

# ETFS Bearish GBP vs G10 Currency Basket Securities SGBB

## Investment Objective

The ETFS Bearish GBP vs G10 Currency Basket (SGBB) is designed to provide investors with a short exposure to the British Pound relative to a basket of G10 currencies by tracking the Diversified GBP Short Basket Index (GBP) (TR) (the "Index").

SGBB is an exchange traded currency ("ETC"). Its securities can be created and redeemed on demand by authorised participants and traded on exchange just like shares in a company. The ETC obtains exposure to the Index by entering into unfunded swaps with a counterparty. There is no upfront cash payment by the Issuer to the counterparty when an unfunded swap is created.

However, daily cash payments are made between the Issuer and the counterparty to reflect the daily movements in the value of the Index. Separately, the Issuer uses the cash it holds to purchase eligible collateral from the counterparty under a daily reverse repurchase agreement ("reverse repo"), an agreement whereby the counterparty agrees to repurchase such eligible collateral from the Issuer the following day. The eligible collateral is held by the custodian in a custody account.

## About The Index

The Index gives investors a negative or inverse exposure to the British Pound relative to a basket of G10 currency pairs. If the British Pound were to fall against all nine G10 currencies, then the Index would rise in value. Conversely, if the British Pound were to rise in value against all nine G10 currencies, then the Index would fall in value. The index return also includes a component based on the interest rate differentials, reflecting the difference between UK interest rates and those of other countries in the basket and which is obtained by rolling positions daily.

The Index is a total return index, which means that it also provides a collateral yield.

## Product Information

Product Name	ETFS Bearish GBP vs G10 Currency Basket Securities
Issuer	ETFS Foreign Exchange Limited
Legal Form	Debt security
UCITS Eligible	Yes
Domicile	Jersey
Listing Date	30 June 2014
Base Currency	GBP
Management Fee	0.49% p.a.
Replication	Synthetic - unfunded swap backed by collateral
Collateralised	Yes
Counterparties	Morgan Stanley & Co. International plc
Custodian	The Bank of New York Mellon
Trustee	The Law Debenture Trust Corporation p.l.c.
SIPP And ISA (UK) Eligible	Yes
UK Reporting Fund Status	Yes
Registered in	Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, United Kingdom

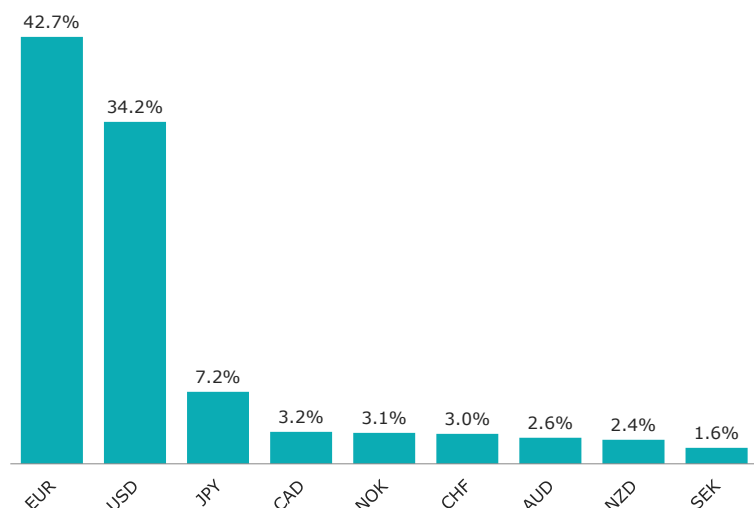
## Index Information

Index Name	Diversified GBP Short Basket Index (GBP) (TR)
Index Provider	MSFX
Base Currency	GBP
Bloomberg Code	MSCEGBSG

## Trading Information

Exchange	ISIN	Exchange Code	Currency (Trading)	Bloomberg Code	Reuters Code
London Stock Exchange	JE00B3XLZZ09	SGBB	GBX	SGBB LN	SGBB.L

## Index Constituents



Source : Morgan Stanley Indexes

Weights as at 31 July 2019. The sum may not equal 100% because of rounding.

