



WisdomTree Foreign Exchange Limited

Registered No: 103518

Unaudited Interim Financial Report for the
Six Months to 30 June 2021

WisdomTree Foreign Exchange Limited



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WisdomTree Foreign Exchange Limited

Directors' Report



The directors of WisdomTree Foreign Exchange Limited ("FXL" or the "Company"), submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2021.

Directors

The names and particulars of the directors of the Company during or since the end of the financial period are:

Stuart Bell
Christopher Foulds
Steven Ross
Peter Ziemba

Directors' Interests

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

Principal Activities

During the period there were no significant changes in the nature of the Company's activities.

Review of Operations

As at 30 June 2021, the Company had the following number of classes, in aggregate, of Currency Securities in issue and admitted to trading on the following exchanges:

	London Stock Exchange	Borsa Italiana	Deutsche Börse	NYSE- Euronext Paris
USD Currency Securities	16	-	2	-
EUR Currency Securities	-	26	11	6
GBP Currency Securities	16	-	-	-
Total Currency Securities	32	26	13	6

As at 30 June 2021, the fair value of assets under management amounted to USD 334.6 million (31 December 2020: USD 454.1 million). The Company recognises its financial assets ("Currency Transactions") and financial liabilities ("Currency Securities") at fair value in the Condensed Statement of Financial Position.

The Company has entered into contractual obligations to issue and redeem Currency Securities at set prices on each trading day, and these prices are based on agreed formulae published in the Prospectus and are equal to the published NAV of each class of Currency Security.

IFRS 13 requires the Company to identify the principal market and to utilise the available price within that principal market. The directors consider the stock exchanges where the Currency Securities are listed to be the principal market and as a result the fair value of the Currency Securities is the on-exchange price as quoted on the stock exchanges demonstrating active trading with the highest trading volume on each day that the price is obtained. As a result of the difference in valuation between Currency Transactions and Currency Securities there is a mis-match between values recognised, and the results of the Company reflect a gain or loss on the difference between the fair value of the Currency Transactions and the price of Currency Securities.

The gain or loss on Currency Securities and the Currency Transactions is recognised through profit or loss in line with the Company's accounting policy.

WisdomTree Foreign Exchange Limited

Directors' Report (Continued)



Review of Operations (continued)

During the period, the Company generated income from management fees as follows:

	30 June 2021 USD	30 June 2020 USD
Management Fees	1,340,485	1,177,970
Total Fee Income	1,340,485	1,177,970

Non-GAAP Performance Measures

Under the terms of the service agreement with WisdomTree Management (Jersey) Limited ("ManJer or the "Manager"), 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 a Result Before Fair Value Movements for the period of USD Nil (2020: USD Nil).

As the difference in the valuation of Currency Transactions (held to support the Currency Securities) and Currency Securities would be reversed on a subsequent redemption of the Currency Securities and closure of the corresponding Currency Transactions, the Company presents an adjusted Condensed Statement of Profit or Loss and Other Comprehensive Income and an adjusted Condensed Statement of Changes in Equity in note 8 of the interim financial statements.

Coronavirus disease (COVID-19)

The COVID-19 pandemic continues to persist and the ultimate duration of the pandemic and its short-term and long-term impact on the global economy is unknown. National governments and supranational organisations in multiple states continue taking 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. Mutations in the virus, a setback in vaccine distribution and negative global economic consequences arising from the pandemic, amongst other factors, could have a future adverse impact on the global financial markets. The steps outlined above, and public sentiment, may affect both the volatility and prices of Currency Transactions and hence the prices of the Currency 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 implemented and continues to implement measures to maintain the ongoing safety and well-being of employees, whilst continuing to operate business as usual.

Restatement as a result of a reassessment of the accounts held with the Custodian and Collateral Administrator and the impact on the presented cash flows

Under the terms of the Collateral Administration Master Agreement, the Company has established and maintains Custody Accounts with The Bank of New York Mellon (as both Custodian and Collateral Administrator) in respect of its dealings with the Currency Transaction Counterparty. The Company has also established separate Cash Accounts (GBP, USD and EUR) with The Bank of New York Mellon as well as to facilitate the transfer of the Daily Payment Amounts required for the subsequent days daily repurchase transaction.

