

# **ETFS Robo Global Robotics and Automation ETF**

ARSN 616 755 803

**Interim Financial Report - For the period 13 September 2017 to 31 December 2017**

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### Contents

	Page
Directors' Report	1
Auditor's Independence Declaration	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	17
Independent Auditor's Report	18

## Directors' Report

The directors of ETFs Management (AUS) Limited (the "Responsible Entity"), the Responsible Entity of ETFs Robo Global Robotics and Automation ETF (the "Fund"), present their interim report together with the interim financial statements of the Fund, for the period 13 September 2017 to 31 December 2017 and the auditor's report thereon.

### Fund Objectives

The Fund aims to provide investors with a return that (before fees and expenses) tracks the performance of the ROBO Global® Robotics and Automation Index (the "Index").

The Fund aims to track the performance of the Index by holding all of the shares that make up the Index, in the proportion closely mirroring the Index. All assets of the Fund are held in segregated accounts with the Custodian, JPMorgan Chase Bank N.A. (Sydney Branch).

The Fund is an Exchange Traded Fund ("ETF") and can be traded by investors on the Australian Securities Exchange ("ASX"); ETFs can be bought and sold like any other share through normal brokerage accounts.

### Principal Activities

The Fund commenced its operations on 13 September 2017. The Fund is currently listed on the ASX. The admission date was 14 September 2017.

The Fund invested in accordance with the provisions of the Fund's Constitution. There were no significant changes in the nature of the Fund's activities during the period 13 September 2017 to 31 December 2017.

The Fund did not have any employees during the period 13 September 2017 to 31 December 2017.

### 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:

Director	Date appointed
Vince Fitzgerald	16 December 2014
Graham Tuckwell	16 December 2014
Kris Walesby	3 May 2017

### Review and Results of Operations

During the period, the Fund continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

### Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	For the period 13 September 2017 to 31 December 2017 AUD '000
Profit/(loss) before finance costs attributable to unitholders	202

## Directors' Report (continued)

### Review and Results of Operations (continued)

#### Returns

The table below demonstrates the performance of the Fund as represented by the total return.

	Returns* For the period 13 September 2017 to 31 December 2017 %
ETFS Robo Global Robotics and Automation ETF returns	11.54**

\* Returns (after fees) are calculated on the assumption that all distributions are reinvested in the Fund, and include the effect of compounding.

\*\* Returns are from 13 September 2017 to 31 December 2017 and have not been annualised.

#### Significant Changes in State of Affairs

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.

#### Rounding of Amounts

The Fund is a registered scheme of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and the financial statements have been rounded to the nearest thousand in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise indicated.

#### 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 3.

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



Kris Walesby  
Director

Sydney  
6 March 2018



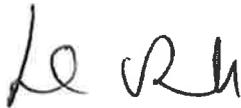
# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of ETFS Management (AUS) Limited

I declare that, to the best of my knowledge and belief, in relation to the review of the Condensed Financial Report for the period ended 31 December 2017 there have been:

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

  
KPMG



Michael O Connell  
Partner

Sydney  
6 March 2018

ETFS Robo Global Robotics and Automation ETF  
Statement of Profit or Loss and Other Comprehensive Income  
For the period 13 September 2017 to 31 December 2017

		Notes	For the period 13 September 2017 to 31 December 2017 AUD '000
<b><i>Investment income</i></b>			
Dividend/distribution income			38
Net gains/(losses) on financial instruments held at fair value through profit or loss (including FX gains/(losses))	4		<u>226</u>
<b><i>Total net investment income/(loss)</i></b>			<u>264</u>
<b><i>Expenses</i></b>			
Management fees			39
Transaction costs			16
Other expenses			<u>7</u>
<b><i>Total operating expenses</i></b>			<u>62</u>
<b><i>Profit/(loss) before finance costs attributable to unitholders</i></b>			<u>202</u>
<b><i>Finance costs attributable to unitholders</i></b>			
Distributions to unitholders			-
(Increase)/decrease in net assets attributable to unitholders	5		<u>(202)</u>
<b><i>Profit/(loss) for the period</i></b>			<u>-</u>
Other comprehensive income			<u>-</u>
<b><i>Total comprehensive income for the period</i></b>			<u><u>-</u></u>

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

ETFS Robo Global Robotics and Automation ETF  
Statement of Financial Position  
As at 31 December 2017

	Notes	As at 31 December 2017 AUD '000
<b>Assets</b>		
Cash and cash equivalents		555
Financial assets held at fair value through profit or loss	6	44,165
Receivables		<u>24</u>
<b>Total assets</b>		<u>44,744</u>
 <b>Liabilities</b>		
Payables		<u>447</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>447</u>
<b>Net assets attributable to unitholders - liability</b>	5	<u>44,297</u>

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

**ETFS Robo Global Robotics and Automation ETF**  
**Statement of Changes in Equity**  
**For the period 13 September 2017 to 31 December 2017**

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Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

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

ETFS Robo Global Robotics and Automation ETF  
Statement of Cash Flows  
For the period 13 September 2017 to 31 December 2017

