



ETFs Metal Securities Australia Limited

Registered No: ACN 101 465 383

**Report and Financial Statements for the
Half-year ended 30 June 2020**

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**Directors' Report
For the half-year ended 30 June 2020**

The directors of ETFS Metal Securities Australia Limited (the "Company") submit herewith the half-year financial report and half-year financial statements of the Company for the half-year ended 30 June 2020.

In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names and particulars of the directors of the Company during or since the end of the financial half-year and up to the date of this report are:

Graham J Tuckwell – Chairman
 Vincent W J FitzGerald
 Kristian J Walesby (Resigned 9 September 2020)
 Mark K Weeks (Appointed 26 August 2020)

Directors' Interests

The following table sets out each director's interests in Ordinary shares as at 30 June 2020. All interests are indirect:

Directors	Fully Paid Ordinary Shares
Graham J Tuckwell (as controlling party of ETF Capital Limited)	130,720
Vincent W J FitzGerald	1,435
Kristian J Walesby	4,356

Principal Activities

The Company's principal activities during the course of the financial period were the continuing issue of ETFS Physical Gold Securities, ETFS Physical Palladium Securities, ETFS Physical Platinum Securities, ETFS Physical Silver Securities and ETFS Physical PM Basket Securities, allowing investors to own and trade that interest through a listed security traded on the Australian Stock Exchange ("ASX").

A Metal Security comprises of a Metal Share (a redeemable preference share issued at a nominal value of 1/1,000th of a cent) together with an approximate entitlement (in all cases) to either 1/10th of one troy ounce of platinum, 1/10th of one troy ounce of palladium, 1/10th of one fine troy ounce of gold, 1 troy ounce of silver and a combination of 1/25th of one troy ounce of gold, 1 1/5th of one troy ounce of silver, 1/100th of one troy ounce of platinum and 1/50th of one troy ounce of palladium for the basket security.

The metals are held in the name of the Trustee, Gold Bullion Nominees Pty Ltd. The metal, to which the Holder is entitled, is held by the Custodian Bank (JPMorgan Chase Bank) in vaults in London. Effective from 8 January 2020 the Custodian changed from HSBC Bank USA N.A. to JPMorgan Chase Bank.

Gold Bullion Nominees Pty Ltd (the "Trustee") entered into an Overdraft Facility on 8 January 2020 with JPMorgan that allows for the loan of up one bullion bar of Gold, Silver, Platinum and Palladium. Prior to obtaining the Overdraft Facility with JPMorgan, the Company had previously had entered into an agreement on 9 December 2004 for a no-interest at call facility, denominated in gold ounces, with HSBC for the loan of 420 fine troy ounces of gold. The agreement with HSBC was terminated on 8 January 2020 and the 420 fine troy ounces of gold were repaid to HSBC on that date. The Metal Bullion held through the Overdraft Facility is used by the Trustee to facilitate the movement of Metal Bullion between unallocated and allocated physical stocks to ensure all Metal Securities issued are supported by holdings of Metal Bullion in allocated form. The gold held through the agreement with HSBC was made available for use by the Trustee for the same purpose.

Directors' Report (Continued)
For the half-year ended 30 June 2020

Principal Activities (continued)

The Company has entered into an Administration Services Deed Poll with its related party, ETFS Management (AUS) Limited ("ETFSA"), whereby ETFSA is responsible for supplying or procuring the supply of all management and administration services required by the Company.

In consideration of fees earned in managing the Company and its investments, ETFSA provides or procures all management and administration services in connection with the issue and management of the Company's Metal Securities, required by the Company. Pursuant to this Deed Poll, all the operating costs relating to the Company including gold storage, gold insurance, marketing and administration costs, and compensation of directors and executives were incurred and paid by ETFSA to enable the continued operation of the Company.

During the financial year there were no other significant changes in the nature of those activities.

Review of Operations

The most recent rollover Prospectus was issued on 8 January 2020. The Company was incorporated on 17 September 2002 and was admitted to the official list of the ASX on 27 March 2003. ETFS Physical Gold Securities commenced trading on the ASX on 28 March 2003. On 2 February 2009 ETFS Physical Gold Securities were launched on the AQUA platform and was joined by ETFS Physical Platinum Securities, ETFS Physical Palladium Securities, ETFS Physical Silver Securities and ETFS Physical PM Basket Securities.