For the purpose of the financial statements, the cash held in the Cash Accounts was previously determined to be a part of the counterparty balance and therefore not presented separately as cash. The amount of cash held at the close of each day is equal to the amounts accrued but not yet transferred in respect to management fees, net of any interest applied to the Cash Accounts by The Bank of New York Mellon.

WisdomTree Foreign Exchange Limited**Directors' Report (Continued)****Review of Operations (continued)***Restatement as a result of a reassessment of the accounts held with the Custodian and Collateral Administrator and the impact on the presented cash flows (continued)*

Following a reassessment of the Cash Accounts, as well as the cash flows through those Cash Accounts and the Custody Accounts, the Company has determined that receipts and payments between those Cash Accounts and the Custody Accounts are reflected on the Condensed Statement of Cash Flows accordingly to reflect the operation of the daily processing taking place. The operation of the daily processing taking place has not changed, and is not impacted by this reassessment.

Therefore, as a result of the error, the directors have restated the comparative information. The changes in presenting the cash flows has been accounted for in accordance with International Accounting Standard 8 — Accounting Policies, Changes in Accounting Estimates and Errors. Further details of the impact on these financial statements are described in note 1.

Future Developments

The Board of directors (the “Board”) 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 interim financial statements.

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 period:

	30 June 2021	30 June 2020
	GBP	GBP
Stuart Bell	Nil	Nil
Christopher Foulds	4,000	1,680
Hilary Jones (resigned 15 April 2020)	Nil	2,320
Steven Ross	4,000	4,000
Peter Ziemba	Nil	Nil

Going Concern

The nature of the Company's business dictates that the outstanding Currency Securities may be redeemed at any time by Authorised Participants and in certain circumstances by individual holders and also, in certain circumstances may be compulsorily redeemed by the Company. As the redemption of Currency Securities will always coincide with the closing of an equal amount of Currency Transactions, liquidity risk is mitigated such that there is no residual liquidity risk. 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. The directors consider the Company to be ongoing, with a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of these interim financial statements, and accordingly these interim financial statements have been prepared on a going concern basis.

WisdomTree Foreign Exchange Limited

Directors' Report (Continued)



Directors' Statement

With regard to Directive 2004/109/EC, amended by Directive 2013/50/EU (collectively the Transparency Directive), the Central Bank (Investment Market Conduct) Rules of the Central Bank of Ireland and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the directors confirm that to the best of their knowledge that:

- the interim financial statements for the period ended 30 June 2021 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 International Financial Reporting Standards as issued by the International Accounting Standards Board; 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 period and their impact on these interim financial statements.

On behalf of the directors

DocuSigned by:

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Christopher Foulds

25 August 2021

WisdomTree Foreign Exchange Limited

Condensed Statement of Profit or Loss and Other Comprehensive Income



	Notes	Period Ended 30 June	
		2021 Unaudited USD	2020 Unaudited USD
Income	2	1,340,485	1,177,970
Expenses	2	(1,340,485)	(1,177,970)
Result Before Fair Value Movements		-	-
Change in Contractual and Fair Value of Currency Transactions	3	(27,871,638)	(15,603,937)
Change in Fair Value of Currency Securities	4	29,236,441	12,793,886
Profit/(Loss) for the Period^{1, 2}		1,364,803	(2,810,051)

The directors consider the Company's activities as continuing.

¹ A non-statutory and non-GAAP Condensed Statement of Profit or Loss and Other Comprehensive Income reflecting adjustments representing the movement in the difference between the value of the Currency Transactions and the price of Currency Securities is set out in note 8.

² There are no items of Other Comprehensive Income, therefore the Profit for the Period also represented the Total Comprehensive Income for the Period.

