ETFS Equity Securities Limited

Registered No: 112019

Report and Financial Statements for the Year ended 31 December 2019

Contents

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Stuart Bell
Hilary Jones
Steven Ross
Peter Ziemba

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The directors of ETFS Equity Securities Limited ("ESL" or the "Company") submit herewith the annual report and financial statements of the Company for the year ended 31 December 2019.

Directors

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

Gregory Barton	(Resigned 15 March 2019)
Stuart Bell	(Appointed 28 October 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

Until the compulsory redemption of all securities of the Company following a product rationalisation project undertaken during the year the Company's principal activity was the issue and listing of Leveraged Short Equity Securities and Leveraged Equity Securities ("Equity Securities"), which allowed investors to gain three times daily leveraged longer dated or three times daily leveraged short exposure to underlying equity benchmarks by tracking Leveraged Equity Indices or Short Equity Indices respectively (the "Leveraged Equity Indices" or "Short Equity Indices" collectively referred to as "Equity Indices").

Equity Securities were backed by derivative contracts ("Equity Contracts") which tracked the relevant Equity Index (less fees, expenses and adjustments), with terms corresponding to the terms of the Equity Securities. The Equity Contracts provided the Issuer with matching exposure to movements in Equity Indices without the requirement to purchase equities or to trade in equity futures contracts.

Each time Equity Securities were issued or redeemed, matching Equity Contracts between the Company and an Equity Contract Counterparty were created or cancelled by the Company. The Company entered into a facility agreement with Société Générale, its Equity Contract Counterparty, enabling the Company to create and cancel Equity Contracts.

The Company earned an administration allowance (the "Administration Allowance") and a licence allowance (the "Licence Allowance") based upon the number of Equity Securities in issue. These fees were expressed as an annual percentage, calculated on a daily basis and were reflected in the Net Asset Value ("NAV") of the Securities on a daily basis, and paid monthly in arrears.

The Company entered into a service agreement with WisdomTree Management Jersey Limited ("ManJer" or the "Manager"), whereby ManJer was 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 Equity Securities. In return for these services, the Company was obligated to remunerate ManJer with 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 were received and then transferred to ManJer and ManJer receives creation and redemption fees directly from Authorised Participants.

Review of Operations

The most recent Prospectus was issued on 12 July 2019. As at 31 December 2019, the Company had no Equity Securities in issue and admitted to trading on any exchanges

As at 31 December 2019, the fair value of assets under management amounted to USD Nil (2018: USD 124.9 million). The Company recognises its financial assets (Equity Contracts) and financial liabilities (Equity Securities) at fair value in the Statement of Financial Position.

Review of Operations (continued)

During the year, the Company generated income from creation and redemption fees, and Administration Allowance and Licence Allowance as follows:

	2019 USD	2018 USD
Creation and Redemption Fees	-	(1,606)
Administration Allowance and Licence Allowance	720,745	962,417
Total Fee Income	720,745	960,811

Under the terms of the service agreement with ManJer, the Company accrued expenses equal to the Administration Allowance 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 year of USD Nil (2018: USD Nil).

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

The Company entered into contractual obligations to issue and redeem Equity Securities at set prices on each trading day. These prices were based on an agreed formula published in the Prospectus, and were equal to the published NAV of each class of Equity 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 Equity Securities were listed to be the principal market and as a result the fair value of the Equity Securities was the on-exchange price as quoted on those stock exchanges demonstrating active trading. As a result of the difference in valuation methodology between Equity Contracts and Equity 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 Equity Contracts and the market price of Equity Securities. This gain or loss has been reversed on the subsequent redemption of the Equity Securities and cancellation of the corresponding Equity Contracts. This is presented in more detail in note 7 to these financial statements.

Going Concern

The nature of the Company's business dictates that the outstanding Equity Securities may be redeemed at any time by the holder and in certain circumstances may be compulsorily redeemed by the Company. During the year the Company underwent a product rationalisation project which resulted in the compulsory redemption of all securities held by the Company. Following the compulsory redemption, all registered investors (on the redemption date) have been paid the required redemption proceeds and there are no residual assets or amounts due to security holders. As the redemption of Equity Securities will always coincide with the cancellation of a corresponding amount and value of Equity Contracts, all Equity Contracts were cancelled simultaneously. It is the intention of the directors that the Company be wound up within 12 month of the date of signing of the financial statements. The directors have prepared the financial statements on a basis other than that of a going concern.

