30 August 2019

Leveraged ETCs are only intended for investors who understand the risks involved in investing in a product with leveraged exposure and who intend to invest on a short term basis. Potential losses from leveraged ETCs may be magnified in comparison to products that provide an unleveraged exposure. Please refer to the section entitled "Risk Factors" in the relevant prospectus for further details of these and other risks.

# ETFS 3x Long AUD Short USD LAU3

## Investment Objective

ETFS 3x Long AUD Short USD (LAU3) is designed to provide investors with a 'leveraged long' exposure to Australian Dollars (""AUD"") relative to US Dollars (""USD"") by tracking the MSFX Triple Long Australian Dollar Index (TR) (the ""Index""), which aims to reflect three times the performance of a position in forward contracts which are rolled on a daily basis.

LAU3 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 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 provides a 3x leveraged 'long' exposure to: (i) AUD relative to USD. For example, if AUD were to rise in value relative to USD, the Index (tracked by the ETC) would rise in value by three times the same amount. Conversely if AUD were to decrease in value relative to USD, the Index would decrease in value by three times the same amount; and (ii) an interest rate differential reflecting the difference between the AUD and the USD exchange rates.

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

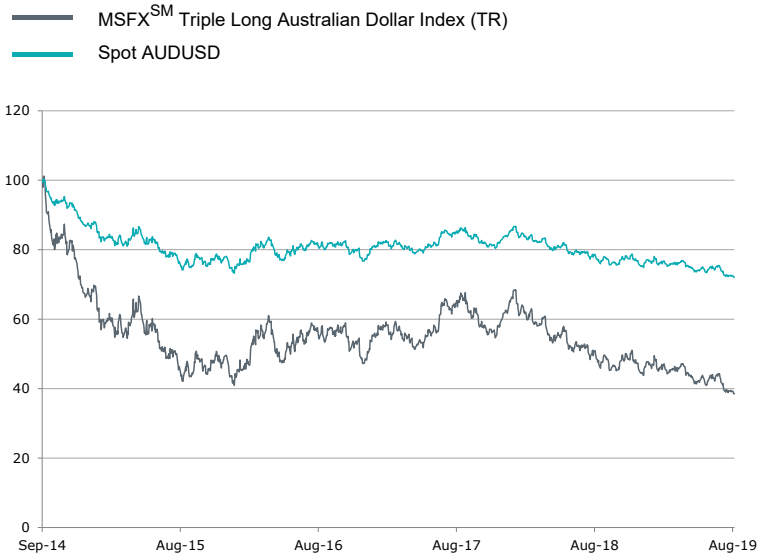
| Product Information | |
|---|---|
| Product Name | ETFS 3x Long AUD Short USD |
| Issuer | ETFS Foreign Exchange Limited |
| Leveraged | 3x |
| Legal Form | Debt security |
| UCITS Eligible | Yes |
| Domicile | Jersey |
| Listing Date | 8 November 2010 |
| Base Currency | USD |
| Management Fee | 0.98% p.a. |
| Replication | Synthetic - unfunded swap backed by collateral |
| Collateralised | Yes |
| Counterparties | Morgan Stanley &Co. International plc |
| 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 | MSFX$^{SM}$ Triple Long Australian Dollar Index (TR) |
| Index Provider | MSFX |
| Base Currency | USD |
| Bloomberg Code | MSCEAUUL |

| Trading Information | | | | | |
|---|---|---|---|---|---|
| Exchange | ISIN | Exchange Code | Currency (Trading) | Bloomberg Code | Reuters Code |
| London Stock Exchange | JE00B3W2CR59 | LAU3 | USD | LAU3 LN | LAU3.L |

# Simulated Historical Performances

MSFX$^{SM}$ Triple Long Australian Dollar Index (TR) and Spot AUDUSD historical performance (i.e. the spot exchange rate between the two currencies).
Period Considered: 1 September 2014 to 30 August 2019




The index performance shown here is the back tested performance of the corresponding MSFX$^{SM}$ Total Return Index and not the performance of the product. Please refer to the Benchmark Considerations box on the right and the Important Information on the following page for further information.
Source: Bloomberg, Morgan Stanley Research

| Index | YTD | 2 Years | 3 Years | 4 Years | 5 Years |
|---|---|---|---|---|---|
| MSFX$^{SM}$ Triple Long Australian Dollar Index (TR) | -12.0% | -41.1% | -29.0% | -20.8% | -61.4% |
| Spot AUDUSD | -3.8% | -15.6% | -10.3% | -7.4% | -27.9% |

## 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.

Leveraged risks: You should understand that investments in leveraged ETCs held for a period of longer than one day may not provide returns equivalent to the return from the relevant unleveraged investment multiplied by the relevant leverage factor.

Potential losses in leveraged ETCs may be magnified in comparison to investments that do not incorporate these strategies.

Leveraged exchange-traded products are only intended for investors who understand the risks involved in investing in a product with leveraged exposure and who intend to invest on a short-term basis. Any investment in leveraged products should be monitored on a daily basis to ensure consistency with your investment strategy.

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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An investment in exchange-traded products ("ETPs") is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks.

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The products discussed in this document are issued by ETFS Foreign Exchange Limited (the "**Issuer**"). The Issuer is regulated by the Jersey Financial Services Commission. Investors should read the prospectus of the Issuer before investing and should refer to the section of the prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the securities offered by the Issuer.

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