The notes on pages 8 to 15 form part of these condensed interim financial statements

WisdomTree Foreign Exchange Limited

Condensed Statement of Financial Position



	Notes	As At	
		30 June 2021 Unaudited USD	31 December 2020 Audited USD
Assets			
Cash and Cash Equivalents		218,922	271,274
Currency Transactions	3	334,604,523	454,105,332
Amounts Receivable on Currency Transactions Awaiting Settlement	3	53,794,344	3,196,435
Amounts Receivable on Currency Securities Awaiting Settlement	4	17,718,578	377,230
Trade and Other Receivables		1,784	1,784
Total Assets		406,338,151	457,952,055
Liabilities			
Currency Securities	4	335,792,856	456,658,470
Amounts Payable on Currency Securities Awaiting Settlement	4	53,794,344	3,196,435
Amounts Payable on Currency Transactions Awaiting Settlement	3	17,718,578	377,230
Trade and Other Payables		218,922	271,274
Total Liabilities		407,524,700	460,503,409
Equity			
Stated Capital		3	3
Retained Earnings		1,781	1,781
Revaluation Reserve		(1,188,333)	(2,553,138)
Total Equity		(1,186,549)	(2,551,354)
Total Equity and Liabilities		406,338,151	457,952,055

The assets and liabilities in the above Condensed Statement of Financial Position are presented in order of liquidity from most to least liquid.

The condensed interim financial statements on pages 4 to 16 were approved and authorised for issue by the board of directors and signed on its behalf on 25 August 2021.

DocuSigned by:

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Christopher Foulds
Director

The notes on pages 8 to 15 form part of these condensed interim financial statements

WisdomTree Foreign Exchange Limited

Condensed Statement of Cash Flows



	Period Ended 30 June	
	2021	2020
	Unaudited	Restated
	USD	Unaudited
		USD
Fees and Expenses Paid	(1,392,837)	(1,204,494)
Cash Used in Operating Activities	(1,392,837)	(1,204,494)
<i>Cash Flows from Investing Activities</i>		
Net Daily Payment Amounts	(1,158,128)	(15,139,945)
Net Movement on Currency Transactions	56,597,056	44,429,087
Net Cash Flows from Investing Activities	55,438,928	29,289,142
<i>Cash Flows from Financing Activities</i>		
Issue of Currency Securities	123,688,005	204,226,811
Redemption of Currency Securities	(177,786,448)	(232,337,983)
Net Cash Flows from Financing Activities	(54,098,443)	(28,111,172)
Net Movement in Cash and Cash Equivalents	(52,352)	(26,524)
Cash and Cash Equivalents at the Start of the Period	271,274	58,162
Net Movement in Cash and Cash Equivalents	(52,352)	(26,524)
Cash and Cash Equivalents at the End of the Period	218,922	31,638

Cash received by the Company linked to Currency Transactions entered into with a Currency Transaction Counterparty is used to enter into a USD, GBP or EUR denominated daily repurchase transaction with the Currency Transaction Counterparty in exchange for eligible collateral on the terms described in the Company's Prospectus (collectively the "Underlying Assets"). On each day the Currency Transaction Counterparty is required to pay back the USD, GBP and EUR amounts in exchange for the eligible collateral held the previous day, which allows the Company to enter into new daily repurchase transactions in exchange for eligible collateral required on that day, however in accordance the terms of a supplemental agreement to the Collateral Administration Master Agreement those new daily repurchase transactions can be paired with maturing deals on the previous daily repurchase transactions meaning that the net amounts (in each of USD, GBP and EUR) are transferred each day. These cash flows are reported on a net basis in accordance with IAS 7.

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 Currency 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"). As a result, ManJer receives creation and redemption fees directly from Authorised Participants. Accordingly, there are no related cash flows through the Company.

The notes on pages 8 to 15 form part of these condensed interim financial statements

WisdomTree Foreign Exchange Limited

Condensed Statement of Changes in Equity



	Stated Capital USD	Retained Earnings USD	Revaluation Reserve USD	Total Equity USD
Audited Opening Balance at 1 January 2020	3	1,781	1,839,807	1,841,591
Result and Total Comprehensive Loss for the Period	-	(2,810,051)	-	(2,810,051)
Transfer to Revaluation Reserve	-	2,810,051	(2,810,051)	-
Unaudited Balance at 30 June 2020	3	1,781	(970,244)	(968,460)
Unaudited Opening Balance at 1 July 2020	3	1,781	(970,244)	(968,460)
Result and Total Comprehensive Loss for the Period	-	(1,582,894)	-	(1,582,894)
Transfer to Revaluation Reserve	-	1,582,894	(1,582,894)	-
Audited Balance at 31 December 2020	3	1,781	(2,553,138)	(2,551,354)
Audited Opening Balance at 1 January 2021	3	1,781	(2,553,138)	(2,551,354)
Result and Total Comprehensive Income for the Period	-	1,364,803	-	1,364,803
Transfer to Revaluation Reserve	-	(1,364,803)	1,364,803	-
Unaudited Balance at 30 June 2021³	3	1,781	(1,188,333)	(1,186,549)