Future Developments

Coronavirus disease (COVID-19)

On 11 March 2020, the Director-General of the World Health Organisation ("WHO") announced that the WHO had assessed the worldwide outbreak of COVID-19 as a pandemic. National governments and supranational organisations in multiple states have taken steps designed to protect their populations from COVID-19, including requiring or encouraging home working, the cancellation of sporting, cultural and other events and restricting or discouraging gatherings of people. COVID-19 has created market turmoil and increased market volatility generally.

The directors are closely monitoring the advice and developments relating to the spread of COVID-19, which is fluid and rapidly changing. The WisdomTree group has, and continues to implement measures to maintain the ongoing safety and well-being of employees, whilst continuing to operate business as usual.

Risk Management

Each Equity Security comprised a debt instrument whose redemption price was linked to the price of the underlying index. The Securities were issued under limited recourse arrangements whereby the holders had recourse only to the value of the Equity Contracts attributed to the class of Equity Securities they held and not to the Company. In addition, since any such price movements were wholly attributable to the Equity Security holders, the Company had no residual exposure to price movements of the Equity Contracts. From a commercial perspective, the gains or losses on the liability represented by the Equity Securities were matched economically by corresponding losses or gains attributable to the Equity Contracts (see detail on page 3 regarding the accounting mis-match). The Company did not retain any net gains or losses or net risk exposures. Further details surrounding the value of Equity Securities and the Equity Contracts are disclosed in note 11.

Movements in the price of the underlying index, and thus the value of the Equity Securities, may vary widely which could have an impact on the demand for the Equity Securities issued by the Company.

Dividends

There were no dividends declared or paid in the year (2018: GBP 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 Wisdom Tree Investments, Inc 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 following directors' fees have been paid by ManJer on behalf of the Company for the year:

		2019 GBP	2018 GBP
Gregory Barton	(Resigned 15 March 2019)	Nil	Nil
Stuart Bell	(Appointed 28 October 2019)	Nil	Nil
Hilary Jones		8,000	1,315
Steven Ross		8,000	8,000
Peter Ziemba		Nil	Nil

Auditor

The Independent Auditor, Ernst & Young LLP were appointed during the year.

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 have determined that the Company is not required to apply, and has elected not 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 Equity Securities, has not undertaken any business, save for entering into the required documents and performing the obligations and exercising its rights in relation to the issuance and redemption of Equity Securities, since its incorporation. The Company does not intend to undertake any business other than issuing and redeeming Equity 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 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 on-going 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 ManJer 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 auditor.

Steven Ross
Director
Jersey
15 May 2020

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. For the reasons stated in the Directors' Report and note 2, the financial statements have been prepared on a basis other than that of a going concern.

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

- the financial statements for the year ended 31 December 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 IFRS as issued by the IASB; and
- the Directors' Report gives a fair view of the development and performance of the Company's business, including financial position and the important events that have occurred during the year, and their impact on these financial statements, together with a description of the principal risks and uncertainties they face.

Additional information on other financial and operational risks and uncertainties faced by the Company are disclosed in note 11 of these financial statements. Detail of the wider macroeconomic risks faced by the Company are disclosed in the Directors' Report.

By order of the Board

Steven Ross
Director
15 May 2020

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ETFS EQUITY SECURITIES LIMITED

Opinion

We have audited the financial statements of ETFS Equity Securities Limited (the "company") for the year ended 31 December 2019 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial statements prepared on a break up basis

We draw attention to Note 2 to the financial statements which explains that the directors intend to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a break up basis as described in Note 2. Our opinion is not modified in this respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ETFS EQUITY SECURITIES LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Christopher David Gordon Barry, FCA
for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
15 May 2020

	Notes	Year ended 31 December 2019 USD	2018 USD
Revenue	3	720,745	960,811
Expenses	3	(720,745)	(960,811)
Operating Result	3	**-**	**-**
Net Gain / (Loss) Arising on Contractual and Fair Value of Equity Contracts	6	2,134,024	(11,963,288)
Net (Loss) / Gain Arising on Fair Value of Equity Securities	7	(2,176,369)	11,964,345
Result and Total Comprehensive (Expense)/Income for the Year	7	**(42,345)**	**1,057**
[1] Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Equity Securities	2	42,345	(1,057)
Adjusted Result		**-**	**-**

The directors consider the Company's activities to be continuing.

