



# **WisdomTree Hedged Metal Securities Limited**

**Registered No: 108311**

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

## WisdomTree Hedged Metal Securities Limited



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## WisdomTree Hedged Metal Securities Limited

### Directors' Report



The directors of WisdomTree Currency-Hedged Metal Securities Limited ("HMSL" 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-Hedged Metal Securities in issue and admitted to trading on the following exchanges:

	London Stock Exchange	Borsa Italiana	Deutsche Börse
GBP-Hedged Metal Securities	1	-	-
EUR-Hedged Metal Securities	-	1	1
Total Currency-Hedged Metal Securities	1	1	1

As at 30 June 2021, the fair value of assets under management amounted to USD 1,940.1 million (31 December 2020: USD 1,918.3 million). The Company recognises its assets (Metal Bullion and Metal Adjustment Contracts) and financial liabilities (Currency-Hedged Metal Securities and Metal Adjustment Contracts) at fair value in the Condensed Statement of Financial Position.

The Company holds Metal Bullion and enters into Metal Adjustment Contracts to support the Currency-Hedged Metal Securities as determined by the Metal Entitlement. Metal Bullion and Metal Adjustment Contracts are marked to fair value at the end of each Pricing Day by reference to the MSPM indices published by Morgan Stanley & Co LLC ("MS&Co"). Prior to 29 October 2020 the MSPM indices were calculated by reference to the gold bullion futures benchmark price (COMEX) adjusted by an Exchange for Physical (an adjustment, calculated by MS&Co, that translates a futures price into a current spot price). Since 29 October 2020 the reference price used to convert the value of the currency hedge into a quantity of Metal Bullion is the spot rate for Metal Bullion, as published by the London Bullion Market Association ("LBMA").

The Company has entered into contractual obligations to issue and redeem Currency-Hedged Metal Securities exchange for Metal Bullion as determined by the Metal Entitlement of each class of Currency-Hedged Metal Security on each trading day. The Metal Bullion in respect of each creation and redemption is recorded using the price provided by the LBMA on the transaction date.

## WisdomTree Hedged Metal Securities Limited

### Directors' Report (Continued)



#### Review of Operations (continued)

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-Hedged Metal Securities are listed to be the principal market and as a result the fair value of the Currency-Hedged Metal 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 the Metal Bullion, Metal Adjustment Contracts and Currency-Hedged Metal Securities, there is a mis-match between the values recognised, and the results of the Company reflect a gain or loss on the difference between the value of the Metal Bullion and the Metal Adjustment Contracts (through the application of the price provided by the LBMA against the Metal entitlement, referred to within these financial statements as the "Contractual Value") and the price of Currency-Hedged Metal Securities.

The gain or loss on Currency-Hedged Metal Securities and Metal Bullion together with the Metal Adjustment Contracts are recognised through profit or loss in line with the Company's accounting policy.

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

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>USD</b>	<b>USD</b>
Creation and Redemption Fees	4,195	4,482
Management Fees	5,583,021	2,507,346
<b>Total Fee Income</b>	<b>5,587,216</b>	<b>2,511,828</b>

#### 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 fees and creation and redemption fees, which, after taking into account other operating income and expenses, resulted in an Result Before Fair Value Movements for the period of USD Nil (30 June 2020: USD Nil).

As the difference in the valuation of Metal Bullion (held to support the Currency-Hedged Metal Securities) and Currency-Hedged Metal Securities would be reversed on a subsequent redemption of the Currency-Hedged Metal Securities and transfer of the corresponding Metal Bullion (as described further in note 8), 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 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 Metal Bullion and hence the prices of the Currency-Hedged Metal 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.

## WisdomTree Hedged Metal Securities Limited

### Directors' Report (Continued)



#### 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 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 directors' fees which have been paid by ManJer on behalf of the Company for the period:

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>GBP</b>	<b>GBP</b>
Stuart Bell	Nil	Nil
Christopher Foulds	4,000	1,680
Hilary Jones	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-Hedged Metal 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-Hedged Metal Securities will always coincide with the transfer of an equal amount of Metal Bullion, 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 operations of 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 the going concern basis.