³ A non-statutory and non-GAAP Condensed Statement of Changes in Equity reflecting adjustments representing the difference between the value of Currency Transactions and the price of Currency Securities is set out in note 8.

The notes on pages 8 to 15 form part of these condensed interim financial statements

Notes to the Condensed Interim Financial Statements

1. Accounting Policies

The main accounting policies of the Company are described below.

Basis of Preparation

The interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The interim 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.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2020. Except as described below under Changes in Accounting Standards the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2020. The changes in accounting policies are also expected to be reflected in the financial statements for the year ended 31 December 2021.

The presentation of interim financial statements in conformity with International Financial Reporting Standards (“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 judgement required to prepare these interim financial statements is in respect of the presentation of non-statutory and non-GAAP adjustments to the Condensed Statement of Profit or Loss and Other Comprehensive Income and the Condensed Statement of Changes in Equity, as disclosed in note 8.

This half yearly report has not been audited or reviewed by the Company’s auditors.

Changes in Accounting Standards

On 1 January 2021 the Company adopted all applicable annual improvements to IFRSs and have assessed that the adoption of these revised and amended accounting standards has not resulted in any changes to the accounting policies and disclosures within these financial statements.

Restatement as a result of a reassessment of the accounts held with the Custodian and Collateral Administrator and the impact on the presented Condensed Statement of Cash Flows

Under the terms of the Collateral Administration Master Agreement, the Company has established and maintains Custody Accounts with The Bank of New York Mellon (as both Custodian and Collateral Administrator) in respect of its dealings with the Currency Transaction Counterparty. The Company has also established separate Cash Accounts (GBP, USD and EUR) with The Bank of New York Mellon as well as to facilitate the transfer of the Daily Payment Amounts required for the subsequent days daily repurchase transaction.

For the purpose of the financial statements, the cash held in the Cash Accounts was previously determined to be a part of the counterparty balance and therefore not presented separately as cash. The amount of cash held at the close of each day is equal to the amounts accrued but not yet transferred in respect to management fees, net of any interest applied to the Cash Accounts by The Bank of New York Mellon.

Notes to the Condensed Interim Financial Statements

1. Accounting Policies (continued)**Restatement as a result of a reassessment of the accounts held with the Custodian and Collateral Administrator and the impact on the presented Condensed Statement of Cash Flows (continued)**

Following a reassessment of the Cash Accounts, as well as the cash flows through those Cash Accounts and the Custody Accounts, the Company has determined that receipts and payments between those Cash Accounts and the Custody Accounts are reflected on the Condensed Statement of Cash Flows accordingly to reflect the operation of the daily processing taking place. The operation of the daily processing taking place has not changed, and is not impacted by this reassessment. The restatement is further disclosed in the Company's annual financial statements for the year ended 31 December 2020.

Therefore, as a result of the error, the directors have restated the comparative information for the Condensed Statement of Cash Flows. The changes in presenting the cash flows has been accounted for in accordance with International Accounting Standard 8 — Accounting Policies, Changes in Accounting Estimates and Errors.