The table below show the quantities of metal securities on issue as at period-end.

	As at 30 June 2020	As as 31 December 2019
	Securities on issue	Securities on issue
ETFS Physical Platinum Securities	54,780	43,780
ETFS Physical Palladium Securities	22,993	14,993
ETFS Physical Silver Securities	5,126,689	3,951,689
ETFS Physical Gold Securities	7,435,145	5,515,145
ETFS Physical PM Basket Securities	69,511	56,511
	<u>12,709,118</u>	<u>9,582,118</u>

Pursuant to the arrangements under the Deed Poll outlined above, the Company recognised no income or expenses for the half-year ended 30 June 2020 (2019: AUD Nil).

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 Gold 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 ETF Securities group has, and continues to implement measures to maintain the ongoing safety and well-being of employees, whilst continuing to operate business as usual.

Directors' Report (Continued)
For the half-year ended 30 June 2020**Future Developments**

The directors are not aware of any 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 half-year financial statements.

Dividends

There were no dividends declared or paid in the current or previous period. 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.

Directors' remuneration

No director has a service contract with the Company. The directors of the Company who are employees within the ETF Securities Group do not receive separate remuneration in their capacity as directors of the Company.

Share Options Granted to Directors

No share options were granted or issued to directors or executives during the half-year ended 30 June 2020 (2019: Nil).

Indemnification of Officers and Auditors

The Company provided a written indemnity to the directors of the Company, the company secretary and all executive officers of the Company against any liability incurred while performing the duties of a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

The Company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 4.

Matters subsequent to the end of the half-year*Coronavirus disease (COVID-19)*

Whilst the COVID-19 pandemic continues to create uncertainty in global markets, there has been no significant impact on the Company since the end of the half-year financial period.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

- (i) the operations of the Company in future financial periods, or
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Company in future financial periods.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors

A blue ink signature of Graham J Tuckwell, consisting of a stylized 'G' followed by a long horizontal line.

Graham J Tuckwell

Director

Melbourne, 16 September 2020

**Directors' Declaration
For the half-year ended 30 June 2020**

In the opinion of the directors of ETFS Metal Securities Australia Limited (the "Company"):

- (a) the half-year financial statements and notes set out on pages 8 to 19, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance, for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Graham J Tuckwell'.

Graham J Tuckwell

Director

Melbourne, 16 September 2020



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of ETFS Metal Securities Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the review of ETFS Metal Securities Australia Limited for the half-year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

K Hopkins

Karen Hopkins
Partner

Sydney
16 September 2020



Independent Auditor's Review Report

To the shareholder of ETFS Metal Securities Australia Limited

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of ETFS Metal Securities Australia Limited (the Company).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of ETFS Metal Securities Australia Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Statement of financial position as at 30 June 2020
- Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows for the half-year ended on that date
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of ETFS Metal Securities Australia Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Karen Hopkins
Partner

Sydney
16 September 2020

**Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2020**

	Half-year ended 30 June		
	Notes	2020 AUD	2019 AUD
Revenue			
Net Gains/(Losses) on Financial Instruments		-	-
Expenses			
		-	-
Profit Before Income Tax Expense			
Income Tax		-	-
Profit for the Period Attributable to Equity Holders of the Company			
		-	-
Other Comprehensive Income		-	-
Total Comprehensive Income for the Period			
		-	-

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

**Statement of Financial Position
For the half-year ended 30 June 2020**

	Notes	As at	
		30 June 2020 AUD	31 December 2019 AUD
Assets			
Current Assets			
Cash and Cash Equivalents		-	-
Receivable from Related Parties	5	407,887	407,856
Gold Bar	6	-	909,968
Total Current Assets		407,887	1,317,824
Total Assets		407,887	1,317,824
Liabilities			
Current Liabilities			
Overdraft Facility	7	-	909,968
Redeemable Preference Shares	8	127	96
Total Current Liabilities		127	910,064
Total Liabilities		127	910,064
Net Assets		407,760	407,760
Equity			
Issued Capital	9	250,100	250,100
Equity Contributions	10	360,000	360,000
Retained Earnings		(202,340)	(202,340)
Total Equity		407,760	407,760

The Statement of Financial Position is to be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the half-year ended 30 June 2020