[1] An explanation of the non-statutory and non-GAAP adjustment is set out on page 15. This represents the movement in the difference between the Contractual Value of the Equity Contracts and the market price of Equity Securities.

The notes on pages 13 to 24 form part of these financial statements

	Notes	As at 31 December 2019 USD	As at 31 December 2018 USD
Assets			
Cash and Cash Equivalents		76	84
Equity Contracts	6	-	124,938,532
Amounts Receivable on Equity Contracts Awaiting Settlement	6	-	752,076
Trade and Other Receivables	5	1,315	244,601
Total Assets		**1,391**	**125,935,293**
Liabilities			
Equity Securities	7	-	124,896,187
Amounts Payable on Equity Securities Awaiting Settlement	7	-	752,076
Trade and Other Payables	8	1,388	244,682
Total Liabilities		**1,388**	**125,892,945**
Equity			
Stated Capital	9	3	3
Revaluation Reserve		-	42,345
Total Equity		**3**	**42,348**
Total Equity and Liabilities		**1,391**	**125,935,293**

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

The financial statements on pages 9 to 24 were approved and authorised for issue by the board of directors and signed on its behalf on 15 May 2020.

Steven Ross
Director

	Year ended 31 December	
	2019	2018
	USD	USD
Operating Result for the Year	**-**	**-**
Changes in Operating Assets and Liabilities		
Decrease in Receivables	243,286	2,357
Decrease in Payables	(243,294)	(2,376)
Cash Flows used in Operating Activities	(8)	(19)
Net Decrease in Cash and Cash Equivalents	**(8)**	**(19)**
Cash and Cash Equivalents at the Beginning of the Year	84	103
Net Decrease in Cash and Cash Equivalents	(8)	(19)
Cash and Cash Equivalents at the End of the Year	**76**	**84**

Equity Securities were issued through a direct transfer of cash from the Authorised Participant to the Equity Contract Counterparties or redeemed by the direct transfer of cash by the Equity Contract Counterparties to the Authorised Participant. As such the Company is not a party to any cash transactions. The creations and redemptions of Equity Securities and additions and disposals of Equity Contracts, which are non-cash transactions for the Company, are disclosed in notes 7 and 8 respectively in the reconciliation of opening to closing Equity Securities and Equity Contracts.

	Notes	Stated Capital USD	Retained Earnings USD	Revaluation Reserve[2] USD	Total Equity USD	Adjusted Total Equity USD
Opening Balance at 1 January 2018		**3**	**-**	**41,288**	**41,291**	**3**
Result and Total Comprehensive Income for the Year		-	1,057	-	1,057	1,057
Transfer to Revaluation Reserve	7	-	(1,057)	1,057	-	-
[3] Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Equity Securities	7	-	-	-	-	(1,057)
Balance at 31 December 2018		**3**	**-**	**42,345**	**42,348**	**3**
Opening Balance at 1 January 2019		3	-	42,345	42,348	3
Result and Total Comprehensive Expense for the Year		-	(42,345)	-	(42,345)	(42,345)
Transfer from Revaluation Reserve	7	-	42,345	(42,345)	-	-
[3] Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Equity Securities	7	-	-	-	-	42,345
Balance at 31 December 2019		**3**	**-**	**-**	**3**	**3**

[2] This represents the difference between the Contractual Value of the Equity Contracts and the market price of Equity Securities.

[3] An explanation of the non-statutory and non-GAAP adjustment is set out on page 15.