A summary of the changes are presented in the tables below, and explained as follows:

- (A) Interest and bank charges incurred on the Cash Accounts have been recognised, along with a related reduction in the ManJer Fee expense in accordance with the services agreement with ManJer, resulting in a net impact on the Condensed Statement of Profit or Loss of nil.
- (B) Cash flows in respect of the payment of the ManJer Fee expense and the Interest expense have been recognised as flows from the Cash Accounts within the Condensed Statement of Cash Flows;
- (C) Net cash flows related to the receipt of the Daily Payment Amounts transferred between the Company and the Currency Transaction Counterparty have been recognised within the Condensed Statement of Cash Flows;
- (D) The net cash flows related to the receipt and payment of the net movements on the daily repurchase transactions (arising from creation and redemption activity, the impact of the Management Fees as well as the reinvestment of the daily payment amount) have been presented within the Condensed Statement of Cash Flows to reflect the actual daily processing and in accordance with the provisions of IAS 7 as explained on the Condensed Statement of Cash Flows.
As a result the gross cash flows on creation and redemption activity previously recognised have been removed;
- (E) The cash flows related to the receipt and payment of amounts on the creation and redemption of Securities have been corrected in respect of the related cash flows at period end for unsettled creation and redemption transactions; and
- (F) The combination of the adjustments described in Notes (A) to (E) have resulted in a net cash flow for the prior period.

There were no changes to the balances recognised on the Condensed Statement of Profit or Loss and Other Comprehensive Income, Condensed Statement of Financial Position or Condensed Statement of Changes in Equity for the comparative periods.

(a) Impact of the restatement on the breakdown of expenses (note 2) for the Period Ended 30 June 2020

	As Reported USD	Adjustments USD	Restated USD
ManJer Fees	(1,177,970)	12,139	(1,165,831)
Bank Charges and Interest	-	(12,139)	(12,139)
Total Operating Expenses	(1,177,970)	-	(1,177,970)

WisdomTree Foreign Exchange Limited



Notes to the Condensed Interim Financial Statements

1. Accounting Policies (continued)

Restatement as a result of a reassessment of the accounts held with the Custodian and Collateral Administrator and the impact on the presented Condensed Statement of Cash Flows (continued)

(b) *Impact of the restatement on the Condensed Statement of Cash Flows for the Period Ended 30 June 2020:*

	As Reported USD	Adjustments USD	Restated USD
Fees and Expenses Paid	-	(1,204,494)	(1,204,494)
Cash Used in Operating Activities	-	(1,204,494)	(1,204,494)
<i>Cash Flows from Investing Activities</i>			
Net Daily Payment Amounts	-	(15,139,945)	(15,139,945)
Acquisition of Currency Transactions	(205,704,351)	205,704,351	-
Disposal of Currency Transactions	233,687,886	(233,687,886)	-
Net Movement on Currency Transactions	-	44,429,087	44,429,087
Net Cash Flows from Investing Activities	27,983,535	1,305,606	29,289,141
<i>Cash Flows from Financing Activities</i>			
Issue of Currency Securities	205,704,351	(1,477,540)	204,226,811
Redemption of Currency Securities	(233,687,886)	1,349,903	(232,337,983)
Net Cash Flows from Financing Activities	(27,983,535)	(127,637)	(28,111,171)
Net Movement in Cash and Cash Equivalents	-	(26,524)	(26,524)
Cash and Cash Equivalents at the Start of the Period	-	58,162	58,162
Net Movement in Cash and Cash Equivalents	-	(26,524)	(26,524)
Cash and Cash Equivalents at the End of the Period	-	31,638	31,638

2 Result Before Fair Value Movements

Result Before Fair Value Movements for the period comprised:

	Period ended 30 June	
	2021 Unaudited USD	2020 Restated Unaudited USD
Management Fees	1,340,485	1,177,970
Total Income	1,340,485	1,177,970
ManJer Fees	(1,331,807)	(1,165,831)
Bank Charges and Interest	(8,678)	(12,139)
Total Operating Expenses	(1,340,485)	(1,177,970)
Result Before Fair Value Movements	-	-

WisdomTree Foreign Exchange Limited

Notes to the Condensed Interim Financial Statements (Continued)



3 Currency Transactions

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Change in Contractual and Fair Value of Currency Transactions	(27,871,638)	(15,603,937)
	As At	
	30 June 2021 Unaudited USD	31 December 2020 Audited USD
Currency Transactions at Fair Value	334,604,523	454,105,332

As at 30 June 2021, there were certain Currency Transactions awaiting settlement in respect of the creation or redemption of Currency Securities with transaction dates before the period end and settlement dates in the following period:

- The amount receivable on Currency Transactions (Daily Repurchase Transactions) as a result of unsettled redemptions of Currency Securities is USD 53,794,344 (31 December 2020: USD 3,196,435).
- The amount payable on Currency Transactions (Daily Repurchase Transactions) as a result of unsettled creations of Currency Securities is USD 17,718,578 (31 December 2020: USD 377,230).