## WisdomTree Hedged Metal Securities Limited

### Directors' Report (Continued)



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#### 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 Hedged Metal Securities Limited

### Condensed Statement of Profit or Loss and Other Comprehensive Income



	Notes	Period Ended 30 June	
		2021 Unaudited USD	2020 Unaudited USD
Income	2	5,587,216	2,511,828
Expenses	2	(5,587,216)	(2,511,828)
<b>Result Before Fair Value Movements</b>		-	-
Change in Contractual and Fair Value of Metal Bullion and Metal Adjustment Contracts	3	(144,280,513)	88,703,205
Change in Fair Value of Currency-Hedged Metal Securities	4	133,803,858	(92,385,181)
<b>Loss for the Period<sup>1, 2</sup></b>		<b>(10,476,655)</b>	<b>(3,681,976)</b>

The directors consider the Company's activities as continuing.

<sup>1</sup> A non-statutory and non-GAAP Condensed Statement of Profit or Loss and Total Comprehensive Income reflecting adjustments representing the movement in the difference between the Value of the Metal Bullion and the price of Currency-Hedged Metal Securities is set out in note 8.

<sup>2</sup> There are no items of Other Comprehensive Income, therefore the Loss for the Period also represented the Total Comprehensive Income for the Period.

The notes on pages 9 to 16 form part of these condensed interim financial statements

# WisdomTree Hedged Metal Securities Limited

## Condensed Statement of Financial Position



	Notes	As At	
		30 June 2021 Unaudited USD	31 December 2020 Audited USD
<b>Assets</b>			
Metal Bullion Exposure	3	1,936,311,402	1,932,681,748
Amounts Receivable on Currency-Hedged Metal Securities Awaiting Settlement	4	3,980,040	1,967,143
Amounts Receivable on Metal Bullion Awaiting Settlement	3	-	1,669,595
Metal Bullion Held in Respect of Fees		1,009,084	895,777
Trade and Other Receivables		10,391	6,114
<b>Total Assets</b>		<b>1,941,310,917</b>	<b>1,937,220,377</b>
<b>Liabilities</b>			
Currency-Hedged Metal Securities	4	1,944,667,026	1,930,560,717
Amount Payable on Currency-Hedged Metal Securities Awaiting Settlement	4	-	1,669,595
Amount Payable on Metal Bullion Awaiting Settlement	3	3,980,040	1,967,143
Trade and Other Payables		1,019,472	901,888
<b>Total Liabilities</b>		<b>1,949,666,538</b>	<b>1,935,099,343</b>
<b>Equity</b>			
Stated Capital		3	3
Revaluation Reserve		(8,355,624)	2,121,031
<b>Total Equity</b>		<b>(8,355,621)</b>	<b>2,121,034</b>
<b>Total Equity and Liabilities</b>		<b>1,941,310,917</b>	<b>1,937,220,377</b>

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 5 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 9 to 16 form part of these condensed interim financial statements



## WisdomTree Hedged Metal Securities Limited

### Condensed Statement of Cash Flows



	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
<b>Loss for the Period</b>	<b>(10,476,655)</b>	<b>(3,681,976)</b>
<b>Non-cash Reconciling Items</b>		
Change in Contractual and Fair Value of Metal Bullion and Metal Adjustment Contracts	144,280,513	(88,703,205)
Change in Fair Value of Currency-Hedged Metal Securities	(133,803,858)	92,385,181
Cash Generated from Operating Activities	-	-
<b>Net Movement in Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>
Cash and Cash Equivalents at the Beginning of the Period	-	-
Net Movement in Cash and Cash Equivalents	-	-
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>-</b>	<b>-</b>

Currency-Hedged Metal Securities are issued through a direct transfer of Metal Bullion from the Authorised Participants to the Custodian or redeemed by the direct transfer of Metal Bullion by the Custodian to the Authorised Participants. Metal Adjustment Contracts are converted into Metal Bullion by the direct transfer of Metal Bullion between the Custodian and the FX Counterparty. As such the Company is not a party to any cash transactions. The creations and redemptions of Currency-Hedged Metal Securities and additions and disposals of Metal Bullion, which are non-cash transactions for the Company, are disclosed in notes 4 and 3 respectively in the reconciliation of opening to closing Currency-Hedged Metal Securities and Metal Bullion and Metal Adjustment Contracts.

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-Hedged Metal 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 earned (the "ManJer Fee"). The Metal Bullion in respect of the Management Fee and Hedging Fee is transferred by the Trustee from the Company's custodian accounts to ManJer's custodian accounts (and ManJer transfers the Metal Bullion in respect Hedging Fee to the FX Counterparty). In addition, amounts in respect of the creation and redemption fees are transferred directly from the Authorised Participants to ManJer and there are no cash flows through the Company.