	Notes	Half-year ended 30 June	
		2020 AUD	2019 AUD
Cash Flows Generated From/(Used In)			
Operating Activities			
Payments from/(to) Related Parties	14	(31)	1
Net Cash Generated From/(Used in) Operating Activities		(31)	1
Cash Flows (Used In)/Generated From			
Financing Activities			
Payment Made for Trading of Metal Securities		31	(1)
Net Cash (Used in)/Generated From Financing Activities		31	(1)
Net Decrease in Cash and Cash Equivalents		-	-
Cash and Cash Equivalents at the Beginning of the Period		-	-
Net Movement in Cash and Cash Equivalents		-	-
Cash and Cash Equivalents at the End of the Period		-	-

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.

**Statement of Changes in Equity
For the half-year ended 30 June 2020**

	Issued Capital AUD	Accumulated Losses AUD	Other Reserves AUD	Total Equity AUD
Opening Balance at 1 January 2019	250,100	(202,340)	360,000	407,760
Total Comprehensive Income for the Period	-	-	-	-
Balance at 30 June 2019	250,100	(202,340)	360,000	407,760
Opening Balance at 1 January 2020	250,100	(202,340)	360,000	407,760
Total Comprehensive Income for the Period	-	-	-	-
Balance at 30 June 2020	250,100	(202,340)	360,000	407,760

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements For the half-year ended 30 June 2020

1. General Information

ETFs Metal Securities Australia Limited (the “Company”) is a public company incorporated and operating in Australia and admitted to the official list of the Australian Stock Exchange (“ASX”) under the AQUA rules. The Company’s Metal Securities are quoted on the ASX under the following codes:

ETFs Physical Gold GOLD
ETFs Physical Silver ETPMAG
ETFs Physical Platinum ETPMPT
ETFs Physical Palladium ETPMPD
ETFs Physical PM Basket ETPMPM

The address of the registered office and principal place of business is Level 7, 50 King Street, Sydney, NSW 2000. The Company is domiciled in Australia and is a for-profit entity. The ETFs Capital Group, of which the Company is a part, specialises in the development and issuance of Exchange Traded Products (“ETPs”). ETPs are transparent securities designed to track the value (before fees and expenses) of the underlying commodity, index or currency while providing market liquidity for the investor. ETPs typically are not actively managed, are significantly lower in cost when compared to actively managed mutual funds and are easily accessible to investors.

The purpose of the Company is to provide a vehicle that permits trading of the Metal Securities, not to make gains from trading in the underlying Metal Bullion assets themselves. The Metal Securities are issued under limited recourse arrangements whereby the Company has no residual exposure to price movements of the underlying assets, therefore from a commercial perspective gains and losses in respect of Metal Bullion will always be offset by an equal and opposite loss or gain on the Metal Securities.

The half-year financial report was authorised for issue by the directors on 16 September 2020. The directors of the Company have the power to amend and reissue the financial statements. The financial statements are presented in Australian Dollars, which is the Company’s functional currency.

Administrative Services and Economic Support

The Company has entered into an Administration Services Deed Poll with its related party, ETFs Management (AUS) Limited (“ETFSA”), whereby ETFSA is responsible for supplying or procuring the supply of all management and administration services required by the Company.

Under the Administration Service Deed Poll, ETFSA is entitled to:

- i). A Management Fee which is calculated by applying a fixed percentage to the contractual value of Metal Securities in issue on a daily basis; and
- ii). Creation and Redemption Fees on the issue and redemption of the Metal Securities.

No Creation or Redemption Fees are payable when investors trade in the Metal Securities on a listed market such as the Australian Securities Exchange.

In consideration of fees earned in managing the Company and its investments, ETFSA provides or procures all management and administration services in connection with the issue and management of the Company’s Metal Securities, required by the Company. Pursuant to this Deed Poll, all the operating costs relating to the Company including gold storage, gold insurance, marketing and administration costs, and compensation of directors and executives were incurred and paid by ETFSA to enable the continued operation of the Company.

Notes to the Financial Statements (Continued)
For the half-year ended 30 June 2020

2. Summary of Accounting Policies

The main accounting policies of the Company are described below.