The notes on pages 13 to 24 form part of these financial statements

1. General Information

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

The purpose of the Company was to provide a vehicle that facilitated the issuance and subsequent listing and trading of Equity Securities. The Company did not make gains from trading in the underlying Equity Contracts themselves. The Equity Securities were issued under limited recourse arrangements whereby the Company had no residual exposure to price movements of the underlying assets, therefore from a commercial perspective gains and losses in respect of Equity Contracts were always offset by a corresponding loss or gain on the Equity Securities. Further details regarding the risks of the Company are disclosed in note 11.

Exchange-traded products 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 was required by the Company because the Company entered into arrangements to acquire an equivalent asset exposure represented by the Equity Securities from a third party which fully hedged the exposure of the Company.

The Company was entitled to:

(1) an Administration Allowance and a Licence Allowance which were calculated by applying a fixed percentage to the contractual value of Equity Securities in issue on a daily basis; and
(2) creation and redemption fees on the issue and redemption of the Equity Securities.

No creation or redemption fees were payable to the Company when investors traded in the Equity Securities on a listed market such as the London Stock Exchange. Creation and redemption fees were also waived with certain approved persons where applicable.

The Company entered into a service agreement with WisdomTree Management Jersey Limited ("ManJer" or the "Manager"), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company (including marketing) as well as the payment of costs relating to the listing and issuance of Equity Securities. In return for these services, the Company pays ManJer an amount equal to the Administration Allowance, Licence Allowance and the creation and redemption fees earned less any other expenses incurred (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.

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.

2. Accounting Policies (continued)

Critical Accounting Estimates and Judgements (continued)

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 key accounting judgements required to prepare these financial statements are in respect of the presentation of non-statutory and non-GAAP adjustments to the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Changes in Equity, as disclosed on page 19. As a result of the mismatch in the valuation of Commodity Contracts and Commodity Securities held at fair value through profit or loss as disclosed in notes 7 and 8. The directors do not consider that any significant estimates have been applied in the preparation of these financial statements.

Going Concern

Following a product rationalisation project during the year all Equity Securities held by the Company have been compulsorily redeemed and all Equity Contracts have been simultaneously cancelled. Following the compulsory redemption, all registered investors (on the redemption date) have been paid the required redemption proceeds and there are no residual assets or amounts due to security holders. The directors intend for the Company to be wound up within 12 months from the date of signing of the financial statements and therefore the directors have prepared the financial statements on a basis other than that of a going concern. Accordingly all assets have been classified as current and written down to their recoverable amount if necessary, with the directors being of the opinion that the recoverable amount is the carrying value. Likewise, liabilities have been classified as current, and recognised where an obligation exists at the statement of financial position date. All expenses of the Company, including the costs to liquidate, are met by ManJer; therefore no provision has been made in these financial statements for any liquidation costs.

All operations are considered discontinued as a result of the forthcoming termination of the Company.

Accounting Standards

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:

- IFRS 16 Leases
- IAS 28 Investments in Associates and Joint Ventures

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

Equity Securities and Equity Contracts

i) *Issue and Redemption*

The Company entered into a Facility Agreement with Société Générale to permit the Company to create and cancel Equity Contracts at prices equivalent to Equity Securities issued or redeemed on the same day. Each time an Equity Security was issued or redeemed by the Company a corresponding number and value of Equity Contracts were created or cancelled with Société Générale.

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

2. Accounting Policies (continued)

Equity Securities and Equity Contracts (continued)

ii) Pricing

The Equity Contracts were priced by reference to the value of the relevant indices published by the relevant equity index sponsor, a multiplier calculated by the Company and agreed with Société Générale and the adjustment factor. The multiplier took into account the daily accrual of the Administration Allowance, the Licence Allowance and the swap spread and collateral cost payable to the Equity Contract Counterparty. The adjustment factor was only relevant in specific circumstances as outlined in the Prospectus. This price was calculated based on the formula set out in the Prospectus, and is referred to as the 'Contractual Value' and is considered to be the fair value of the Equity Transactions.

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 Equity Securities were listed to be the principal market and as a result the fair value of the Equity Securities was the on-exchange price as quoted on those stock exchanges demonstrating active trading. The Equity Securities were priced using the closing mid-market price on the Statement of Financial Position date.

