

令和元年12月期 決算短信（平成31年1月1日～令和元年12月31日）

令和2年5月18日

銘柄名	コード番号	連動対象指標	上場取引所 東京証券取引所	
			主要投資資産	売買単位
WisdomTree 金上場投資信託	1672	金価格	金	1
WisdomTree 銀上場投資信託	1673	銀価格	銀	10
WisdomTree 白金上場投資信託	1674	白金価格	白金	1
WisdomTree パラジウム上場投資信託	1675	パラジウム価格	パラジウム	1
WisdomTree 貴金属バスケット上場投資信託	1676	貴金属バスケット価格 ^(注)	金・銀・白金・パラジウム	1

(注) 貴金属バスケット価格は、金価格、銀価格、白金価格、パラジウム価格に基づいて算出されます。

なお、ETFS貴金属バスケット上場投信の一口当たりの貴金属は、およそ0.04ファイン・トロイ・オンスの金、およそ1.2トロイ・オンスの銀、およそ0.01トロイ・オンスの白金、およそ0.02トロイ・オンスのパラジウムの合計です。

外国投資法人 ウィズダムツリー・メタル・セキュリティーズ・リミテッド

代表者名 ヒラリー・ジョーンズ

管理会社 ウィズダムツリー・マネジメント・ジャージー・リミテッド

<https://www.wisdomtree.eu/en-gb/resource-library/prospectus-and-regulatory-reports#tab-2A942D42-5AA1-4008-9080-3C2DADB050A7>

代表者名 ヒラリー・ジョーンズ

問合せ先責任者 TMI 総合法律事務所（中川秀宣） TEL 03-6438-5660

有価証券報告書提出予定日 令和2年6月30日(予定)

分配金支払い開始予定日 該当なし

I ファンドの運用状況

1. 2019年12月決算期の運用状況（平成31年1月1日～令和元年12月31日）

(1)資産内訳

(百万円未満切捨て)

		主要投資資産		合計（資産）	
		金額	構成比	金額	構成比
WisdomTree 金上場投資信託	2019年12月決算期	775,210	(100)	775,210	(100)
	2018年12月決算期	720,144	(100)	720,144	(100)
WisdomTree 銀上場投資信託	2019年12月決算期	132,754	(100)	132,754	(100)
	2018年12月決算期	85,077	(100)	85,077	(100)
WisdomTree 白金上場投資信託	2019年12月決算期	59,520	(100)	59,520	(100)
	2018年12月決算期	23,505	(100)	23,505	(100)
WisdomTree パラジウム上場投資信託	2019年12月決算期	18,421	(100)	18,421	(100)
	2018年12月決算期	10,643	(100)	10,643	(100)

		百万円	%		百万円	%
WisdomTree 貴金属バスケット 上場投資信託	2019年12月決算期	15,624	(100)		15,624	(100)
	2018年12月決算期	11,021	(100)		11,021	(100)

(注) 主要投資資産は、令和2年4月1日午前零時（ロンドン時間2020年3月31日午後4時）現在のものとしてブルームバーグによって表示される為替レート（スポット・レート）（1米ドル=107.955円、1ポンド=133.901円）に基づいて円換算しています。（以下同じ）

(2) 設定・償還実績

		前営業期間末 発行済口数 (①)	設定口数 (②)	償還口数 (③)	当営業期間末 発行済口数 (①+②-③)
WisdomTree 金上場投資信託	2019年12月決算期	千口 54,406	千口 27,369	千口 32,204	千口 49,571
	2018年12月決算期	49,889	14,854	10,337	54,406
WisdomTree 銀上場投資信託	2019年12月決算期	千口 53,969	千口 43,277	千口 24,771	千口 72,474
	2018年12月決算期	61,238	31,945	39,215	53,969
WisdomTree 白金上場投資信託	2019年12月決算期	千口 2,900	千口 5,233	千口 2,079	千口 6,055
	2018年12月決算期	4,091	1,143	2,334	2,900
WisdomTree パラジウム上場投資信託	2019年12月決算期	千口 829	千口 444	千口 331	千口 941
	2018年12月決算期	1,309	187	667	829
WisdomTree 貴金属バスケット上場投資信託	2019年12月決算期	千口 1,044	千口 294	千口 167	千口 1,170
	2018年12月決算期	1,154	84	194	1,044

(注) 上記の設定・償還実績については、営業期末時点の未決済上場投信を含んでいません。

(3) 基準価額

		総資産	負債 ^(注)	資産	売買単位当たり基準価額 (③/当営業期間末 発行済口数) × 売買単位)
WisdomTree 金上場投資信託	2019年12月決算期	百万円 775,210	百万円 -	百万円 775,210	円 15,638
	2018年12月決算期	720,144	-	720,144	13,236
WisdomTree 銀上場投資信託	2019年12月決算期	百万円 132,754	百万円 -	百万円 132,754	円 18,317
	2018年12月決算期	85,077	-	85,077	15,764
WisdomTree 白金上場投資信託	2019年12月決算期	百万円 59,520	百万円 -	百万円 59,520	円 9,829
	2018年12月決算期	23,505	-	23,505	8,104
WisdomTree パラジウム上場投資信託	2019年12月決算期	百万円 18,421	百万円 -	百万円 18,421	円 195,641
	2018年12月決算期	10,643	-	10,643	128,304
WisdomTree 貴金属バスケット上場投資信託	2019年12月決算期	百万円 15,624	百万円 -	百万円 15,624	円 13,345
	2018年12月決算期	11,021	-	11,021	10,555