Statement of compliance

This half-year financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with IAS 34 *Interim Financial Reporting*. The half-year financial report does not include all notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The half-year financial statements have been prepared under the historical cost convention, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 31 December 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

While the COVID-19 pandemic has caused uncertainty and market volatility during the period, the Company has continued to follow its established policies and process in preparing the financial report. No changes were required to the principles used in the measurement of assets and liabilities. The Directors have made an assessment of the impact of the COVID-19 pandemic on the results from operations and its financial position. In the opinion of the Directors, the Company's results for the period and overall financial position as at 30 June 2020 have not been significantly impacted. The Directors will continue to monitor any potential impact that the pandemic may have on the operations of the Company and its financial position.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Gold Bar

For the year ended 31 December 2019, the gold bar asset was a hedged item in a designated fair value hedge and is recorded at fair value. Changes in fair value were recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Overdraft Facility

Since 8 January 2020 JPMorgan Chase Bank ("JPMorgan") has provided an overdraft facility (the "Overdraft Facility") to the Trustee to facilitate the movement of Metal Bullion between unallocated and allocated physical stocks to ensure all Metal Securities issued by the Company are supported by holdings of Metal Bullion in allocated form. The Overdraft Facility is denominated in ounces of the underlying Metal Bullion, and is repayable in ounces of the underlying Metal Bullion.

Prior to 8 January 2020, the Company had a gold overdraft facility with HSBC Bank USA, N.A which was repayable in gold (see note 7). This loan was recorded at fair value with movements recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements (Continued)
For the half-year ended 30 June 2020

2. Summary of Accounting Policies (continued)

ETFs Redeemable Preference Shares

ETFs Metal Shares are redeemable preference shares and are recorded at their nominal value of 1/1,000th of one cent each.

Cash and Cash Equivalents

Cash and cash equivalents comprises cash in hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Impairment of Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

Payables

Trade payables and other accounts payable are recognised when the parent company becomes obliged to make future payments resulting from the purchase of goods and services.

3. Revenue and costs

Pursuant to the arrangements under the Administration Services Deed Poll with ETFSA as outlined above in note 1, the Company recognised no income or expenses for the half-year to 30 June 2020 (2019: AUD Nil). In accordance with this Deed Poll, ETFSA earns management fees of:

	Half-year ended 30 June	
	2020	2019
	AUD	AUD
Management fees	3,340,038	1,438,571

No director has a service contract with the Company. The directors of the Company who are employees within the ETF Securities group do not receive separate remuneration in their capacity as directors of the Company.

Capital reserves will remain at AUD 250,100 (2019: AUD 250,100); the Directors consider this is sufficient to maintain on-going operations and the continuing issue of the Metal Securities.

Notes to the Financial Statements (Continued)
For the half-year ended 30 June 2020

4. Income Tax

Under the terms of the Administration Services Deed Poll between the Company and ETFSA, the creation and redemption fees and monthly gold sales charge are paid directly by Holders to the management company (ETFSA) and the management company pays all expenses required to facilitate the Holders' investment in the Company, including income taxes. This arrangement means the Company has received no income and incurred no liabilities or expenses, and therefore no income tax expense is recorded for the half-year ended 30 June 2020 (2019: AUD Nil).

5. Amount Receivable from Related Parties

	As at	
	30 June 2020 AUD	31 December 2019 AUD
Amount Receivable from ETFS Capital Limited ("ETFSC")	407,887	407,856
Amount Receivable from Related Parties	407,887	407,856

The amount receivable from related parties reflects cash transferred to, and held and managed centrally by the Company's parent company. The amounts receivable from related parties are receivable upon demand. The fair value of these receivables is equal to the carrying value.

6. Gold Bar

	As at	
	30 June 2020 AUD	31 December 2019 AUD
Gold Bar	-	909,968

The gold bar asset was held pursuant to the previous overdraft facility with HSBC Bank USA, N.A ("HSBC") described further in note 7, and was recorded at fair value, based on the market value of gold (at 31 December 2019: AUD 2,166.59 per ounce). The gain on the fair value of the gold bar asset was recognised in the Statement of Profit or Loss and Other Comprehensive Income (31 December 2019: AUD 145,344).

The agreement with HSBC was terminated on 8 January 2020 and the 420 fine troy ounces of gold were repaid to HSBC on that date.

The gold bar was classified as a Level 1 financial instrument. Refer to note 15 for definitions of the fair value hierarchy.

