

# **ETFS Ultra Short Nasdaq 100 Hedge ETF**

ARSN 636 515 887

**Financial Report - For the period 14 October 2019 (Date of Registration) to 30 June 2020**

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## Directors' Report

The directors of ETFS Management (AUS) Limited (the "Responsible Entity"), the Responsible Entity of ETFS Ultra Short Nasdaq 100 Hedge ETF (the "Fund"), present their annual report together with the financial statements of the Fund, for the period from 14 October 2019 (date of registration) to 30 June 2020 and the auditor's report thereon.

### Fund Objectives

The Fund aims to provide investors with geared returns (before fees and expenses), that are inversely related with, and significantly magnified against the performance of the Nasdaq 100 Index.

The Fund has not commenced its operations at the reporting date.

On 13 July 2020, the Fund was officially launched and admitted to the Australian Securities Exchange (ASX) as an Exchange Trade Fund ("ETF") which can now be traded by investors on the ASX.

### Principal Activities

The Fund was constituted on 20 September 2019 and registered with Australian Securities Investments Commission (ASIC) as a registered managed investment scheme on 14 October 2019.

The Fund has not commenced its operations and has made no investments at the reporting date

The Fund did not have any employees during the period ended 30 June 2020. This is the Fund's first reporting period and hence there are no prior period comparatives.

### Directors

The following persons held office as directors of the Responsible Entity during the period or since the end of the period and up to the date of this report:

Vince Fitzgerald (appointed 16 December 2014)

Graham Tuckwell (appointed 16 December 2014)

Kris Walesby (appointed 3 May 2017, resigned 9 September 2020)

Mark Weeks (appointed 25 August 2020)

### Review and Results of Operations

The Fund has not commenced its operations and has made no investments to date.

### Significant Changes in State of Affairs

The spread of the novel coronavirus (COVID-19) was declared a global pandemic on 11 March 2020 by the World Health Organisation. The rapid spread of the virus has seen an unprecedented response by governments and regulators. The COVID-19 pandemic is having a significant impact on both local and global economies and financial markets. This has resulted in greater volatility in global and local capital markets and interest rates in the financial year. In response to the pandemic, the Responsible Entity is actively monitoring the liquidity of the fund and any impact on the financial assets and liabilities.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial period under review.

## Directors' Report (continued)

### Matters Subsequent to the End of the Financial Period

On 13 July 2020, the Fund was officially launched and admitted to the ASX.

Since the balance date, the associated economic impacts of COVID-19 remain uncertain. As the Fund held no financial assets or liabilities as at 30 June 2020, there has been no impact from any changes in the performance of the investment market subsequent to the end of the reporting date

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

### Likely Developments and Expected Results of Operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests.

The market price is a function of supply and demand amongst investors wishing to buy and sell and the bid or offer spread that the market makers are willing to quote. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

### Indemnification and Insurance of Officers and Auditor

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditor of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the Law, officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

### Fees Paid and Interests Held in the Fund by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates out of Fund property during the period are disclosed in Note 3 of the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the period. Pursuant to ASIC Class Order relief, the Responsible Entity may individually negotiate fees with certain sophisticated or professional investors.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial period are also disclosed in Note 3 of the financial statements.

### Environmental Regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under either Commonwealth, State or Territory law.

## Directors' Report (continued)

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

The financial statements were authorised for issue by the directors on 16 September 2020.

This report is made in accordance with a resolution of the directors.



Graham Tuckwell

Director

Melbourne

16 September 2020



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of ETFS Management (AUS) Ltd as the Responsible Entity of ETFS Ultra Short Nasdaq 100 Hedge ETF

I declare that, to the best of my knowledge and belief, in relation to the audit of ETFS Ultra Short Nasdaq 100 Hedge ETF for the financial period from 14 October 2019 to 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



Nicholas Buchanan  
*Partner*  
Sydney  
16 September 2020

ETFS Ultra Short Nasdaq 100 Hedge ETF  
Statement of Profit or Loss and Other Comprehensive Income  
For the period 14 October 2019 to 30 June 2020