(注1) 売買単位は、金、白金、パラジウム及び貴金属バスケットについては1口、銀については10口となります。

(注2) 貴金属証券の一単位当たりの資産は、証券1単位当たりの基準価額に基づいたものとなっています。証券1単位当たりの基準価額は、相応する証券1単位当たりの貴金属エンタイトルメントに対応する値決めによる価格を乗じたものとなります。各々の種類の貴金属にかかる証券の裏付けとなっている貴金属ごとの総価値は、相応する証券の残高と等しくなります。このために、純資産額は零となり、総資産額は、は、証券の裏付けとなる貴金属の総額と等しくなります。

[参考] 外国投資法人の財政状態

	総資産額	総負債額	投資主持分額
	百万円	百万円	百万円
2019年12月決算期	1,293,000	1,292,551	449
2018年12月決算期	931,094	932,157	-1,063

(注1) 貴金属証券は、期限の定めのない、請求権の限定されている発行体による債務です。全出資口は、親会社であるウィズダムツリー・セキュリティーズ・リミテッドにより保有されています。投資主持分額は、総資産額から総負債額を差し引いたものです。

2. 会計方針の変更

① 会計基準等の改正に伴う変更 有・無

② ①以外の変更 有・無

ご参考： 会計基準等の改正

(a) 2019年1月1日に発効した基準、修正及び解釈指針：

以下の新規及び改訂後の基準ならびに解釈指針が当年度に適用されましたが、当財務諸表への影響はないと判断しております。

- ・ 国際財務報告基準(IFRS)第3号「企業結合」
- ・ IFRS第10号「連結財務諸表」
- ・ IFRS第16号「リース」
- ・ IAS第12号「法人所得税」
- ・ IAS第19号「従業員給付」
- ・ IAS第23号「借入費用」
- ・ IAS第28号「関連会社及び共同支配企業に対する投資－連結の例外の適用」



WisdomTree Metal Securities Limited

Registered No: 95996

**Report and Financial Statements for the
Year ended 31 December 2019**

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Directors

Stuart Bell
Christopher Foulds
Steven Ross
Peter Ziemba

Administrator

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Registered Office

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St Helier
Jersey, JE4 8PW

Registrar

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey, JE1 1ES

Manager

WisdomTree Management Jersey Limited
(formerly ETFS Management Company (Jersey)
Limited)
Ordnance House
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St Helier
Jersey, JE4 8PW

Trustee

The Law Debenture Trust Corporation plc
Fifth Floor
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United Kingdom

Custodian

HSBC Bank plc
8 Canada Square
London, E14 5HQ
United Kingdom

Swiss Gold Custodian

JP Morgan Chase Bank, NA
London Branch
125 London Wall
London, EC2Y 5AJ
United Kingdom

Auditor

Ernst & Young LLP
Liberation House
Castle Street
St Helier
Jersey, JE1 1EY

Jersey Legal Advisers

Mourant Ozannes
22 Grenville Street
St Helier
Jersey, JE4 8PX

Company Secretary

R&H Fund Services (Jersey) Limited
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31 Pier Road
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The directors of WisdomTree Metal Securities Limited (“MSL” or the “Company”), formerly ETFS Metal Securities Limited until a change of name on 26 September 2019, 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)
Christopher Foulds	(Appointed 15 April 2020)
Hilary Jones	(Resigned 15 April 2020)
Steven Ross	
Peter Ziemba	

Directors' Interests

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

Principal Activities

The Company's principal activity is the issue and listing of metal securities (“Metal Securities”). Metal Securities allow investors to gain exposure to the precious metals market without needing to take physical delivery of platinum, palladium, silver and gold bullion (“Metal Bullion”). It also allows investors to buy and sell that interest through the trading of a security on the London Stock Exchange and any other exchange to which that security may be admitted to trading from time to time.

A Metal Security is an undated secured limited recourse debt obligation of the Company, constituted by a trust instrument. Under the terms of this trust instrument the Metal Securities are secured on an amount of Metal Bullion equivalent to the Metal Entitlement of each Metal Security. This Metal Bullion is held in custody by designated custodians or their sub-custodians and the subject of fixed and floating charges in favour of the Trustee. Metal Bullion, once deposited, may only be removed after approval from the Trustee. A holder of a Metal Security is entitled to require the redemption of that Metal Security and receive an amount of Metal Bullion equal to the Metal Entitlement on the date of redemption (and subject to applicable redemption fees):

- in the case of an authorised participant or any holder of WisdomTree Physical Swiss Gold Securities – at any time; or
- in the case of any other holder – only in circumstances where there are no authorised participants (or otherwise as determined by the Company), and where the holder has an unallocated bullion account and the holder is not an Undertaking for Collective Investment in Transferable Securities (“UCITS”).

The Company earn a management fee by reducing the Metal Entitlement of each class of Metal Security on a daily basis by an agreed amount (the “Management Fee”). The Management Fee is received in the form of bullion on a monthly basis (in arrears) following agreement from the Trustee.

The Company has entered into a service agreement with WisdomTree Management Jersey Limited (“ManJer” or the “Manager”), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company, (including marketing) as well as the payment of costs relating to the listing and issue of Metal Securities. In return for these services, the Company has an obligation to remunerate ManJer with an amount equal to the aggregate of the Management Fee and the creation and redemption fees (the “ManJer Fee”). The bullion in respect of the Management Fee is transferred by the Trustee from the Company's Custodian accounts directly to ManJer. In addition, the monetary amounts in respect of the creation and redemption fees are transferred directly to ManJer and there are no cash flows through the Company.