The notes on pages 9 to 16 form part of these condensed interim financial statements

## WisdomTree Hedged Metal Securities Limited

### Condensed Statement of Changes in Equity



	Stated Capital USD	Retained Earnings USD	Revaluation Reserve USD	Total Equity USD
<b>Audited Opening Balance at 1 January 2020</b>	3	-	4,829,168	4,829,171
Result and Total Comprehensive Loss for the Period	-	(3,681,976)	-	(3,681,976)
Transfer to Revaluation Reserve	-	3,681,976	(3,681,976)	-
<b>Unaudited Balance at 30 June 2020</b>	<b>3</b>	<b>-</b>	<b>1,147,192</b>	<b>1,147,195</b>
Unaudited Opening Balance at 1 July 2020	3	-	1,147,192	1,147,195
Result and Total Comprehensive Income for the Period	-	973,839	-	973,839
Transfer to Revaluation Reserve	-	(973,839)	973,839	-
<b>Audited Balance at 31 December 2020</b>	<b>3</b>	<b>-</b>	<b>2,121,031</b>	<b>2,121,034</b>
Audited Opening Balance at 1 January 2021	3	-	2,121,031	2,121,034
Result and Total Comprehensive Loss for the Period	-	(10,476,655)	-	(10,476,655)
Transfer to Revaluation Reserve	-	10,476,655	(10,476,655)	-
<b>Unaudited Balance at 30 June 2021</b>	<b>3</b>	<b>-</b>	<b>(8,355,624)</b>	<b>(8,355,621)</b>

The notes on pages 9 to 16 form part of these condensed interim financial statements

## WisdomTree Hedged Metal Securities Limited

### 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 physical metal bullion, 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 judgements required to prepare these interim financial statements are:

1. 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.
2. The determination of the appropriate accounting policy to be applied to Metal Bullion.  
Under IFRS there is no standard treatment for the classification of physical metals (as they do not meet the definition of a financial asset, cash, inventory or property, plant or equipment) therefore the election of how to treat physical metals is left to some interpretation for companies which hold these assets. The Metal Bullion is held to provide the security holders with the exposure to changes in the fair value of Metal Bullion and therefore the Directors consider that carrying the Metal Bullion at fair value through profit or loss, consistent with the treatment that would be applicable to a financial instrument, reflects the objectives and the purpose of holding the asset.

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.

## WisdomTree Hedged Metal Securities Limited

### Notes to the Condensed Interim Financial Statements (Continued)



#### 2. Result Before Fair Value Movements

Result Before Fair Value Movements for the period comprised

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Creation and Redemption Fees	4,195	4,482
Management Fees	2,181,390	1,553,581
Hedging Fees	3,401,631	953,765
<b>Total Income</b>	<b>5,587,216</b>	<b>2,511,828</b>
ManJer Fees	(2,185,585)	(1,558,063)
FX Counterparty Fees	(3,401,631)	(953,765)
<b>Total Operating Expenses</b>	<b>(5,587,216)</b>	<b>(2,511,828)</b>
<b>Result Before Fair Value Movements</b>	<b>-</b>	<b>-</b>

#### 3. Metal Bullion Exposure

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Change in Contractual and Fair Value of Metal Bullion and Metal Adjustment Contracts	<b>(144,280,513)</b>	<b>88,703,205</b>
	<b>As At</b>	
	<b>30 June 2021 Unaudited USD</b>	<b>31 December 2020 Audited USD</b>
Metal Bullion at Fair Value	1,940,129,949	1,918,312,206
Metal Adjustment Contracts at Fair Value:		
Metal Bullion Receivable	(1,743,075)	14,369,542
Metal Bullion Payable	(2,075,472)	-
	<b>(3,818,547)</b>	<b>14,369,542</b>
<b>Total Metal Bullion Exposure</b>	<b>1,936,311,402</b>	<b>1,932,681,748</b>

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

- The amount payable as a result of unsettled creations is USD 3,980,040 (31 December 2020: USD 1,967,143).
- The amount receivable as a result of unsettled redemptions is USD nil (31 December 2020: USD 1,669,595).

## WisdomTree Hedged Metal Securities Limited

### Notes to the Condensed Interim Financial Statements (Continued)



#### 3. Metal Bullion Exposure (continued)

The below reconciliation of changes in the Metal Bullion includes only non-cash changes.