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	For the period 14 October 2019 to 30 June 2020 AUD
<b><i>Investment income</i></b>	
Dividend/distribution income	-
Net gains/(losses) on financial instruments at fair value through profit or loss (including FX gains/(losses))	-
<b><i>Total net investment income/(loss)</i></b>	<b>-</b>
<b><i>Expenses</i></b>	
Management fees	-
Transaction costs	-
<b><i>Total operating expenses</i></b>	<b>-</b>
<b><i>Profit/(loss) for the period</i></b>	<b>-</b>
Other comprehensive income	-
<b><i>Total comprehensive income for the period</i></b>	<b>-</b>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

ETFS Ultra Short Nasdaq 100 Hedge ETF  
Statement of Financial Position  
As at 30 June 2020

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	As at 30 June 2020 AUD
<b>Assets</b>	
Cash and cash equivalents	-
Financial assets at fair value through profit or loss	-
Receivables	-
<b>Total assets</b>	<u>-</u>
<b>Liabilities</b>	
Distribution payable	-
Payables	-
<b>Total liabilities</b>	<u>-</u>
<b>Net assets attributable to unitholders - equity</b>	<u><u>-</u></u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



ETFS Ultra Short Nasdaq 100 Hedge ETF  
Statement of Changes in Equity  
For the period 14 October 2019 to 30 June 2020

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	For the period 14 October 2019 to 30 June 2020 AUD
<i>Total equity at the beginning of the financial period</i>	-
<i>Comprehensive income for the period</i>	
Profit/(loss) for the period	-
Other comprehensive income	-
<i>Total comprehensive income for the period</i>	<u>-</u>
<i>Transactions with unitholders</i>	
Applications	-
Redemptions	-
Units issued upon reinvestment of distributions	-
Distributions paid and payable	-
<i>Total transactions with unitholders</i>	<u>-</u>
<i>Total equity at the end of the financial period</i>	<u><u>-</u></u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

ETFS Ultra Short Nasdaq 100 Hedge ETF  
Statement of Cash Flows  
For the period 14 October 2019 to 30 June 2020

	For the period 14 October 2019 to 30 June 2020 AUD
<b><i>Cash flows from operating activities</i></b>	
Proceeds from sale of financial instruments	-
Payments for purchase of financial instruments	-
Transaction costs	-
Dividends/distributions received	-
Management fees paid	-
Operating expenses paid	-
<b><i>Net cash inflow/(outflow) from operating activities</i></b>	<b><u>-</u></b>
<b><i>Cash flows from financing activities</i></b>	
Proceeds from applications by unitholders	-
Distributions paid	-
<b><i>Net cash inflow/(outflow) from financing activities</i></b>	<b><u>-</u></b>
<b><i>Net increase/(decrease) in cash and cash equivalents</i></b>	<b>-</b>
Cash and cash equivalents at the beginning of the period	-
Effects of foreign currency exchange rate changes on cash and cash equivalents	-
<b><i>Cash and cash equivalents at the end of the period</i></b>	<b><u><u>-</u></u></b>
Non cash operating activities	-
Non cash financing activities	-

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## 1 General Information

These financial statements cover ETFS Ultra Short Nasdaq 100 Hedge ETF (the “Fund”) as an individual entity. The Fund was constituted on 20 September 2019 and registered with Australian Securities Investments Commission (ASIC) as a registered managed investment scheme on 14 October 2019. The Fund has not commenced operations at the reporting date.

The Fund is domiciled in Australia and is a for-profit entity.

The Responsible Entity of the Fund is ETFS Management (AUS) Limited (the “Responsible Entity”). The Responsible Entity's registered office is Level 7, 50 King Street, Sydney NSW 2000 Australia.

The financial report was authorised for issue by the directors on 16 September 2020. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements are presented in Australian Dollars, which is the Fund's functional currency.

## 2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

### (a) Statement of Compliance and Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001* in Australia.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets at fair value through profit or loss. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

#### (i) Compliance with International Financial Reporting Standards

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### (ii) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 July 2019 that would be expected to have a material impact on the Fund.

### (b) Financial Instruments

#### (i) Classification

The Fund classifies its investments based on its business model for managing those financial assets and their contractual cash flow characteristics. The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund evaluates the information about its investments on a fair value basis together with other related financial information.

Derivatives, equity securities and unlisted unit trusts are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however, they are neither held for collecting contractual cash flows nor held for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, the debt securities are measured at fair value through profit or loss.