Review of Operations

The most recent Prospectus was issued on 5 June 2019. As at 31 December 2019, the Company had the following classes of Metal Securities in issue and admitted to trading on the following exchanges:

	London Stock Exchange	Borsa Italiana	Deutsche Börse	NYSE- Euronext Amsterdam	Tokyo Stock Exchange
WisdomTree Physical Platinum	✓	✓	✓	✓	✓
WisdomTree Physical Palladium	✓	✓	✓	✓	✓
WisdomTree Physical Silver	✓	✓	✓	✓	✓
WisdomTree Physical Gold	✓	✓	✓	✓	✓
WisdomTree Physical PM Basket	✓	✓	✓	✓	✓
WisdomTree Physical Swiss Gold	✓	✓	✓	✓	-

As at 31 December 2019, the fair value of assets under management amounted to USD 11,955.9 million (2018: USD 8,618.8 million). The Company recognises its assets (Metal Bullion) and financial liabilities (Metal Securities) at fair value in the Statement of Financial Position.

During the year, the Company generated income from creation and redemption fees and Management Fees as follows:

	2019 USD	2018 USD
Creation and Redemption Fees	42,413	56,861
Management Fees	39,198,274	31,986,955
Total Fee Income	39,240,687	32,043,816

Under the terms of the service agreement with ManJer, the Company accrued expenses equal to the Management Fee 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 Metal Securities and Metal Bullion is recognised in the Statement of Profit or Loss and Other Comprehensive Income in line with the Company's accounting policy.

The Company holds Metal Bullion to support the Metal Securities as determined by the Metal Entitlement (which is calculated in accordance with an agreed formula published in the Prospectus). Metal Bullion is marked to fair value using the latest quote provided by the London Bullion Market Association ("LBMA").

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

IFRS 13 requires the Company to identify the principal market and to utilise the available market price within that principal market. The directors consider the stock exchanges where the Metal Securities are listed to be the principal market and as a result the fair value of the Metal Securities is the on-exchange price as quoted on those stock exchanges demonstrating active trading. As a result of the difference in valuation methodology between Metal Bullion and Metal Securities there is a mis-match between accounting values, and the results of the Company reflect a gain or loss on the difference between the value of the Metal Bullion (through the application of the price provided by the LBMA against the Metal Entitlement, referred to within these financial statements as the "Contractual Value") and the market price of Metal Securities. This gain or loss would be reversed on a subsequent redemption of the Metal Securities and transfer of the corresponding Metal Bullion. This is presented in more detail in note 7 to these financial statements.

The Company's exposure to risks is disclosed in note 11 to the financial statements.

Going Concern

The nature of the Company's business dictates that the outstanding Metal 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 Metal Securities will always coincide with the transfer of an equal amount (in value) of Metal Bullion, no net liquidity risk is considered to arise. All other expenses are met by ManJer. The directors are closely monitoring the advice and developments relating to the spread of COVID-19, particularly with its impact on ManJer, its assets under management, and therefore its related revenue streams, in respect of fulfilling the obligations under the services agreement. The directors consider the Company to be a going concern.

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

Pursuant to the European Referendum Act 2015, a referendum on the United Kingdom's membership of the EU was held on 23 June 2016 with the majority voting to leave the EU. On 29 March 2017, the UK Government exercised its right under Article 50 of the Treaty of the European Union. The UK left the EU on 31 January 2020, subject to a withdrawal agreement between the UK and the other EU member states which provides for a transition period lasting until December 2020 during which EU law continues to apply to the UK as if it were a member state may take place without any transitional arrangements in place.

The Company is domiciled in Jersey, outside of the EU, and the Metal Securities are distributed in the EU under the EU Prospectus Directive which requires their offering to the public to be approved by an EU Member State regulator. To date, the Company has chosen the UK Financial Conduct Authority ("FCA") as its member state regulator for these purposes. Request is then made to the FCA, as the chosen Member State regulator, for the passporting of the offering across the EU, once again, under the Prospectus Directive.

The Company is working with an alternate EU Member State regulator to obtain approval of its prospectus and request passporting for its offering to maintain the Company's access to relevant markets post the departure of the UK from the EU. As the Metal 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 Metal Securities.

The Metal Securities continue to comply with all applicable laws and regulations. The directors regularly assess the impact on the Company of the ongoing withdrawal process and consider that the decision to select an alternate EU Member State regulator substantially mitigates the key risks to the Company.

Coronavirus disease (COVID-19)

On 11 March 2020, the Director-General of the World Health Organisation ("WHO") announced that the WHO had assessed the worldwide outbreak of COVID-19 as a pandemic. National governments and supranational organisations in multiple states have taken steps designed to protect their populations from COVID-19, including requiring or encouraging home working, the cancellation of sporting, cultural and other events and restricting or discouraging gatherings of people. COVID-19 has created market turmoil and increased market volatility generally. The steps outlined above, and public sentiment, may affect both the volatility and prices of commodities and hence the prices of the Securities, and such effects may be significant and may be long-term in nature.