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
<b>Opening Metal Bullion Exposure</b>	<b>1,932,681,748</b>	<b>678,571,815</b>
Additions	318,282,050	313,194,678
Disposals	(164,788,862)	(135,463,916)
Metal Bullion Transferred to Metal Bullion Held in Respect of Fees	(5,583,021)	(2,507,346)
Change in Fair Value	(144,280,513)	88,703,205
<b>Closing Metal Bullion Exposure</b>	<b>1,936,311,402</b>	<b>942,498,436</b>

#### 4. Currency-Hedged Metal Securities

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Change in Fair Value	<b>133,803,858</b>	<b>(92,385,181)</b>
	<b>As At</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>USD</b>	<b>USD</b>
Currency-Hedged Metal Securities at Fair Value	<b>1,944,667,026</b>	<b>1,930,560,717</b>

As at 30 June 2021, there were certain Currency-Hedged Metal 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 receivable as a result of unsettled creations of Currency-Hedged Metal Securities is USD 3,980,040 (31 December 2020: USD 1,669,595).
- The amount payable as a result of unsettled redemptions of Currency-Hedged Metal Securities is USD nil (31 December 2020: USD 1,967,143).

## WisdomTree Hedged Metal Securities Limited

### Notes to the Condensed Interim Financial Statements (Continued)



#### 4. Currency-Hedged Metal Securities (continued)

The below reconciliation of changes in the Currency-Hedged Metal Securities, being liabilities arising from financing activities, includes only non-cash changes.

	Period Ended 30 June	
	2021	2020
	Unaudited	Unaudited
	USD	USD
<b>Opening Currency-Hedged Metal Securities</b>	<b>1,930,560,717</b>	<b>673,742,647</b>
Securities Created	318,282,050	313,194,678
Securities Redeemed	(164,788,862)	(135,463,916)
Management and Hedging Fees	(5,583,021)	(2,507,346)
Change in Fair Value	(133,803,858)	92,385,181
<b>Closing Currency-Hedged Metal Securities at Fair Value</b>	<b>1,944,667,026</b>	<b>941,351,244</b>

#### 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-Hedged Metal Securities are quoted and actively traded on the open market. Therefore Currency-Hedged Metal Securities are classified as Level 1 financial liabilities.

The Company holds Metal Bullion and Metal Adjustment Contracts to support the Currency-Hedged Metal Securities as determined by the Metal Entitlement (which is calculated in accordance with an agreed formula published in the Prospectus). The Company has contractual obligations to issue and redeem Currency-Hedged Metal Securities in exchange for Metal Bullion as determined by the Metal Entitlement of each class of Metal Security on each trading day.

The fair value of each creation and redemption of each type and currency of bullion is calculated by reference to the MSPM indices published by Morgan Stanley & Co LLC. Therefore, Metal Bullion and Metal Adjustment Contracts are classified as level 2 assets (or liabilities), as the value is calculated using third party pricing sources supported by observable, verifiable inputs.

## WisdomTree Hedged Metal Securities 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
<b>Level 1</b>		
Currency-Hedged Metal Securities	<u>(1,944,667,026)</u>	<u>(1,930,560,717)</u>
<b>Level 2</b>		
Metal Bullion	1,940,129,949	1,918,312,206
Metal Adjustment Contracts	(3,818,547)	14,369,542
	<u><b>1,936,311,402</b></u>	<u><b>1,932,681,748</b></u>

The Currency-Hedged Metal Securities and Metal Bullion together with the Metal Adjustment Contracts 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.

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. There were no transfers or reclassifications between Level 1 and Level 2 for any of the assets or liabilities during the period.

#### 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>5,587,216</u>	<u>2,511,828</u>

*The following balances were due to ManJer at the period end:*

	As At	
	30 June 2021 Unaudited USD	31 December 2020 Audited USD
ManJer Fees Payable	<u>1,019,472</u>	<u>393,087</u>

At 30 June 2021, USD 3 is receivable from ManJer (31 December 2020: USD 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).

## WisdomTree Hedged Metal Securities Limited

### Notes to the Condensed Interim Financial Statements (Continued)



#### 6. Related Party Disclosures (continued)

Steven Ross is a director of R&H Fund Services (Jersey) Limited (“R&H” or the “Administrator”) and a partner of 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 20,068 (30 June 2020: GBP 20,068), of which GBP 10,034 (31 December 2020: GBP 10,034) 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 Metal Bullion and Metal Adjustment Contracts (held to support the Currency-Hedged Metal Securities) and Currency-Hedged Metal 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 Metal Bullion and Metal Adjustment Contracts and the price of Currency-Hedged Metal Securities. The Statement of Changes in Equity also reflects the fair value movements on the Metal Bullion and Metal Adjustment Contracts (held to support the Currency-Hedged Metal Securities) and the Currency-Hedged Metal Securities.