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

ii) Classification at fair value through Profit or Loss

Each Equity Security and Equity Contract comprised a financial instrument whose redemption or cancellation price was linked to the performance of the relevant Equity Index adjusted by the applicable fees and expenses.

The Equity Contracts are mandatorily classified as financial assets at fair value through profit or loss upon initial recognition under IFRS 9 based on the business model and contractual terms.

The Equity Securities held are classified as financial liabilities measured at fair value through profit or loss as, upon initial recognition under IFRS 9, as they are irrevocably designated by the entity as such.

This is considered to result in more relevant information, as it eliminates, or significantly reduces, a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. In this case the policy applied enables gains or losses on both the Equity Securities and Equity 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 as set out in the Prospectus) of the Equity Contracts and the market price of Equity Securities. This gain or loss is transferred to a Revaluation Reserve which is non-distributable. The results of the Company are adjusted through the presentation of a non-statutory and non-GAAP movement entitled 'Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Equity Securities'.

Equity Contracts and Equity Securities Awaiting Settlement

The issue or redemption of Equity Securities, and the creation or sale of Equity Contracts was 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 period end, the monetary value of the Equity Contracts and Equity Securities due to be settled is separately disclosed within the relevant assets and liabilities on the Statement of Financial Position. The fair value of these receivables and payables is considered equivalent to their carrying value.

2. Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include deposits held at call with banks.

Other financial assets and liabilities

Other financial assets and liabilities are non-derivative financial assets and liabilities including trade and other receivables and trade and other payables with a fixed payment amount and are not quoted in an active market. After initial measurement the other financial assets and liabilities are subsequently measured at amortised cost using the effective interest method less any allowance for expected credit losses. 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. Impairment losses, including reversals of impairment losses and impairment gains, are presented in the statement of profit or loss and other comprehensive income.

Revenue Recognition

The Company derives its revenue from contracts with customers for the transfer services over time (in respect of management fees), and at a point in time (in respect of creation and redemption fees). Revenue is measured based on a consideration of the amount to which the Company expects to be entitled, excluding discounts, rebates, and other sales taxes or duty. All other income and expenses are recognised on an accruals basis.

i) Management Fess
Management fees are calculated and recognised on a daily basis by applying a fixed percentage to the contractual value of Commodity Securities in issue in accordance with the terms of the securities issued. Accrued management fees are invoiced and settled on a monthly basis.

ii) Creation and Redemption Fees
Fees for the issue and redemption of Commodity Securities are recognised at the fair value of the consideration expected to be received, on the date on which the transaction becomes legally binding. Accrued creation and redemption fees are invoiced and settled on a quarterly basis.

Reserves

A revaluation reserve and a retained earnings reserve are maintained within equity. All profit or loss is taken to the retained earnings reserve at the end of the accounting period to which it relates and the gain or loss relating to the mis-match of accounting values is transferred to the non-distributable revaluation reserve.

Foreign Currency Translation

The financial statements of the Company are presented in the currency in which the majority of the Equity Securities issued by the Company are denominated (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 period end date will be translated at rates ruling at that date. Creation and redemption fees will be translated at the average rate for the month in which they will be incurred. The resulting differences will be 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.

2. Accounting Policies (continued)

Segmental Reporting (continued)

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 has not provided segmental information as the Company has only one business or product group, Equity Securities, and one geographical segment which is Europe. In addition the Company has no single major customer from which greater than 10% of revenue is generated. All information relevant to the understanding of the Company's activities is included in these financial statements.

3. Operating Result

Operating result for the year comprised:

	Year ended 31 December	
	2019	**2018**
	USD	**USD**
Creation and Redemption Fees	-	(1,606)
Administration Allowance	657,078	874,924
Licence Allowance	63,667	87,493
Total Revenue	**720,745**	**960,811**
ManJer Fees	(720,725)	(960,729)
Bank Charges	(20)	(82)
Total Operating Expenses	**(720,745)**	**(960,811)**
Operating Result	**-**	**-**

Audit Fees for the year of GBP 10,030 will be met by ManJer (2018: GBP 9,760).