#### (ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all risks and rewards of ownership.

## 2 Summary of Significant Accounting Policies (continued)

### (b) Financial Instruments (continued)

#### (iii) Measurement

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

- *Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting date without any deduction for estimated future selling costs. The quoted market price used for financial assets and financial liabilities held by the Fund is the last traded market price.

- *Fair value in an inactive or unquoted market*

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Fund recognises the difference in the Statement of Profit or Loss and Other Comprehensive Income to reflect a change in factors, including time, that market participants would consider in setting a price.

Investments in other unlisted unit trusts are recorded at the net asset value per unit as reported by the Responsible Entity of such funds.

### (c) Offsetting Financial Instruments

Financial assets and liabilities are reported on a gross basis in the Statement of Financial Position. Where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously on default or in the ordinary course of business, the financial assets and liabilities will be offset and reported on a net basis in notes to the financial statements.

### (d) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the unit back to the Fund. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavorable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

## 2 Summary of Significant Accounting Policies (continued)

### (e) Distributions to Unitholders

In accordance with the Fund's Constitution, the Fund attributes its taxable income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the Statement of Changes in Equity as units issued upon reinvestments of distributions and distributions paid and payable.

### (f) Increase/Decrease in Net Assets Attributable to Unitholders

Movements in net assets attributable to unitholders are recognised in the Statement of Changes in Equity.

### (g) Cash and Cash Equivalents

Cash and cash equivalents may include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as liabilities on the Statement of Financial Position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities as movements in the fair value of these securities represent the Fund's main income generating activity.

### (h) Applications and Redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets for unit pricing purposes of the Fund, divided by the number of units on issue at or immediately prior to close of business each day. Applications and redemptions of units are processed simultaneously.

### (i) Investment Income and Expenses

Dividend income is recognised on the ex-dividend date. The Fund may incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income. If a portion of the foreign withholding taxes is reclaimable, it is recorded as an asset.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

### (j) Expenses

All expenses, including Management fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

### (k) Income Tax

Under current legislation, the Fund is not subject to income tax provided the taxable income of the Fund is fully attributed to unitholders under the Attribution Managed Investment Scheme regime.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

### (l) Goods and Services Tax ("GST")

The GST incurred on the costs of various services provided to the Fund by third parties such as custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits ("RITC") hence, investment management fees, custodial fees and other expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable and accrued expenses are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

## 2 Summary of Significant Accounting Policies (continued)

### (m) Receivables

Receivables may include amounts for dividends, interest, trust distributions, amounts due from brokers and applications receivable. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of the reporting date from the time of the last payment using the effective interest rate method. Amounts due from brokers represent receivables for securities that have been contracted for but not yet delivered by the end of the reporting date. Applications receivable are recorded when the applications are made for units in the Fund with the consideration yet to be received as at the end of the reporting date.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund measures the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

The amount of the loss allowance is recognised in the Statement of Profit or Loss and Other Comprehensive Income within other expenses. When a trade receivable for which a loss allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Profit or Loss and Other Comprehensive Income.

### (n) Payables

Payables include liabilities and accrued expenses owing by the Fund and redemptions payable which are unpaid as at the end of the reporting period.

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at reporting date are included in payables. Redemptions payable are recognised when the unitholder returns their holdings back into the Fund foregoing all rights associated with the units, with the payment yet to be released.

The distribution amount payable to unitholders as at reporting date is recognised separately on the Statement of Financial Position when unitholders are presently entitled to the distributable income under the Fund's Constitution.

### (o) Foreign Currency Translation

#### (i) *Functional and presentation currency*

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian Dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian Dollar is also the Fund's presentation currency.

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income within net gains/(losses) on financial instruments at fair value through profit or loss.

The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

### (p) New Accounting Standards and Interpretations

There are no standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

## 2 Summary of Significant Accounting Policies (continued)

### (q) Use of Estimates and Critical Accounting Judgments

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. 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. Actual results may differ from these estimates.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

## 3 Related Party Transactions

### Responsible Entity

The Responsible Entity of the Fund is ETFS Management (AUS) Limited (ABN 13 150 433 828, AFSL 466778) whose ultimate holding company is ETFS (AUS) Pty Limited.

ETFS Management (AUS) Limited and ETFS (AUS) Pty Limited are incorporated in Australia. The Fund does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Fund and this is considered the key management personnel.