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

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 Metal Security is a debt instrument whose redemption price is linked to the value of the relevant underlying Metal Bullion. The Metal Securities are issued under limited recourse arrangements whereby the holders have recourse only to the Metal Bullion and not to the Company. In addition, since any movements in the value of the Metal Bullion are wholly attributable to the holders of the Metal Securities, the Company has no residual exposure to movements in the value of the Metal Bullion. From a commercial perspective, the gains or losses on the liability represented by the Metal Securities are matched economically by corresponding losses or gains attributable to the Metal Bullion (see detail on page 3 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 Metal Security and the Metal Bullion are disclosed in note 11.

Movements in the value of the underlying Metal Bullion, and thus the value of the Metal Securities, may vary widely which could have an impact on the demand for the Metal Securities issued by the Company. These movements are shown in notes 6 and 7.

Dividends

There were no dividends declared or paid in the year (2018: 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 WisdomTree 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	2018
		GBP	GBP
Gregory Barton	(Resigned 15 March 2019)	Nil	Nil
Stuart Bell	(Appointed 28 October 2019)	Nil	Nil
Hilary Jones	(Resigned 15 April 2020)	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 and a resolution to re-appoint them will be proposed at the next Board 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 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.

Corporate Governance (continued)

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 Metal Securities, has not undertaken any business, save for issuing and redeeming Metal 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 Metal 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 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 auditors, 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 auditors. 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.

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
Jersey
15 May 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISDOMTREE METAL SECURITIES LIMITED

Opinion

We have audited the financial statements of WisdomTree Metal 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 notes 1 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.

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 result for the year then ended;
- ▶ have been properly 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 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 as applied to listed entities, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> ▶ Valuation of Financial Assets at fair value through profit and loss - Metal Bullion ▶ Valuation of Financial Liabilities at fair value through profit and loss - Metal Securities
Materiality	▶ Overall materiality of US\$119.8m which represents 1% of total assets.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE METAL SECURITIES LIMITED (continued)**

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Board
<p>Valuation of Financial Liabilities at fair value through profit and loss - Metal Securities</p> <p>USD 11,951,720,353 (2018: USD 8,628,692,295)</p> <p><i>Refer to the Accounting policies (pages 19-20); and Note 7 of the Financial Statements (pages 23-24)</i></p> <p>Risk that values of securities in issue are misstated or that valuations are incorrectly captured.</p> <p>The Metal Securities in issue comprise a range of financial instruments that provide holders of issued securities with exposure to movements in prices of Metal Bullion without needing to take physical delivery.</p> <p>The Metal Securities are carried at fair value as a Financial Liability.</p> <p>The risk comprises the risk of errors in both the valuation methodology applied and in the source and timing of valuation inputs utilised.</p> <p>The balance of Metal Securities represents in excess of 99% of the company's total liabilities as at 31 December 2019 (2018: 99%) and therefore any error in valuation approach could be significant.</p>	<p>Our response to the risk comprised:</p> <p>An assessment of the company's systems and controls implemented in respect of commodity security valuation.</p> <p>Review of predecessor audit workpapers to understand the strategy and approach to testing valuation in the prior period.</p> <p>Assessed the appropriateness of the valuation methodology applied, comprising the use of traded security prices to value the Energy Securities, against relevant IFRS requirements.</p> <p>Independently obtained security prices using external pricing sources at the balance sheet date.</p> <p>Recalculation of the value Metal Securities held at 31 December 2019, by multiplying the security price by the confirmed security balance in issue. This represented 100% of the total value of Metal Securities in issue.</p>	<p>There were no matters identified during our audit work on valuation of Metal Securities that we wanted to bring to the attention of the Board of Directors of the company.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE METAL SECURITIES LIMITED (continued)**

Emphasis of matter – Effects of COVID-19

We draw attention to Note 2, Note 12(f)(i) and Note 13 of the financial statements, which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting financial markets and creating greater volatility in metal bullion prices. Our opinion is not modified in respect of this matter.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

We have identified no changes in the scope of the audit compared to the prior year. The primary accounting and administrative activities for the Company were conducted in the same geographical locations and by the same service providers as in the prior year and as a result our work was conducted as a single audit process.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be US\$119.8 million (2018: US\$43.0 million), which is 1% (2018: 0.5%) of Total Assets. We believe that Total Assets provides us with an appropriate basis for audit materiality as Total Asset value reflects the relevant exposure of holders of issued securities to the underlying asset base.

As our first period of appointment as auditor the basis above has been determined based on our understanding of the current business and its ownership and operation in the current year, including the level at which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

In particular we have considered both the nature of the exposure to asset performance being obtained by security holders and the expectations of the users of the financial statements by observing the basis applied across existing WisdomTree exchange traded issuer products.

The entity is structured such that the security holders interests are reflected as a liability, but provide exposure to net assets invested, with the 1% being considered appropriate in the context of such net asset exposure.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISDOMTREE METAL SECURITIES LIMITED (continued)

The basis is also consistent with other audited WisdomTree exchange traded issuer platforms in Europe, where 1% of assets has historically been applied as the basis for materiality, so we have reflected this established level of user expectation for WisdomTree issuer vehicles.

During the course of our audit, we reassessed initial materiality and noted no factors leading us to amend materiality levels from those originally determined at the audit planning stage.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% (2018: Not reported) of our planning materiality, namely US\$59.9 m (2018: Not reported). We have set performance materiality at this percentage due to this being our initial year of appointment as auditor.