4. Taxation

The Company is subject to Jersey Income Tax. During the year the Jersey Income Tax rate applicable to the Company is zero percent (2018: zero percent).

5. Trade and Other Receivables

	As at 31 December	
	2019	**2018**
	USD	**USD**
Administration Allowance and Licence Allowance	-	243,327
Creation and Redemption Fees Receivable	1,312	1,271
Receivable from Related Party	3	3
	1,315	**244,601**

The fair value of these receivables is equal to the carrying value. The Trade and Other Receivables are due to be recovered within 12 months of the year end.

6. Equity Contracts

	As at 31 December	
	2019	**2018**
	USD	**USD**
Net Gain / (Loss) Arising on Contractual and Fair Value of Equity Contracts	**2,134,024**	**(11,963,288)**
Equity Contracts at Fair Value	**-**	**124,938,532**

As at 31 December 2019, there were certain Equity 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 Equity Contracts as a result of unsettled redemptions of Equity Securities is USD Nil (2018: USD 752,076).

The below reconciliation of changes in the Equity Contracts includes only non-cash changes.

	Year ended 31 December	
	2019	**2018**
	USD	**USD**
Opening Equity Contracts	**124,938,532**	**129,913,313**
Additions	61,245,370	177,806,323
Disposals	(187,597,181)	(169,855,399)
Management Fee	(720,745)	(962,417)
Change in Fair Value	2,134,024	(11,963,288)
Closing Equity Contracts	**-**	**124,938,532**

7. Equity Securities

Whilst the Equity Securities were quoted on the open market, the Company's liability related to its contractual obligations to issue and redeem Equity Securities at set prices on each trading day. These prices were based on an agreed formula, and were equal to the published net asset values ("NAV") of each class of Equity Security. Therefore, the actual contractual issue and redemption of Equity Securities occurred at a price that corresponded to gains or losses on the Equity Contracts. As a result the Company had no net exposure to gains or losses on the Equity Securities and Equity Contracts.

The Company measured the Equity Securities at their market value in accordance with IFRS 13 rather than their Contractual Value (as described in the Prospectus). The market value was deemed to be the prices quoted on stock exchanges or other markets where the Equity Securities were listed or traded. However Equity Contracts were valued based on the agreed formula (which corresponded to the published NAVs of each class of Equity Security).

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

	As at 31 December	
	2019	**2018**
	USD	**USD**
Net (Loss) / Gain Arising on Fair Value of Equity Securities	**(2,176,369)**	**11,964,345**
Equity Securities at Fair Value	**-**	**124,896,187**

7. Equity Securities (Continued)

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

	As at 31 December	
	2019 USD	2018 USD
Change in Contractual Value for the Year	**(2,134,024)**	**11,963,288**
Equity Securities at Contractual Redemption Value	**-**	**124,938,532**

The gain or loss on the difference between the agreed formula price of the Equity Contracts and the market price of Equity Securities was reversed on the subsequent redemption of the Equity Securities and cancellation of the corresponding Equity Contracts.

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

	Year ended 31 December	
	2019 USD	2018 USD
Net Gain / (Loss) Arising on Contractual and Fair Value of Equity Contracts	2,134,024	(11,963,288)
Net (Loss) / Gain Arising on Fair Value of Equity Securities	(2,176,369)	11,964,345
	(42,345)	**1,057**

As at 31 December 2019, there were certain Equity 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 payable as a result of unsettled redemptions of Equity Securities is USD nil (2018: USD 752,076).

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

	Year ended 31 December	
	2019 USD	2018 USD
Opening Equity Securities	**124,896,187**	**129,872,025**
Additions	61,245,370	177,806,323
Disposals	(187,597,181)	(169,855,399)
Management Fee	(720,745)	(962,417)
Change in Fair Value	2,176,369	(11,964,345)
Closing Equity Securities at Fair Value	**-**	**124,896,187**

8. Trade and Other Payables

	As at 31 December 2019 USD	2018 USD
ManJer Fees Payable	**1,388**	**244,682**

The fair value of these payables is equal to the carrying value. The ManJer Fee Payable is due to be settled within 12 months of the year end.