The below table shows a reconciliation of changes in the Currency Transactions, based upon the underlying factors that result in changes, and does not represent the transaction cash flows which are settled on a net basis as described in the Statement of Cash Flows:

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Opening Currency Transactions	454,105,332	430,500,646
Increase as a Result of Currency Securities Created	139,767,218	205,704,351
Decrease as a Result of Currency Securities Redeemed	(230,055,904)	(233,687,886)
Decrease as a Result of Management Fee Deducted	(1,340,485)	(1,177,970)
Change as a result of Daily Payment Amounts (Invested into Currency Transactions)	(27,871,638)	(15,603,937)
Closing Currency Transactions	334,604,523	385,735,204

The Currency Transactions are unfunded currency transactions with terms corresponding to the terms of Currency Securities. The Currency Transactions are made up of 2 components:

	As At	
	30 June 2021 Unaudited USD	31 December 2020 Audited USD
Daily Repurchase Transactions	337,031,380	455,013,480
Daily Payment Amount	(2,426,857)	(908,148)
	334,604,523	454,105,332

WisdomTree Foreign Exchange Limited

Notes to the Condensed Interim Financial Statements (Continued)



4 Currency Securities

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Change in Fair Value of Currency Securities	29,236,441	12,793,886
	As At	
	30 June 2021 Unaudited USD	31 December 2020 Audited USD
Currency Securities at Fair Value	335,792,856	456,658,470

As at 30 June 2021, there were certain Currency Securities awaiting settlement in respect of creations or redemptions with transaction dates before the period end and settlement dates in the following period:

- The amount payable as a result of unsettled redemptions of Currency Securities is USD 53,794,344 (31 December 2020: USD 3,196,435).
- The amount receivable as a result of unsettled creations of Currency Securities is USD 17,718,578 (31 December 2020: USD 377,230).

The below tables shows a reconciliation of changes in the Currency Securities, being liabilities arising from financing activities:

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Opening Currency Securities	456,658,470	428,660,839
Securities Created	139,767,216	205,704,351
Securities Redeemed	(230,055,904)	(233,687,886)
Management Fee	(1,340,485)	(1,177,970)
Change in Fair Value	(29,236,441)	(12,793,886)
Closing Currency Securities at Fair Value	335,792,856	386,705,448

WisdomTree Foreign Exchange Limited

Notes to the Condensed Interim Financial Statements (Continued)



4 Currency Securities (continued)

The below table shows a reconciliation of the movement on financing activities:

	Period Ended 30 June	
	2021	2020
	Unaudited USD	Restated Unaudited USD
Opening Currency Securities	456,658,470	428,660,839
Cash Received from the Issue of Currency Securities	123,688,005	204,226,811
Cash Paid on the Redemption of Currency Securities	(177,786,448)	(232,337,983)
Net Cash Movements	(54,098,443)	(28,111,172)
Management Fees	(1,340,485)	(1,177,970)
Non-Cash Movements on Amounts Receivable and Payable	(36,190,245)	127,637
Non-Cash Change in Fair Value	(29,236,441)	(12,793,886)
Net Non-Cash Movements	(66,767,171)	(13,844,219)
Closing Currency Securities	335,792,856	386,705,448

5. 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.

The Company is required to utilise the available on-market price as the Currency Securities are quoted and traded on the open market. Where the market on which the Currency Securities prices are quoted is determined to be active at the relevant reporting date, the Currency Securities are classified as Level 1 financial liabilities. Where the market on which the Currency Securities prices are quoted is determined to be inactive at the relevant reporting date, the Currency Securities are classified as level 2 financial liabilities. The Company values the Level 2 Currency Securities using the unadjusted market price available at each reporting date. This is considered to most appropriately reflect the price at which transactions would occur as at the reporting date.

