

# ETFS 3x Daily Short FTSE 100 UK3S

## Investment Objective

ETFS 3x Daily Short FTSE 100 (UK3S) is designed to enable investors to gain a three times daily leveraged 'short' exposure to FTSE 100 Total Return Index (FTSE 100) by tracking the FTSE 100 Daily Ultra Short Strategy RT Gross TR Index (the "Index"). A three times daily leveraged short exposure means that the product is designed to reflect minus three times the daily percentage change in the FTSE 100 (the "benchmark"). For example, if the FTSE 100 was to rise in value by 5% on a particular day, the product would decrease in value by 15% on that day (before fees, expenses and adjustments). UK3S is an exchange traded product ("ETP"). It is not a UCITS. This ETP is structured as a debt security rather than as a share (equity) and can be created and redeemed on demand by authorised participants and is traded on exchange just like shares in a company. The ETP is backed by Equity Contracts (swaps). The payment obligations of the swap counterparty to the Issuer are backed by collateral held in a segregated account at The Bank of New York Mellon. Details of the collateral held can be found in the Collateral section of the ETF Securities website ([www.etfsecurities.com](http://www.etfsecurities.com)).

## Index Description

The Index is a total return index which is designed to provide a three times daily leveraged short exposure to FTSE 100 Total Return Index (FTSE 100). Each trading day returns, before fees, expenses and adjustments, will be positive when the FTSE 100 falls relative to the previous day's close, and negative when the FTSE 100 rises relative to the previous day's close. In the event of a large rise in the value of FTSE 100 during the course of a trading day it is possible that an intra-day reset may be triggered with respect to the Index in order to restrict the loss in value of the Index as more particularly described in the prospectus.

Short ETPs are only intended for investors who understand the risks involved in investing in an ETP with leveraged short exposure and who intend to invest on a short-term basis. **Any investment in a short ETP should be monitored on a daily basis to ensure consistency with your investment strategy. Please refer to the section entitled "Risk Factors" in the prospectus for further details of these and other risks associated with an investment in short ETPs.** You should consult an independent investment adviser prior to making an investment in a short ETP in order to determine its suitability for your circumstances.

## Product Information

Product Name	ETFS 3x Daily Short FTSE 100
Legal Form	Debt security
Issuer	ETFS Equity Securities Limited
UCITS Eligible	Yes
Domicile	Jersey
Listing Date	7 April 2014
Base Currency	GBP
Currency Hedged	No – this product is not protected against adverse currency movements
Administration Allowance (MER)	0.7% p.a.
Replication	Synthetic - fully funded collateralised swap
Collateralised	Yes
Product Manager	ETFS Management Company (Jersey) Limited
Collateral Manager (in respect of the swaps)	The Bank of New York Mellon
Registered in	Austria, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, United Kingdom

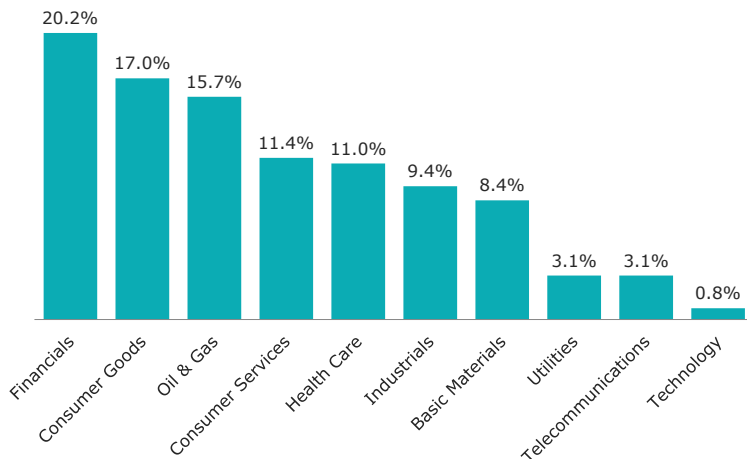
## Index Information

Index Name	FTSE 100 Daily Ultra Short Strategy RT Gross TR Index
Index Provider	FTSE
Constituents	100
Base Currency	GBP
Bloomberg Code	UKXI3X Index
Reuters Code	.FTUKXI3X

## Trading Information

Exchange	ISIN	Exchange Code	Currency (Trading)	Bloomberg Code	Reuters Code
London Stock Exchange	JE00B7QK5303	UK3S	GBX	UK3S LN	.UK3S
Borsa Italiana	JE00B7QK5303	UK3S	EUR	UK3S IM	.UK3S

## Index Constituents



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

## Index Performance

Data from 1 September 2014 to 30 August 2019. Data source Bloomberg. The performance quoted represents past performance of the Index and is not indicative of future performance.