As performance materiality was not separately reported by the predecessor auditor we are not able to report on any variation compared to the basis or amounts utilised in the prior year.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of US\$6.0m (2018: US\$2.15 m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

The basis of determining the amount remains consistent with that applied in the prior year at 5% of planning materiality, with the increase explained by the higher overall percentage used in determining planning materiality.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 7, including the Directors' Report set out on pages 2 to 6 and the Statement of Directors' Responsibilities set out on page 7, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISDOMTREE METAL 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 7, 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE METAL SECURITIES LIMITED (continued)**

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:

1. The maintenance and integrity of the WisdomTree Metal Securities Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

	Notes	Year ended 31 December	
		2019 USD	2018 USD
Revenue	3	39,240,687	32,456,189
Expenses	3	(39,240,687)	(32,456,189)
Operating Result	3	-	-
Net Gain / (Loss) Arising on Fair Value of Metal Bullion	6	1,850,582,053	(170,484,092)
Net (Loss) / Gain Arising on Fair Value of Metal Securities	7	(1,836,571,323)	168,211,663
Result and Total Comprehensive Income / (Expense) for the Year		14,010,730	(2,272,429)
¹ Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Metal Securities	2	(14,010,730)	2,272,429
Adjusted Result		-	-

The directors consider the Company's activities as continuing.

¹ An explanation of the non-statutory and non-GAAP adjustment is set out on page 20. This represents the movement in the difference between the Contractual Value of Metal Bullion and the market price of Metal Securities.

		As at 31 December	
	Notes	2019 USD	2018 USD
Assets			
Metal Bullion	6	11,955,880,980	8,618,842,192
Amounts Receivable on Assets Awaiting Settlement	6	17,613,679	238,506
Amounts Receivable on Securities Awaiting Settlement	7	-	2,905,733
Trade and Other Receivables	5	3,719,902	2,850,345
Total Assets		11,977,214,561	8,624,836,776
Liabilities			
Metal Securities	7	11,951,720,353	8,628,692,295
Amounts Payable on Assets Awaiting Settlement	6	-	2,905,733
Amounts Payable on Securities Awaiting Settlement	7	17,613,679	238,506
Trade and Other Payables	8	3,719,899	2,850,342
Total Liabilities		11,973,053,931	8,634,686,876
Equity			
Stated Capital	9	4	4
Revaluation Reserve		4,160,626	(9,850,104)
Total Equity		4,160,630	(9,850,100)
Total Equity and Liabilities		11,977,214,561	8,624,836,776

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 14 to 30 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 USD	2018 USD
Operating Result for the Year	-	-
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	-	-

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

The Company has entered into a service agreement with WisdomTree Management Jersey Limited (“ManJer” or the “Manager”), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company, (including marketing) as well as the payment of costs relating to the listing and issue of Metal Securities. In return for these services, the Company has an obligation to remunerate ManJer with an amount equal to the aggregate of the Management Fee and the creation and redemption fees (the “ManJer Fee”). The bullion in respect of the Management Fee is transferred by the Trustee from the Company’s Custodian accounts directly to ManJer. In addition, the monetary amounts in respect of the creation and redemption fees are transferred directly to ManJer and there are no cash flows through the Company.

	Notes	Stated Capital USD	Retained Earnings USD	Revaluation Reserve ² USD	Total Equity USD	Adjusted Total Equity USD
Opening Balance at 1 January 2018		4	-	(7,577,675)	(7,577,671)	4
Result and Total Comprehensive Expense for the Year		-	(2,272,429)	-	(2,272,429)	(2,272,429)
Transfer to Revaluation Reserve	7	-	2,272,429	(2,272,429)	-	-
³ Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Metal Securities	7	-	-	-	-	2,272,429
Balance at 31 December 2018		4	-	(9,850,104)	(9,850,100)	4
Opening Balance at 1 January 2019		4	-	(9,850,104)	(9,850,100)	4
Result and Total Comprehensive Income for the Year		-	14,010,730	-	14,010,730	14,010,730
Transfer to Revaluation Reserve	7	-	(14,010,730)	14,010,730	-	-
³ Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Metal Securities	7	-	-	-	-	(14,010,730)
Balance at 31 December 2019		4	-	4,160,626	4,160,630	4

² This represents the difference between the Contractual Value of Metal Bullion and the market price of Metal Securities.

³ An explanation of the non-statutory and non-GAAP adjustment is set out on page 20.

The notes on pages 18 to 30 form part of these financial statements

1. General Information

WisdomTree Metal 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 name of the Company was changed from ETFS Metal Securities Limited on 26 September 2019.

The purpose of the Company is to provide a vehicle that facilitates the issuance and subsequent listing and trading of Metal Securities. The Company does not make gains from trading in the underlying Metal Bullion. The Metal Securities are issued under limited recourse arrangements whereby the Company has no residual exposure to the value of the Metal Bullion, therefore from a commercial perspective gains and losses in respect of Metal Bullion will always be offset by a corresponding loss or gain on the Metal 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 active trading or management of Metal Bullion is required of the Company because the Company only receives or delivers Metal Bullion on the issue and redemption of Metal Securities, and only holds Metal Bullion as determined by the Metal Entitlement of each class of Metals Security to support the Metal Securities.

The Company is entitled to:

- (1) a Management Fee which is calculated by reducing the Metal Entitlement of each class of Metal Security on a daily basis by an agreed amount; and
- (2) creation and redemption fees on the issue and redemption of the Metal Securities.

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

The Company has entered into a service agreement with WisdomTree Management Jersey Limited (“ManJer” or the “Manager”), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company, (including marketing) as well as the payment of costs relating to the listing and issuance of Metal Securities. In return for these services, the Company pays ManJer an amount equal to the Management Fee 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.