9. Stated Capital

	As at 31 December 2019 USD	2018 USD
2 Shares of Nil Par Value, Issued at GBP 1 Each and Fully Paid	**3**	**3**

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 WisdomTree Holdings Jersey Limited (“HoldCo”), formerly ETFS Holdings (Jersey) Limited (“HoldCo”).

10. Related Party Disclosures

Entities and individuals which have significant influence over the Company, either through ownership or by virtue of being a director of the Company are considered to be related parties. In addition, entities with common ownership to the Company and entities with common directors are also considered to be related parties.

Fees charged by ManJer during the year:

	Year ended 31 December 2019 USD	2018 USD
ManJer Fees	**720,745**	**960,729**

The following balances were due to ManJer at year end:

	Year ended 31 December 2019 USD	2018 USD
ManJer Fees Payable	**1,388**	**244,682**

At 31 December 2019, USD 3 is receivable from ManJer (2018: USD 3).

As disclosed in the Directors’ Report, ManJer paid Directors’ Fees in respect of the Company of GBP 16,000 (2018: GBP 9,315).

10. Related Party Disclosures (continued)

Steven Ross is, and Hilary Jones was until her resignation on 30 September 2019, a director of R&H Fund Services (Jersey) Limited ("R&H" or the "Administrator") and Steven Ross is a partner in Rawlinson & Hunter, Jersey Partnership, which wholly owns R&H. During the year, R&H charged ManJer administration fees in respect of the Company of GBP 26,609 (2018: GBP 32,924), of which GBP Nil (2018: GBP 9,000) was outstanding at the year end.

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

11. Financial Risk Management

The Equity Securities were subject to normal market fluctuations and other risks inherent in investing in securities and other financial instruments. There could be no assurance that any appreciation in the value of securities would occur, and the capital value of an investor's original investment was not guaranteed. The value of investments could go down as well as up, and an investor may not have got 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 Equity Securities and investors should refer to the most recent Prospectus for a detailed summary of the risks inherent in investing in the Equity 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) 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. The Company's receivables and payables are all payable on demand and generally settled on a short term basis. In addition, amounts in respect of the creation and redemption fees are transferred from the relevant counterparties directly to ManJer.

The Equity Securities did not have a contractual maturity date and could only be redeemed at the request of the holder of the security, with the right of refusal by the Company, or in the case of a compulsory redemption.

Furthermore, there was no liquidity risk to the Company because the maturity profiles of the Equity Securities and Equity Contracts were matched, therefore the Company did not have to wait for a longer-term contract to mature in order to pay its debts to ex-security holders.

Consequently, the Company has not presented any tabular information in respect of liquidity risk.

(b) Credit Risk

Credit risk primarily refers to the risk that Authorised Participants or the Equity Contract Counterparty will default on its contractual obligations resulting in financial loss. A Security holder's ability to reclaim assets is equivalent to the assets realised by the Company, therefore limiting the credit risk of the Company in connection with the issue of the Equity Securities.

The total carrying amounts of financial assets best represent the maximum credit risk exposure.

The value of Equity Securities and the ability of the Company to repay the redemption price was dependent on the receipt of payment under the Equity Contracts from Société Générale. The obligations of Société Générale under the Equity Contracts ranked only as an unsecured claim against Société Générale. To cover the credit risk under the Equity Contracts, Société Générale was required to place an equivalent amount of collateral into a pledge account with The Bank of New York Mellon (Luxemburg) S.A. based on the total outstanding value of the Equity Contracts two business days before. In the event of default by Société Générale, the Company had rights over the amounts placed in this pledge account.

11. Financial Risk Management (continued)

(b) Settlement Risk

Settlement risk primarily refers to the risk that an Authorised Participant or the Equity Contract Counterparty would 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, Equity Contracts or Equity Securities on the settlement date. The directors feel that this risk was mitigated as a result of the cash or Equity Securities settling through the CREST system. The system ensured that the transaction did not settle until both parties fulfilled their contractual obligations.