The Company's rights in respect of Currency Transactions relate to its contractual obligations to issue and redeem Currency Securities at set prices on each trading day. These prices are based on an agreed formula (set out in the Prospectus) and are equal to the published NAVs of each class of Currency Security. Therefore, Currency Transactions are classified as level 2 financial assets, as the Company's asset is calculated using third party pricing sources supported by observable, verifiable inputs.

WisdomTree Foreign Exchange Limited

Notes to the Condensed Interim Financial Statements (Continued)



5. Fair Value Hierarchy (continued)

The categorisation of the Company's assets and (liabilities) are as shown below:

	As At	
	30 June 2021 Unaudited USD	31 December 2020 Audited USD
Level 1		
Currency Securities	<u>(312,505,005)</u>	<u>(454,867,144)</u>
Level 2		
Currency Securities	(23,287,851)	(1,791,326)
Currency Transactions (Daily Payment Amount)	(2,426,857)	(908,148)
	<u>(25,714,708)</u>	<u>(2,699,474)</u>

The Currency Securities and the Daily Payment Amount component of Currency Transactions are recognised at fair value through profit or loss upon initial recognition and revalued to fair value in line with the Company's accounting policy. There are no assets or liabilities classified in level 3. The Daily Repurchase Transactions component of Currency Transactions totalling USD 318,128,368 (31 December 2020: USD 455,013,480) is recognised at amortised cost, in line with the Company's accounting policy, and therefore excluded from the analysis above.

Transfers between levels would be recognised if there was a change 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. Transfers between levels may also be recognised if the primary market on which the Currency Securities prices are quoted was determined to be inactive at the relevant reporting date. The Company considers both the last trade date and trading volumes during the 5 trading days leading up to each reporting date to determine if the market for a particular Currency Security is active. Transfers as a result of the analysis of the activity levels of the market are identified and recognised at each reporting date.

There were no transfers of reclassifications between Level 1 and Level 2 for any of the assets during the period or at the reporting date. As at 30 June 2021, Currency Securities with a fair value of USD 22,020,674 were transferred from Level 1 to Level 2 (31 December 2020: USD 1,154,628), and Currency Securities with a fair value of USD 480,208 were transferred from Level 2 to Level 1 (31 December 2020: USD 33,453,517).

6. 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 period:

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
ManJer Fees	<u>1,340,485</u>	<u>1,177,970</u>

WisdomTree Foreign Exchange Limited**Notes to the Condensed Interim Financial Statements (Continued)****6. Related Party Disclosures (continued)**

The following balances were due (to)/from ManJer at the period/year end:

	As At	
	30 June 2021 Unaudited USD	31 December 2020 Audited USD
Amount Receivable	1,781	1,781
ManJer Fees Payable	(227,600)	(271,274)
	(225,819)	(269,493)

The following balances were due from HoldCo at the period/year-end:

	As At	
	30 June 2021 Unaudited USD	31 December 2020 Audited USD
Stated Capital	3	3

As disclosed in the Directors' Report, ManJer paid directors' fees in respect of the Company of GBP 8,000 (30 June 2020: GBP 8,000).

Steven Ross is a director of R&H Fund Services (Jersey) Limited ("R&H" or the "Administrator") and a partner in Rawlinson & Hunter, Jersey Partnership, which wholly owns R&H. Christopher Foulds is a senior employee of R&H. During the period, R&H charged ManJer administration fees in respect of the Company of GBP 67,796 (30 June 2020: GBP 67,796), of which GBP 33,898 (31 December 2020: GBP 33,898) was outstanding at the period end.

Peter Ziembra and Stuart Bell are executive officers of WisdomTree Investments, Inc.

7. Events Occurring After the Reporting Period

There have been no significant events that have occurred since the end of the reporting period up to the date of signing the interim financial statements which would impact on the financial position of the Company disclosed in the Condensed Statement of Financial Position as at 30 June 2021 or on the results and cash flows of the Company for the period ended on that date.

8. Non-GAAP and Non-Statutory Information

As a result of the mis-match in the accounting valuation of Currency Transactions (held to support the Currency Securities) and Currency Securities (as disclosed in notes 3 and 4) the profits and losses and comprehensive income of the Company presented in the Statement of Profit or Loss and Other Comprehensive Income reflect gains and losses which represent the movement in the cumulative difference between the value of the Currency Transactions and the price of Currency Securities. The Statement of Changes in Equity also reflects the fair value movements on both the Currency Transactions (held to support the Currency Securities) and the Currency Securities.