7. Overdraft Facility

	As at	
	30 June 2020 AUD	31 December 2019 AUD
Overdraft Facility	-	909,968

Notes to the Financial Statements (Continued)
For the half-year ended 30 June 2020

7. Overdraft Facility (continued)

Gold Bullion Nominees Pty Ltd (the “Trustee”) entered into an Overdraft Facility on 8 January 2020 with JPMorgan that allows for the loan of up one bullion bar of Gold, Silver, Platinum and Palladium. Prior to obtaining the Overdraft Facility with JPMorgan, the Company had previously had entered into an agreement on 9 December 2004 for a no-interest at call facility, denominated in gold ounces, with HSBC for the loan of 420 fine troy ounces of gold. The agreement with HSBC was terminated on 8 January 2020 and the 420 fine troy ounces of gold were repaid to HSBC on that date. The repayment of the ounces of gold constitutes a non cash transaction for the Company, and accordingly this is not reflected in the Statement of Cash Flows.

Since 8 January 2020, the Metal Bullion held through the Overdraft Facility is used by the Trustee to facilitate the movement of Metal Bullion between unallocated and allocated physical stocks to ensure all Metal Securities issued are supported by holdings of Metal Bullion in allocated form. Prior to 8 January 2020 the gold held through the agreement with HSBC was made available for use by the Trustee to ensure all Gold Securities issued are supported by holdings of gold in allocated form.

As at 30 June 2020 the Trustee had no Metal Bullion drawn under the Overdraft Facility (2019: The Company held 420 ounces of gold valued at AUD 2,166.59 per ounce, drawn under the HSBC facility). A gain or loss on the fair value of the HSBC facility was recognised through profit or loss, as at 31 December 2019 of AUD 145,344.

8. Redeemable Preference Shares

	As at	
	30 June 2020 AUD	31 December 2019 AUD
Redeemable Preference Shares (Metal Shares)	127	96

Redeemable preference shares include issued Metal Securities. A Metal Security comprises of a Metal Share of nominal value plus a Beneficial Interest in the relevant amount of bullion (the Metal Entitlement), which is held in a Separate Trust for each Holder. A Metal Share is a redeemable preference share with a nominal value of 1/1,000th of 1 cent which carries with it a right to the Metal Entitlement applicable to that class of share. The Metal Share exists in order to provide a class of “share” which is tradable on the Australian Stock Exchange. The economic value of each Metal Security lies in the Metal Entitlement which is carried around with each Metal Share.

Whenever there is a transfer in ownership of a Metal Share, there is a corresponding transfer in the ownership of the Metal Entitlement applicable to that Metal Share. The Trustee of the metals is Gold Bullion Nominees Pty Ltd, a special purpose company established to facilitate the offer of Metal Securities. The owners and directors of the Trustee are the same as that of the Company.

The Metal Securities on issue at 30 June 2020 comprised the following:

	As at 30 June 2020 Securities on issue	As at 31 December 2019 Securities on issue
ETFS Physical Platinum Securities	54,780	43,780
ETFS Physical Palladium Securities	22,993	14,993
ETFS Physical Silver Securities	5,126,689	3,951,689
ETFS Physical Gold Securities	7,435,145	5,515,145
ETFS Physical PM Basket Securities	69,511	56,511
	12,709,118	9,582,118

Notes to the Financial Statements (Continued)
For the half-year ended 30 June 2020

8. Redeemable Preference Shares (continued)

The Trustee held the below metals on behalf of holders of ETFS Physical Platinum, ETFS Physical Palladium, ETFS Physical Gold and ETFS Physical Silver. All metals were held in the name of the Trustee, they were not brought to account by the Trustee or the Company because the holders of ETFS Physical Platinum, ETFS Physical Palladium, ETFS Physical Gold, ETFS Physical Silver and ETFS Precious Metals Basket (and not the Trustee) hold the beneficial interest in these metals.

	As at 30 June 2020		As at 31 December 2019	
	Troy Ounces	Market Value AUD	Troy Ounces	Market Value AUD
Platinum	5,834.223	6,863,778	4,683.172	6,468,983
Palladium	3,486.979	9,693,632	2,491.247	6,804,477
Gold	699,344.629	1,798,586,966	519,975.110	1,126,572,598
Silver	4,924,081.896	127,625,375	3,808,132.967	97,756,510
		<u>1,942,769,750</u>		<u>1,237,602,568</u>

Holders of Metal Securities have the right to vote:

- on any proposal that affects rights attached to a Metal Security (except the issue of new Metal Securities, or the redemption of Metal Securities on issue);
- on any proposal to wind up the Company; and
- during the winding up of the Company.