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 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 Metal Bullion and Metal Securities held at fair value through profit or loss as disclosed in notes 6 and 7 and the decision taken to recognise Metal Bullion at fair value through profit or loss. The directors do not consider that any significant estimates have been applied in the preparation of these financial statements.

2. Accounting Policies (continued)

Going Concern

The nature of the Company's business dictates that the outstanding Metal 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 Metal Securities will always coincide with the transfer of an equal amount of Metal Bullion, no net liquidity risk is considered to arise. All other expenses of the Company are met by ManJer. The directors are closely monitoring the advice and developments relating to the spread of COVID-19, particularly with its impact on ManJer, its assets under management, and therefore its related revenue streams, in respect of fulfilling the obligations under the services agreement in place. The directors consider the Company to be a going concern for the foreseeable future and have prepared the financial statements on this basis.

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 in issue and effective for the year, none of which are considered to have resulted in a significant effect on these financial statements.

(b) *Standards, amendments and interpretations not applicable to the Company:*

The following standards that have been revised, issued and became effective but are not considered applicable to the Company:

- IFRS 3 Business Combinations
- IFRS 10 Consolidated Financial Statements
- IFRS 16 Leases
- IAS 12 Income Taxes
- IAS 19 Employee Benefits Employee Benefits
- IAS 23 Borrowing Costs
- IAS 28 Investments in Associates and Joint Ventures

(c) *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 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2021)
- Annual Improvements to IFRS (impacting IFRS 3, IFRS 7, IFRS 8, IAS 1 and IAS 8)

The directors do not expect the adoption of the above 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.

Metal Securities

i) Issue and Redemption

The Company has entered into a Trust Instrument with The Law Debenture Trust Corporation plc ("Law Debenture") to permit the Company to issue Metal Securities. The conditions of issue are set out in the Trust Instrument. Each time a Metal Security is issued or redeemed by the Company a corresponding amount of Metal Bullion is transferred into or from the relevant secured account held by the Custodian.

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

2. Accounting Policies (continued)

Metal Securities (continued)

ii) Pricing

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 Metal Securities are listed to be the principal market and as a result the fair value of the Metal Securities is the on-exchange price as quoted on those stock exchanges demonstrating active trading. The Metal Securities are priced using the mid-market price on the Statement of Financial Position date taken just at the time the relevant bullion fix price is set.

Consequently a difference arises between the value of Metal Bullion and Metal Securities (at market value) presented in the Statement of Financial Position. This difference is reversed on a subsequent redemption of the Metal Securities and transfer of the corresponding Metal Bullion.

iii) Classification at fair value through Profit or Loss

Metal Securities comprise a financial instrument whose redemption price is linked to the value of Metal Bullion. Metal Securities are classified as liabilities at fair value through profit or loss upon initial recognition under IFRS 9, and are irrevocably designated by the entity as such, in consideration of the business model and contractual terms.

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 Metal Securities and Metal Bullion 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 value of the Metal Bullion and the market price of Metal Securities. This gain or loss is transferred to a Revaluation Reserve which is non-distributable. The results of the Company are adjusted through the presentation of a non-statutory and non-GAAP movement entitled 'Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Metal Securities.'

Metal Bullion

The Company holds Metal Bullion equal to the amount due to holders of Metal Securities solely for the purposes of meeting its obligations under the Metal Securities.

Under IFRS there is no standard treatment for the classification of physical metals. The Metal Bullion is held to provide the security holders with the exposure to changes in the fair value of Metal Bullion and therefore the Directors consider that carrying the Metal Bullion at fair value through profit or loss, consistent with the treatment that would be applicable to a financial instrument, reflects the objectives and the purpose of holding the asset.

Metal Bullion is priced on a daily basis based on the Metal Entitlement of each class of security and the value of the Bullion using the latest fixing price provided by the London Bullion Market Association ("LBMA"). This price is 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 Metal Bullion.

Metal Bullion and Metal Securities Awaiting Settlement

The issue and redemption of Metal Securities, and the transfer in and out of Metal Bullion, 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 Metal Bullion and the Metal 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)

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.

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.

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 Fees

Management fees are calculated and recognised on a daily basis by applying a fixed percentage to the contractual value of Metal 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 Metal 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.

Metal Bullion Receivable and Payable

Management Fees receivable are accrued by reducing the Metal Entitlement of each class of Metal Security on a daily basis by an agreed amount. These fees are receivable in Metal Bullion, recorded at fair value at the Statement of Financial Position date using the latest quote provided by the LBMA. Movements in fair value are recorded through profit or loss.

Management Fees payable are also accrued based on the income accrued in accordance with the agreement with ManJer. These fees (relating to Management Fees received) are payable in Metal Bullion, recorded at fair value at the Statement of Financial Position date using the latest quote provided by the LBMA. Movements in fair value are accounted for through profit or loss.

Foreign Currency Translation

The financial statements of the Company are presented in the currency in which the majority of the Metal 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 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.

2. Accounting Policies (continued)

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 has not provided segmental information as the Company has only one business or product group, precious metals, 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 USD	2018 USD
Creation and Redemption Fees	42,413	37,531
Management Fees	39,198,274	32,418,658
Total Revenue	39,240,687	32,456,189
ManJer Fees	(39,240,687)	(32,456,189)
Total Operating Expenses	(39,240,687)	(32,456,189)
Operating Result	-	-

Audit Fees for the year of GBP 20,560 will be met by ManJer (2018: GBP 20,000).