## Simulated Historical Performance

Diversified GBP Short Basket Index (GBP) (TR)

Period Considered: from 1 September 2014 to 30 August 2019

— Diversified GBP Short Basket Index (GBP) (TR)



The index performance shown here is the back tested performance of the corresponding Total Return Index and not the performance of the security. Please refer to the Historical Performance Disclaimer on the following page.

Source: Bloomberg, Morgan Stanley Research

Index	YTD	2 Years	3 Years	4 Years	5 Years
Diversified GBP Short Basket Index (GBP) (TR)	2.1%	4.0%	5.6%	28.6%	21.1%

## Risks

**General investment risk:** An investment in an ETC involves a significant degree of risk. Any decision to invest should be based on the information contained in the relevant prospectus. Prospective investors should obtain independent accounting, tax and legal advice and should consult their professional advisers to ascertain the suitability of this ETC as an investment to their own circumstances. The value of securities in this ETC is directly affected by increases and decreases in the value of the Index. Accordingly, the value of a security may go up or down and a security holder may lose some or all of the amount invested.

**Currency exchange rate risks:** Currency exchange rates can be extremely volatile and such volatility may adversely impact the returns on an investment in the ETC.

**Liquidity risk:** There can be no certainty that securities can always be bought or sold on a stock exchange or that the market price at which the securities may be traded on a stock exchange will always accurately reflect the performance of the Index.

**Counterparty risk:** The Issuer is reliant on there being counterparties available to enter into swap agreements with on a continuing basis and, if no counterparties are willing to do so, the ETC will not be able to achieve its investment policy of tracking the performance of the Index.

**Credit risk:** The Issuer is subject to the risk that third party service providers may fail to return property belonging to the Issuer or pay money due to the Issuer.

## Benchmark Considerations

Data in this chart is simulated and should not be interpreted as an indication of actual or future performance.

The benchmark information shown here is denominated in the base currency and does not reflect 1) the effect of fees and expenses and 2) any movements in the exchange rate between the base currency and any other currency that may be used by an investor. Exchange rate risk should always be considered when analysing performance denominated in another currency. Past performance is not a reliable indicator of future results.

## Glossary

Authorised participant	Banks or other financial institutions that act as intermediaries between issuers of securities and other investors or intermediaries. Authorised participants subscribe for and redeem securities directly with the Issuer and buy and sell those securities to investors/intermediaries either directly or via stock exchanges.
Eligible Collateral	Cash from creations is used by the Issuer to purchase securities that meet certain eligibility criteria from the counterparty under a reverse repo. Such eligible collateral is held by the Issuer in an account in its name with the custodian.
Collateral yield	The collateral yield is the hypothetical interest that an investor would have received on cash equal in value to the underlying futures contracts.
Counterparty	A Counterparty is a bank or financial institution with whom the Issuer enters into swaps or other similar transactions.
Forward Contract	A currency forward contract is an agreement to purchase an amount of one currency with another currency at a certain date in the future ("maturity"). At maturity, a new currency forward contract is purchased with the cash proceeds from the last contract (a process known as 'rolling') so that continuous exposure to the exchange rate is maintained.
Swap or swap agreement	This is where the Issuer enters into contracts with one or more swap counterparties whereby the Issuer receives payments from a swap counterparty when the Index (tracked by the relevant ETC) goes up and the Issuer makes payments to the swap counterparty when the Index goes down. By using swaps, the ETC can efficiently track the upward or downward performance of the Index without having to actually own the underlying constituent(s) which make up the Index.
Unfunded swap	This is a swap whereby the cash from investors is not transferred by the Issuer to the swap counterparties but is retained by the Issuer for use as collateral.

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