HoldCo and the Company Secretary of the Company until 11 April 2018.

12. Financial Risk Management

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

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

The risk management policies employed by the Company to manage these are discussed below.

(a) Credit Risk

Credit risk primarily refers to the risk that Authorised Participants or the Commodity Contract Counterparty will default on its contractual obligations resulting in financial loss.

The value of Commodity Securities and the ability of the Company to repay the redemption price is dependent on the receipt of such amount from the Commodity Contract Counterparties and may be affected by the credit rating attached to each Commodity Contract Counterparty.

To cover the credit risk under the Commodity Contracts, the Commodity Contract Counterparties are obliged to place an equivalent amount of collateral into a pledge account with the Bank of New York Mellon based on the total outstanding value of the Commodity Contracts at the end of the previous trading day. In the event of default by a Commodity Contract Counterparty, the Company has rights which it can exercise over the amounts placed in this pledge account.

12. Financial Risk Management (continued)

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities as they fall due.

Generally, there is no liquidity risk to the Company because the maturity profiles of the Commodity Securities and Commodity Contracts are matched, therefore the Company does not have to wait for a longer-term contract to mature in order to pay its debts to ex-security holders. Furthermore, while the agreements with the Commodity Contract Counterparties include limits (both daily and in the aggregate) on the issue and cancellation of Commodity Contracts, the Company is not obliged to issue and redeem Commodity Securities in excess of those limits under the terms of the security agreement.

(c) Settlement Risk

Settlement risk primarily refers to the risk that an Authorised Participant or the Commodity Contract Counterparty will default on its contractual obligations resulting in financial loss.

The directors believe that settlement risk would only be caused by the risk of the Company's trading counterparty not delivering cash, Commodity Contracts or Commodity Securities on the settlement date. The directors feel that this risk is mitigated as a result of the cash or Commodity Securities settling through the CREST system. The system ensures that the transaction does not settle until both parties have fulfilled their contractual obligations.

Amounts outstanding in respect of positions yet to settle are disclosed in notes 7 and 8.

(d) Capital Management

The Company's principal activity is the issue and listing of Commodity Securities. These Commodity Securities are issued and redeemed as demand requires. The Company holds a corresponding number of Commodity Contracts which matches the total liability of the Commodity Securities issued. ManJer supplies or arranges for the supply of all management and administration services to the Company and pays all management and administration costs of the Company. In return for these services the Company pays ManJer a fee, which under the terms of the service agreement is equal to the aggregate of the management fee, licence allowance and creation and redemption fees earned. The Company is not subject to any capital requirements imposed by a regulator and there were no changes in the Company's approach to capital management during the year.

As all Commodity Securities in issue are supported by an equivalent number of Commodity Contracts held with the Commodity Contract Counterparties and the running costs of the Company are paid by ManJer, the directors of the Company consider the capital management and its current capital resources are adequate to maintain the ongoing listing and issue of Commodity Securities.

(e) Sensitivity Analysis

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

The Company's rights and liability in respect of Commodity Contracts and Commodity Securities, respectively, relates to its contractual obligations to issue and redeem Commodity Securities at set prices on each trading day. As a result the Company's contractual and economic liability in connection with the issue and redemption of Commodity Securities is matched by movements in corresponding Commodity Contracts. Consequently, the Company does not have any net exposure to market price risk. Therefore, in the directors' opinion, no sensitivity analysis is required to be disclosed.

12. Financial Risk Management (continued)

(f) Market Risk

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

i) Price Risk
The value of the Company's liability in respect of the Commodity Securities fluctuates according to the performance of the underlying commodity index and the risk of such change in price is managed by the Company by entering into Commodity Contracts with the Commodity Contract Counterparties which match the liability. The Company therefore bears no financial risk from a change in the price of a commodity, commodity index or currency by reference to the futures price. Refer to note 8 for the further details regarding fair values.

However there is an inherent risk from the point of view of investors as the price of commodities, and thus the value of the Commodity Securities, may vary widely due to, amongst other things, changing supply or demand, government and monetary policy or intervention and global or regional political, economic or financial events.

The market price of Commodity Securities is a function of supply and demand amongst investors wishing to buy and sell Commodity Securities and the bid-offer spread that the market makers are willing to quote. This is highlighted in note 8, and below under the Fair Value Hierarchy.

ii) Interest Rate Risk
The multiplier used in the pricing of the Commodity Contracts or the Commodity Securities takes into account the incremental capital enhancement component of the Commodity Security, which includes the impact of interest rates. As a result the Company does not have significant exposure to interest rate risk.

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

(g) Fair Value Hierarchy

The levels in the hierarchy are defined as follows:

- Level 1 fair value based on quoted prices in active markets for identical assets.
- Level 2 fair values based on valuation techniques using observable inputs other than quoted prices 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 is required to utilise the available market price as the Commodity Securities are quoted and actively traded on the open market. Therefore Commodity Securities are classified as level 1 financial liabilities.

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.

12. Financial Risk Management (continued)

(g) Fair Value Hierarchy (continued)

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

	Fair Value as at 31 December	
	2017	2016
	USD	USD
Level 1		
Commodity Securities	**(3,506,478,237)**	**(3,340,966,977)**
Level 2		
Commodity Contracts	**3,530,411,481**	**3,335,980,666**

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 year.

13. Ultimate Controlling Party

The immediate parent company is HoldCo, a Jersey registered company. Following completion of the acquisition which included HoldCo on 11 April 2018 the ultimate controlling party is WisdomTree Investments, Inc. Prior to 11 April 2018 Graham Tuckwell was the ultimate controlling party of HoldCo through his majority shareholding in ETF Securities Limited.

The value of the Commodity Contracts backing the Commodity Securities is wholly attributable to the holders of the Commodity Securities.

14. Events Occurring After the Reporting Period

Change of Ownership

On 13 November 2017, the Company announced that WisdomTree Investments, Inc (an exchange-traded product sponsor and asset manager) entered into an agreement to acquire ETF Securities Limited's European exchange-traded product business as a going concern, which includes the Company. The change of ownership occurred on 11 April 2018.

No other significant events have occurred since the end of the reporting period up to the date of signing the Financial Statements which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 31 December 2017 or on the results and cash flows of the Company for the year ended on that date.

The intelligent alternative.