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 USD	2018 USD
Management Fees	3,697,597	2,840,177
Creation and Redemption Fees	22,301	10,164
Receivable from Related Party	4	4
	3,719,902	2,850,345

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. Metal Bullion

	As at 31 December	
	2019 USD	2018 USD
Net Gain / (Loss) Arising on Fair Value of Metal Bullion	1,850,582,053	(170,484,092)
Metal Bullion at Fair Value	11,955,880,980	8,618,842,192

As at 31 December 2019, there were certain amounts of Metal Bullion awaiting the settlement in respect of the creation or redemption of Metal Securities with transaction dates before the year end and settlement dates in the following year:

- The monetary amount receivable as a result of unsettled redemptions is USD 17,613,679 (2018: USD 238,506).
- The monetary amount payable as a result of unsettled creations is USD Nil (2018: USD 2,905,733).

All Metal Bullion assets have been valued using the AM fix on 31 December 2019 as quoted by the LBMA being the last fix prices available for the year.

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

	Year ended 31 December	
	2019 USD	2018 USD
Opening Metal Bullion	8,618,842,192	8,394,848,034
Additions	6,739,191,265	2,652,857,812
Disposals	(5,213,536,256)	(2,225,960,904)
Management Fee	(39,198,274)	(32,418,658)
Change in Fair Value	1,850,582,053	(170,484,092)
Closing Metal Bullion	11,955,880,980	8,618,842,192

7. Metal Securities

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

The Company measures the Metal Securities at their market value in accordance with IFRS 13 rather than at the Contractual Value described above. The market value is deemed to be the prices quoted on stock exchanges or other markets where the Metal Securities are listed or traded. However Metal Bullion is valued based on the Metal Entitlement (which is calculated in accordance with an agreed formula published in the Prospectus) of each class of Metal Securities, and applying the latest quoted bullion prices published by the LBMA.

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

7. Metal Securities (continued)

	As at 31 December	
	2019	2018
	USD	USD
Net (Loss) / Gain Arising on Fair Value of Metal Securities	<u>(1,836,571,323)</u>	<u>168,211,663</u>
Metal Securities at Fair Value	<u>11,951,720,353</u>	<u>8,628,692,295</u>

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

	As at 31 December	
	2019	2018
	USD	USD
Change in Contractual Redemption Value for the Year	<u>(1,850,582,053)</u>	<u>170,484,092</u>
Metal Securities at Contractual Redemption Value	<u>11,955,880,980</u>	<u>8,618,842,192</u>

The gain or loss on the difference between the value of the Metal Bullion and the market price of Metal Securities would be reversed on a subsequent redemption of the Metal Securities and transfer of the corresponding Metal Bullion.

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	2018
	USD	USD
Net Gain / (Loss) Arising on Fair Value of Metal Bullion	1,850,582,053	(170,484,092)
Net (Loss) / Gain Arising on Fair Value of Metal Securities	(1,836,571,323)	168,211,663
	<u>14,010,730</u>	<u>(2,272,429)</u>

As at 31 December 2019, there were certain Metal Securities awaiting settlement in respect of creations or redemptions with transaction dates before the year end and settlement dates in the following year:

- The monetary amount receivable as a result of unsettled creations of Metal Securities is USD Nil (2018: USD 2,905,733).
- The monetary amount payable as a result of unsettled redemptions of Metal Securities is USD 17,613,679 (2018: USD 238,506).

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

	Year ended 31 December	
	2019	2018
	USD	USD
Opening Metal Securities	8,628,692,295	8,402,425,708
Additions	6,739,191,265	2,652,857,812
Disposals	(5,213,536,256)	(2,225,960,904)
Management Fee	(39,198,274)	(32,418,658)
Change in Fair Value	1,836,571,323	(168,211,663)
Closing Metal Securities at Fair Value	11,951,720,353	8,628,692,295

8. Trade and Other Payables

	As at 31 December	
	2019	2018
	USD	USD
ManJer Fees Payable	3,719,899	2,850,342

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	2018
	USD	USD
2 Shares of Nil Par Value, Issued at GBP 1 Each and Fully Paid	4	4

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.

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	2018
	USD	USD
ManJer Fees	39,240,687	32,456,189

The following balances were due to ManJer at the year end:

	As at 31 December	
	2019	2018
	USD	USD
ManJer Fees Payable	3,719,899	2,850,341

At 31 December 2019, USD 4 is receivable from ManJer (2018: USD 4).

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 of 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 126,741 (2018: GBP 117,812), of which GBP 33,741 (2018: GBP 31,000) 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 Metal 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 Metal Securities and investors should refer to the most recent Prospectus for a detailed summary of the risks inherent in investing in the Metal 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 Custodian 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 Metal Securities.

The total carrying amounts of financial assets best represent the maximum credit risk exposure at the Statement of Financial Position date. At the reporting date the Company’s financial assets are detailed on the Statement of Financial Position.

Credit risk is managed by the Company by only dealing with Authorised Participants who are believed to be creditworthy. In the event the authorised participants fail to complete their obligation, no Metal Securities will be created therefore the Company does not have the risk of loss of the amount expected to be received.

Credit risk also includes custodial risk. The custodian is not required to take out insurance and neither is the Trustee. Accordingly, there is a risk that the secured Metal Bullion could be lost, stolen or damaged and the Company would not be able to satisfy its obligations in respect of the Metal Securities. Currently the Company has two custodians, HSBC Bank plc and JP Morgan Chase Bank, NA. At the reporting date the exposure to the custodians was split approximately 78% and 22%.