Holders of Metal Securities are not entitled to:

- any right to the payment of any dividends;
- any rights of participation in any surplus assets and profits of the Company; or
- priority of payment of capital or dividends in relation to other classes of shares, except on the winding up of the Company.

Metal Securities are redeemable at any time (in accordance with the terms of Redemption) by the Holder. Metal Securities can also be compulsorily redeemed by the Company on provision of 30 days' notice or in the case of insolvency. Therefore an investment in Metal Securities may be redeemed earlier than desired by the Holder.

9. Issued Capital

	As at	
	30 June 2020 AUD	31 December 2019 AUD
250,100 Fully Paid Ordinary Shares (31 December 2019: 250,100)	<u>250,100</u>	<u>250,100</u>

All ordinary shares issued by the Company carry one vote per share without restriction and carry the right to dividends. All ordinary shares are held by ETFS (AUS) Pty Limited. There were no movement in the fully paid ordinary shares during the half-year ended 30 June 2020 (31 December 2019: AUD nil).

It is intended that capital reserves remain at AUD 250,100 (2019: AUD nil); the Directors consider this is sufficient to maintain on-going operations and the continuing issue of the Company's Metal Securities.

Notes to the Financial Statements (Continued)
For the half-year ended 30 June 2020

10. Equity Contribution

	As at	
	30 June 2020 AUD	31 December 2019 AUD
Equity Contribution	<u>360,000</u>	<u>360,000</u>

The equity contribution received from the parent entities.

11. Contingent Liabilities and Contingent Assets

The Company does not have any material contingent liabilities or contingent assets at 30 June 2020 (31 December 2019: AUD nil).

12. Economic Support

Pursuant to the Administration Services Deed Poll between the Company and ETFSA, all the operating costs relating to the Company, including gold storage, gold insurance, marketing and administration costs, are incurred and paid by ETFSA to enable the continued operation of the Company.

13. Related Party Disclosures

ETFS (AUS) Pty Limited is the immediate parent entity. ETFSCL is the ultimate parent entity of both ETFS (AUS) Pty Limited and the Company. The ultimate controlling party of the Company is Mr. Graham J Tuckwell, through his majority shareholding in ETFSCL.

Refer to note 5 Amount Receivable from Related Parties.

Mr. Kristian J Walesby is a Director of the Company and also a shareholder in ETFS Management (AUS) Limited.

14. Notes to the Statement of Cash Flows

	Half-year ended 30 June	
	2020 AUD	2019 AUD
Reconciliation of Profit/(Loss) for the Period to Net Cash Flows from Operating Activities	-	-
Profit/(Loss) for the Period	-	-
Changes in Net Assets and Liabilities:		
(Increase)/Decrease in Current Receivables	(31)	1
Net Cash (Used in)/Generated from Operating Activities	<u>(31)</u>	<u>1</u>

Notes to the Financial Statements (Continued)
For the half-year ended 30 June 2020

15. Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 30 June 2020		
	Level 1 AUD	Level 2 AUD	Level 3 AUD
Liabilities			
Gold Overdraft Facility	-	-	-
Redeemable Preference Shares	(127)	-	-
	As at 31 December 2019		
	Level 1 AUD	Level 2 AUD	Level 3 AUD
Assets			
Gold Bar	909,968	-	-
Liabilities			
Gold Overdraft Facility	(909,968)	-	-
Redeemable Preference Shares	(96)	-	-

There were no transfers of financial instruments between Level 1 and Level 2 during the period/year.

The Company did not hold any level 3 instruments during the period ended 30 June 2020 (31 Dec 2019: Nil).

16. Ultimate Controlling Party

The ultimate controlling party of the Company is Graham J Tuckwell, through his majority shareholding in ETFSCL.

17. Subsequent Events

Whilst the COVID-19 pandemic continues to create uncertainty in global markets, there has been no significant impact on the Company since the end of the half-year financial period.

There has been no other matter or circumstance that has arisen since the end of the financial half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.