These gains or losses on the difference between the value of the Metal Bullion and Metal Adjustment Contracts (held to support the Currency-Hedged Metal Securities) and the price of Currency-Hedged Metal Securities would be reversed on a subsequent redemption of the Currency-Hedged Metal Securities and transfer of the corresponding Metal Bullion.

Furthermore, each class of Currency-Hedged Metal Security is issued under limited recourse arrangements whereby the holders have recourse only to the relevant Metal Bullion and Metal Adjustment Contracts (held to support the Currency-Hedged Metal Securities) and not to the Metal Bullion and Metal Adjustment Contracts of any other class of Currency-Hedged Metal Security or to the Company. As a result the Company does not make gains from trading in the underlying Metal Bullion and Metal Adjustment Contracts (held to support the Currency-Hedged Metal Securities) and, from a commercial perspective (with the exception of the impact of applicable fees) gains and losses in respect of Metal Bullion and Metal Adjustment Contracts (held to support the Currency-Hedged Metal Securities) will always be offset by a corresponding loss or gain on the Currency-Hedged Metal 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 Metal Bullion and Metal Adjustment Contracts	(144,280,513)	88,703,205
Change in Contractual Redemption Value of Currency-Hedged Metal Securities	133,803,858	(92,385,181)
	<b>(10,476,655)</b>	<b>(3,681,976)</b>



## WisdomTree Hedged Metal Securities Limited

### Notes to the Condensed Interim Financial Statements (Continued)



#### 8. Non-GAAP and Non-Statutory Information

To reflect the commercial results, the Company has presented below a non-GAAP and non-Statutory Condensed Statement of Profit or Loss and Other Comprehensive Income and Condensed 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-Hedged Metal 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 Unaudited USD	2020 Unaudited USD
Income	5,587,216	2,511,828
Expenses	(5,587,216)	(2,511,828)
<b>Result Before Fair Value Movements</b>	<b>-</b>	<b>-</b>
Change in Contractual and Fair Value of Metal Bullion and Metal Adjustment Contracts	(144,280,513)	88,703,205
Change in Fair Value of Currency-Hedged Metal Securities	133,803,858	(92,385,181)
<b>Loss for the Period</b>	<b>(10,476,655)</b>	<b>(3,681,976)</b>
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency-Hedged Metal Securities	10,476,655	3,681,976
<b>Adjusted Result</b>	<b>-</b>	<b>-</b>

## WisdomTree Hedged Metal Securities Limited

### Notes to the Condensed Interim Financial Statements (Continued)



#### 8. Non-GAAP and Non-Statutory Information

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

	Stated Capital USD	Retained Earnings USD	Revaluation Reserve <sup>3</sup> USD	Total Equity USD	Adjusted Total Equity USD
Audited Opening Balance at 1 January 2020	3	-	4,829,168	4,829,171	3
Result and Total Comprehensive Loss for the Period	-	(3,681,976)	-	(3,681,976)	(3,681,976)
Transfer to Revaluation Reserve	-	3,681,976	(3,681,976)	-	-
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency-Hedged Metal Securities	-	-	-	-	3,681,976
<b>Unaudited Balance at 30 June 2020</b>	<b>3</b>	<b>-</b>	<b>1,147,192</b>	<b>1,147,195</b>	<b>3</b>
Unaudited Opening Balance at 1 July 2020	3	-	1,147,192	1,147,195	3
Result and Total Comprehensive Income for the Period	-	973,839	-	973,839	973,839
Transfer to Revaluation Reserve	-	(973,839)	973,839	-	-
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency-Hedged Metal Securities	-	-	-	-	(973,839)
<b>Audited Balance at 31 December 2020</b>	<b>3</b>	<b>-</b>	<b>2,121,031</b>	<b>2,121,034</b>	<b>3</b>
Audited Opening Balance at 1 January 2021	3	-	2,121,031	2,121,034	3
Result and Total Comprehensive Loss for the Period	-	(10,476,655)	-	(10,476,655)	(10,476,655)
Transfer to Revaluation Reserve	-	10,476,655	(10,476,655)	-	-
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency-Hedged Metal Securities	-	-	-	-	10,476,655
<b>Unaudited Balance at 30 June 2021</b>	<b>3</b>	<b>-</b>	<b>(8,355,624)</b>	<b>(8,355,621)</b>	<b>3</b>

<sup>3</sup> This represents the difference between the value of the Commodity Contracts and the price of Currency-Hedged Commodity Securities.