The Board monitors credit risk exposure to ensure the Company’s exposure is managed, and has continued to do so more closely with a focus on any the potential impact of, or developments relating to the spread of COVID-19, which is fluid and rapidly changing.

(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. 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 management fee and creation and redemption fees are transferred from the relevant counterparties directly to ManJer and there are no cash flows through the Company.

The Metal Securities do not have a contractual maturity date and will 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. Generally, only Security Holders who have entered into an authorised participant agreement with the Company can submit applications and redemptions directly with the Company.

11. Financial Risk Management (continued)*(b) Liquidity Risk (continued)*

When Metal Securities are redeemed, the Company returns the corresponding amount of Metal Bullion determined by the Metal Entitlement of those Metal Securities, therefore the redemption of Metal Securities would not impact the liquidity of the Company.

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

(c) Settlement Risk

Settlement risk primarily refers to the risk that an Authorised Participant 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 Metal Bullion or Metal Securities on the settlement date. The Metal Securities settle through the CREST system. The directors feel that this risk is mitigated as Metal Securities are not issued until the required amount of Metal Bullion has been received in the Custodian account, and Metal Bullion is not transferred until the relevant Metal Securities have been delivered in CREST. As a result each 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 6 and 7.

(d) 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 the 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 is the issue and listing of Metal Securities. These securities are issued and redeemed as demand requires. The Company holds a corresponding amount of Metal Bullion which matches the total liability of the Metal 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, including Trustee and Custodian Fees. In return for these services the Company pays a Management Fee, which under the terms of the service agreement is equal to the aggregate of the Management Fee and creation and redemption fees earned.

As all Metal Securities on issue are supported by an equivalent amount of physical bullion held by the Custodian and the running costs of the Company were 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 Metal Securities.

(e) Sensitivity Analysis

IFRS 7 requires disclosure of a sensitivity analysis for each type of market risk to which the entity 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 Metal Securities relates to its contractual obligations to issue and redeem Metal Securities in exchange for Metal Bullion as determined by the Metal Entitlement of each class of Metal Security on each trading day. The monetary value of each creation and redemption of Metal Securities is recorded using the price provided by the LBMA on the transaction date. As a result the Company's contractual and economic monetary liability in connection with the issue of Metal Securities is matched by movements in the monetary value of the corresponding Metal Bullion. 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, bullion prices 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 Metal Securities fluctuates according to the Metal Bullion prices and the risk of such change in price is managed by the Company by holding Metal Bullion in the same quantity as its liability. Therefore, the Company bears no financial risk from a change in the price of Metal Bullion. Refer to note 7 for the further details regarding fair values.

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

Coronavirus disease (COVID-19)

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

COVID-19 has created market turmoil and increased market volatility generally. The steps outlined above, and public sentiment, may affect both the volatility and prices of commodities and hence the prices of the Securities, and such effects may be significant and may be long-term in nature.

The directors are closely monitoring the advice and developments relating to the spread of COVID-19, which is fluid and rapidly changing.

The market price of Metal Securities is (and will remain) a function of supply and demand amongst investors wishing to buy and sell Metal Securities and the bid or offer spread that the market makers are willing to quote. This is highlighted in note 7, and below under the Fair Value Hierarchy.

ii) Interest Rate Risk

The Company does not have significant exposure to interest rate risk as neither the Metal Bullion or the Metal Securities bear any interest.

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 Metal Securities are matched economically by corresponding losses or gains attributable to the Metal Bullion.

(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.

11. Financial Risk Management (continued)

(g) Fair Value Hierarchy (continued)

The Company is required to utilise the available market price as the Metal Securities are quoted and actively traded on the open market. Therefore Metal Securities are classified as Level 1 financial liabilities.

The Company holds Metal Bullion to support the Metal Securities as determined by the Metal Entitlement (which is calculated in accordance with an agreed formula published in the Prospectus). Metal Bullion is marked to fair value using the latest quote provided by the LBMA. The Company has contractual obligations to issue and redeem Metal Securities in exchange for Metal Bullion as determined by the Metal Entitlement of each class of Metal Security on each trading day. The monetary value of each creation and redemption of Metal Securities is recorded using the price provided by the LBMA on the transaction date applied to that Metal Entitlement. Therefore, Metal Bullion is classified as a level 2 asset, as the value is 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		
Metal Securities	<u>(11,951,720,353)</u>	<u>(8,628,692,295)</u>
Level 2		
Metal Bullion	<u>11,955,880,980</u>	<u>8,618,842,192</u>

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

Metal Bullion is not considered to be a financial asset; however, it has been presented here for purposes of consistency with prior periods and to show a matching between assets and liabilities.

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 Metal Bullion backing the Metal Securities is wholly attributable to the holders of the Metal Securities.

13. Events Occurring After the Reporting Period

The directors are closely monitoring the advice and developments relating to the spread of COVID-19, particularly with its impact on ManJer, its assets under management, and therefore its related revenue streams, in respect of fulfilling the obligations under the services agreement. The directors acknowledge that any impacts on the amounts reported by the Company, including subsequent movements in the fair value of assets or securities in issue, are non-adjusting from an IFRS perspective. The directors' consideration in respect of the going concern position of the Company is set out in Note 2.

Other than as noted above, 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.

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