### Key management personnel

#### Directors

Key management personnel include persons who were directors of the Responsible Entity at any time during the financial period or since the end of the financial period and up to the date of this report as follows:

Vince Fitzgerald (appointed 16 December 2014)

Graham Tuckwell (appointed 16 December 2014)

Kris Walesby (appointed 3 May 2017, resigned 9 September 2020)

Mark Weeks (appointed 25 August 2020)

Graham Tuckwell is a director and the majority shareholder of ETFS Capital Limited (the immediate and ultimate parent entity of ETFS (AUS) Pty Limited).

#### Other key management personnel

No other person had authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial period or since the end of the financial period and up to the date of this report.

#### Key management personnel unitholdings

At 30 June 2020 no key management personnel held units in the Fund.

#### Key management personnel compensation

Key management personnel are paid by the Responsible Entity. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

### 3 Related Party Transactions (continued)

#### Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

#### Management fees and other transactions

As the Fund has not yet commenced operations, no fees have been paid or payable to the Responsible Entity.

#### Investments

The Fund did not hold any investments in funds also managed by the Responsible Entity or its related parties during the reporting period.

#### Related party unitholdings

The Responsible Entity, its related parties and other funds managed by the Responsible Entity did not hold any units in the Fund as at 30 June 2020.

#### Other transactions with the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous financial period and there were no material contracts involving key management personnel's interests subsisting at period end.

### 4 Remuneration of Auditor

During the period the following fees were paid or payable for services provided by the auditor of the Fund:

	For the period 14 October 2019 to 30 June 2020 AUD
<b>KPMG</b>	
Audit and review of the financial statements	2,700
Other regulatory assurance services	<u>1,600</u>
<b>Total</b>	<u><u>4,300</u></u>

Other services relate to the audit of the Fund's compliance plan. The audit fees paid or payable are discharged by the Responsible Entity from the fees earned from the Fund.

### 5 Segment Information

The Fund has not yet commenced operations.



## **6 Events Occurring After the Reporting Period**

Since the balance date, the associated economic impacts of COVID-19 remain uncertain. As the Fund held no financial assets or liabilities as at 30 June 2020, there has been no impact from any changes in the performance of the investment market subsequent to the end of the reporting date.

On 13 July 2020, the Fund was officially launched and admitted to the Australian Securities Exchange (ASX) as an Exchange Trade Fund ("ETF") which can now be traded by investors on the ASX.

No other significant events have occurred since the end of the reporting period up to the date of signing the Annual Financial Report which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2020 or on the results and cash flows of the Fund for the year ended on that date.

## **7 Contingent Assets, Contingent Liabilities and Commitments**

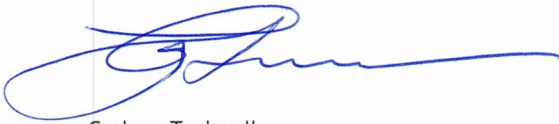
There are no outstanding contingent assets, contingent liabilities or commitments as at 30 June 2020.

In the opinion of the directors of ETFS Management (AUS) Limited, the Responsible Entity of ETFS Ultra Short Nasdaq 100 Hedge ETF (the "Fund"):

- (a) the financial statements and notes set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2020 and of its performance, for the financial period ended on that date;
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(a); and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Signed in accordance with a resolution of the Responsible Entity made pursuant to s.295(5) of the *Corporations Act 2001*.



Graham Tuckwell  
Director

Melbourne  
16 September 2020



# Independent Auditor's Report

To the unitholders of ETFS Ultra Short Nasdaq 100 Hedge ETF

## Opinion

We have audited the **Financial Report** of ETFS Ultra Short Nasdaq 100 Hedge ETF (the Scheme).

In our opinion, the accompanying Financial Report of the Scheme is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 30 June 2020 and of its financial performance for the period from 14 October 2019 to 30 June 2020; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2020
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the period from 14 October 2019 to 30 June 2020
- Notes including a summary of significant accounting policies
- Directors' Declaration.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Scheme in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Other Information

Other Information is financial and non-financial information in ETFS Ultra Short Nasdaq 100 Hedge ETF's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of ETFS Management (AUS) Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or



otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors of ETFS Management (AUS) Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

KPMG

Nicholas Buchanan  
Partner  
Sydney  
16 September 2020