— FTSE 100 Daily Ultra Short Strategy RT Gross TR Index



This information represents the benchmark performance of the Index, rather than the ETP's actual performance. Please see the Benchmark Considerations for further information.

Index	YTD	2 Years	3 Years	4 Years	5 Years
FTSE 100 Daily Ultra Short Strategy RT Gross TR Index	-29.5%	-28.0%	-51.7%	-69.0%	-72.6%

## Top Holdings

1	HSBC Hldgs	6.62%
2	BP	5.50%
3	Royal Dutch Shell A	5.50%
4	AstraZeneca	5.31%
5	Royal Dutch Shell B	4.69%
6	GlaxoSmithKline	4.63%
7	Diageo	4.52%
8	British American Tobacco	3.63%
9	Unilever	3.13%
10	Rio Tinto	2.52%

## Specific Risks of Daily Short ETPs

An investment in a Daily Short ETP 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 ETP as an investment to their own circumstances.

You should understand that investments in Daily Short ETPs held for a period of longer than one day may not provide returns equivalent to the return from the relevant benchmark multiplied by the relevant leverage factor and the return may differ significantly.

The price of a Daily Short ETP will fall when the underlying benchmark rises. If the value of the relevant benchmark rises for extended periods, a Daily Short ETP will likely lose most or all of its value. If the underlying benchmark rises by 33% or more in one day then it is possible (in the absence of an intra-day reset) that an investment in a Daily Short ETP will lose all of its value.

The price of securities in this ETP is generally quoted in Pounds Sterling. To the extent that a security holder purchases securities in another currency, the value will be affected by changes in the exchange rate.

Daily Short ETPs are only intended for investors who understand the risks involved in investing in an ETP with leveraged short exposure and who intend to invest on a short term basis. Any investment in a Daily Short ETP should be monitored on a daily basis to ensure consistency with your investment strategy.

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.

The Issuer is reliant on there being a swap counterparty available to enter into swap agreements with it on a continuing basis and, if no swap counterparty is willing to do so, the ETP will not be able to achieve its investment policy of tracking the performance of the Index.

The Issuer is subject to the risk that the swap counterparty and other third party service providers may fail to return property belonging to the Issuer or pay money due to the Issuer.

## Benchmark Considerations

The Index provides a three times daily leveraged short exposure to the underlying benchmark. The Index does not take into account any fees, expenses, or adjustments which will be charge to an investor holding the daily short ETP. Fees, expenses, and adjustments are incorporated within the return of the Daily Short ETP which tracks the Index.

The Underlying benchmark is a total return index and so provides a leveraged short exposure to (i) the capital gain or loss of each equity comprised within the underlying benchmark and (ii) any cash distributions payable with respect to those equities, such as dividends, which will be treated as reinvested back into the underlying benchmark. Total return indices can be sub-categorised as gross total return indices or net total return indices. Gross total return indices will typically be treated as having re-invested into the benchmark the total dividend amount, whereas net total return indices typically deduct an amount on account of withholding tax before re-investing the dividend amount into the benchmark.

The information shown here is priced in Pounds Sterling and does not reflect any movements in the exchange rate between Pounds Sterling and any other currency.

## 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.
Collateral held	Cash or other transferable securities which are held independently to reduce the Issuer's credit risk in respect of any single counterparty. For example, if the Index (tracked by the ETP) increases, the amount owed to the Issuer by the swap counterparty increases and therefore additional collateral is transferred by the swap counterparty to reduce the increased risk to the ETP of that counterparty.
Exposure	An ETP has exposure to an index or commodity if its value is directly affected by movements in the price of that index. Exposure to an index can be achieved in various different ways. This ETP aims to provide exposure to the Index using Equity Contracts (swaps).
Fully funded swap	This is a swap whereby the cash from investors is transferred by the Issuer to the swap counterparty.
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 ETP) goes up and the Issuer makes payments to the swap counterparty when the Index goes down. By using swaps, the ETP 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.
Swap counterparty	Typically a large bank or financial institution with whom the Issuer enters into swaps.
Marked to market	The amount of collateral held will be adjusted on a daily basis in order to reflect the value of the swaps.

## IMPORTANT INFORMATION

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