(c) Capital Management

The primary objective of the Company's capital management policy is to ensure that it maintains sufficient resources for operational purposes. The capital being managed are Stated Capital and Retained Earnings reserve, as presented in the Statement of Changes in Equity. 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.

The Company's principal activity was the issue and listing of Equity Securities. These Equity Securities were issued and cancelled as demand required. The Company held a corresponding number of Equity Contracts which matched the total liability of the Equity Securities issued. ManJer supplies or arranges 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 Administration Allowance, Licence Allowance and creation and redemption fees earned less any other expenses incurred.

As all Equity Securities in issue were supported by an equivalent number of Equity Contracts held with Société Générale 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.

(d) 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 comprehensive income and shareholders' equity would have been affected by a reasonably possible change to the relevant risk variable.

The Company's rights and liabilities in respect of Equity Contracts and Equity Securities, respectively, related to its contractual obligations to issue and redeem Equity 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 Equity Securities was matched by movements in corresponding Equity Contracts. Consequently, the Company does not have any net exposure to market price risk and continues to have no net exposure to market price risk following the compulsory redemption of all Equity Securities held and the corresponding cancellation of all Equity Contracts held. Therefore, in the directors' opinion, no sensitivity analysis is required to be disclosed.

(e) 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 Equity Securities fluctuated according to the performance of the underlying equity indices and the risk of such change in price was managed by the Company by entering into corresponding Equity Contracts with Société Générale which matched the liability. The Company, therefore, bore no financial risk from a change in the price of equities by reference to the futures price. Refer to note 7 for the further details regarding fair values.

11. Financial Risk Management (continued)

(e) Market Risk (continued)

i) Price Risk (continued)

However there was an inherent risk from the point of view of investors as the price of indices, and thus the value of the Equity Securities, could 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 Equity Securities was a function of supply and demand amongst investors wishing to buy and sell Equity Securities and the bid-offer spread that the market makers were willing to quote. This is highlighted in note 7, and below under the Fair Value Hierarchy.

ii) Interest Rate Risk

The multiplier used in the pricing of the Equity Contracts or the Equity Securities took into account the incremental capital enhancement component of the Equity Security, which included the impact of interest rates. This incremental capital enhancement component of the Energy Contracts and Energy Securities was attributable to the security holder. As a result the Company did 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 Equity Securities were matched economically by corresponding losses or gains attributable to the Equity 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.
- 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 Equity Securities are quoted and actively traded on the open market therefore Equity Securities are classified as Level 1 financial liabilities.

The Company's rights in respect of Equity Contracts related to its contractual obligations to issue and redeem Equity Securities at set prices on each trading day. These prices were based on an agreed formula (set out in the Prospectus), and were equal to the published NAVs of each class of Equity Security. Therefore, Equity Contracts are classified as level 2 financial assets, as the value was calculated using third party pricing sources supported by observable, verifiable inputs.

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

	Fair Value as at 31 December	
	2019	**2018**
	USD	**USD**
Level 1		
Equity Securities	**-**	**(124,896,187)**
Level 2		
Equity Contracts	**-**	**124,938,532**

11. Financial Risk Management (continued)

(g) Fair Value Hierarchy (continued)

The Equity Securities and the Equity Contracts were recognised at fair value through profit or loss upon initial recognition in line with the Company's accounting policy. There are no assets or liabilities classified in level 3. Transfers between levels would be recognised if there was a change in the accounting policies adopted, or should there be changes in circumstances that prevented public information in respect of Level 1 inputs from being available. Any such transfers would be recognised on the date of the change in circumstances that cause the transfer. There were no transfers or reclassifications between Level 1 and Level 2 for any of the assets or liabilities during the year.

12. Ultimate Controlling Party

In accordance with the disclosure requirements of IFRS the directors have determined that no entity meets the definition of immediate parent or ultimate controlling party. The holder of issued equity shares is HoldCo, a Jersey registered company. WisdomTree Investments, Inc is the ultimate controlling party of HoldCo.

The value of the Equity Contracts backing the Equity Securities was wholly attributable to the holders of the Equity Securities.

13. Events Occurring After the Reporting Period

No 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 2019 or on the results and cash flows of the Company for the year ended on that date.

The intelligent alternative.