WisdomTree Foreign Exchange Limited

Notes to the Condensed Interim Financial Statements (Continued)



8. Non-GAAP and Non-Statutory Information (continued)

These gains or losses on the difference between the value of the Currency Transactions (held to support the Currency Securities) and the price of Currency Securities would be reversed on a subsequent redemption of the Currency Securities and cancellation of the corresponding Currency Transactions. Furthermore, each class of Currency Security is issued under limited recourse arrangements whereby the holders have recourse only to the relevant Currency Transactions (held to support the Currency Securities) and not to the Currency Transactions of any other class of Currency Security or to the Company. As a result, the Company does not make gains from trading in the underlying Currency Transactions (held to support the Currency Securities) and, from a commercial perspective (with the exception of the impact of Management Fees) gains and losses in respect of Currency Transactions (held to support the Currency Securities) will always be offset by a corresponding loss or gain on the Currency Securities and the Company does not retain any net gains or losses.

The mismatched accounting values are as shown below:

	Period Ended 30 June	
	2021	2020
	Unaudited	Unaudited
	USD	USD
Change in Contractual and Fair Value of Currency Transactions	(27,871,638)	(15,603,937)
Change in Fair Value of Currency Securities	29,236,441	12,793,886
	1,364,803	(2,810,051)

To reflect the commercial results, the Company has presented below a non-GAAP and non-Statutory Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity for the period which reflect an Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency Securities, together with those gains or losses being transferred to a separate reserve which is deemed non-distributable.

(a) *Non-GAAP and Non-Statutory Condensed Statement of Profit or Loss and Other Comprehensive Income*

	Period Ended 30 June	
	2021	2020
	Unaudited	Unaudited
	USD	USD
Income	1,340,485	1,177,970
Expenses	(1,340,485)	(1,177,970)
Result Before Fair Value Movements	-	-
Change in Fair Value of Currency Transactions	(27,871,638)	(15,603,937)
Change in Fair Value of Currency Securities	29,236,441	12,793,886
Profit/(Loss) for the Period	1,364,803	(2,810,051)
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency Securities	(1,364,803)	2,810,051
Adjusted Result	-	-

WisdomTree Foreign Exchange Limited

Notes to the Condensed Interim Financial Statements (Continued)



8. Non-GAAP and Non-Statutory Information (continued)

(b) Non-GAAP and Non-Statutory Condensed Statement of Changes in Equity

	Stated Capital USD	Retained Earnings USD	Revaluation Reserve ⁴ USD	Total Equity USD	Adjusted Total Equity USD
Audited Opening Balance at 1 January 2020	3	1,781	1,839,807	1,841,591	1,784
Result and Total Comprehensive Loss for the Period	-	(2,810,051)	-	(2,810,051)	(2,810,051)
Transfer to Revaluation Reserve	-	2,810,051	(2,810,051)	-	-
³ Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency Securities	-	-	-	-	2,810,051
Unaudited Balance at 30 June 2020	3	1,781	(970,244)	(968,460)	1,784
Unaudited Opening Balance at 1 July 2020	3	1,781	(970,244)	(968,460)	1,784
Result and Total Comprehensive Loss for the Period	-	(1,582,894)	-	(1,582,894)	(1,582,894)
Transfer to Revaluation Reserve	-	1,582,894	(1,582,894)	-	-
³ Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency Securities	-	-	-	-	1,582,894
Audited Balance at 31 December 2020	3	1,781	(2,553,138)	(2,551,354)	1,784
Audited Opening Balance at 1 January 2021	3	1,781	(2,553,138)	(2,551,354)	1,784
Result and Total Comprehensive Income for the Period	-	1,364,803	-	1,364,803	1,364,803
Transfer to Revaluation Reserve	-	(1,364,803)	1,364,803	-	-
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency Securities	-	-	-	-	(1,364,803)
Unaudited Balance at 30 June 2021	3	1,781	(1,188,333)	(1,186,549)	1,784

⁴ This represents the difference between the value of Currency Transactions and the price of Currency Securities.