	Notes	For the period 13 September 2017 to 31 December 2017 AUD '000
<b><i>Cash flows from operating activities</i></b>		
Proceeds from sale of financial instruments held at fair value through profit or loss		4,892
Purchase of financial instruments held at fair value through profit or loss		(48,432)
Transaction costs		(16)
Dividends/distributions received		16
Management fees paid		(16)
Operating expenses paid		(9)
<b><i>Net cash inflow/(outflow) from operating activities</i></b>		<b><u>(43,565)</u></b>
<b><i>Cash flows from financing activities</i></b>		
Proceeds from applications by unitholders		<u>44,095</u>
<b><i>Net cash inflow/(outflow) from financing activities</i></b>		<b><u>44,095</u></b>
<b><i>Net increase/(decrease) in cash and cash equivalents</i></b>		<b>530</b>
Cash and cash equivalents at the beginning of the period		-
Effects of foreign currency exchange rate changes on cash and cash equivalents		<u>25</u>
<b><i>Cash and cash equivalents at the end of the period</i></b>		<b><u>555</u></b>
Non-cash financing activities	6	<u>-</u>

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

## 1 Statement of Compliance

The financial statements are general purpose financial statements prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These financial statements do not include all the notes normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## 2 Basis of Preparation and Accounting Policies

These financial statements include financial statements for ETFs Robo Global Robotics and Automation ETF ("the Fund") as an individual entity.

The accounting policies and methods of computation adopted in the preparation of the interim financial statements are consistent with AASB 134 *Interim Financial Reporting* and other applicable accounting standards.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all period 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 Accounting Standards Board and the *Corporations Act 2001* in Australia. The Fund is a for-profit unit trust for the purpose of preparing the financial statements.

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 and net assets attributable to unitholders. 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 new standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 13 September 2017 that would be expected to have a material impact on the Fund.

### (b) Financial Instruments

#### (i) Classification

The Fund's investments are classified as at fair value through profit or loss. They comprise:

- Financial instruments held for trading

Derivative financial instruments such as futures, forward foreign exchange contracts, options and swaps are included under this classification. The Fund does not designate any derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in listed equities, listed unit trusts, unlisted unit trusts, interest bearing securities and money market securities.

Financial assets and financial liabilities designated at fair value through profit or loss upon initial recognition are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

## 2 Basis of Preparation and Accounting Policies (continued)

### (b) Financial Instruments (continued)

#### (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.

#### (iii) Measurement

##### *Financial assets and liabilities held at fair value through profit or loss*

Financial assets and liabilities held 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 held 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.

- 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 and are therefore classified as financial liabilities. The units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The fair value of redeemable units is the residual interest that is payable at the end of the reporting date if unitholders exercised their right to redeem units in the Fund. The Fund's redemption unit price is based on the last traded market price for the purpose of determining the net asset value per unit for applications and redemptions.

Net assets attributable to unitholders are classified as financial liabilities as authorised participants are entitled to redeem units in the Fund at their option. As per the Fund's Constitution, the redemption notification can be made to the Fund at any time for a withdrawal amount equal to a proportionate share of the Fund's net asset value. The withdrawal amount may comprise of an in specie transfer of securities along with a distribution of income from the Fund together with any balancing cash payment required. The fair value of redeemable units is the residual interest that is payable at the end of the reporting date if unitholders exercise their right to redeem units in the Fund. The Fund's redemption unit price is based on the last traded market price for the purpose of determining the net asset value per unit for applications and redemptions.

## 2 Basis of Preparation and Accounting Policies (continued)

### (e) Distributions to Unitholders

In accordance with the Fund's Constitution, the Fund distributes its distributable (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 Profit or Loss and Other Comprehensive Income as finance costs attributable to unitholders.

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

Non-distributable income is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of Profit or Loss and Other Comprehensive Income as financing costs.

### (g) Cash and Cash Equivalents

Cash and cash equivalents 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

Interest income and expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income for all interest bearing securities using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows, considering all contractual terms of the financial instrument (for example, prepayment options), but do not consider future credit losses.

The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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.

Trust distributions are recognised on an entitlements basis.

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

### (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 distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

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

## 2 Basis of Preparation and Accounting Policies (continued)

### (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.

### (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.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income within other expenses. When a trade receivable for which an impairment 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.

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 as part of the fair value gain or loss.

## 2 Basis of Preparation and Accounting Policies (continued)

### (p) New Accounting Standards and Interpretations

The following new accounting standards and interpretations have been published that are not mandatory for the 31 December 2017 reporting year and have not been early adopted by the Fund:

#### (i) *AASB 9 Financial Instruments (and applicable amendments) (effective from 1 January 2018)*

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting.

The Fund intends to adopt AASB 9 for the annual period beginning on 1 July 2018. Management has undertaken a preliminary assessment of the impact of adoption AASB 9 and has concluded that there would be no impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. Disclosures in the financial statements will be amended as necessary to meet the requirements of the standard.

#### (ii) *AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)*

AASB 15 will replace AASB 118, which covers contracts for goods and services, and AASB 111, which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer so the notion of control replaces the existing notion of risks and rewards.

The Fund's main source of income is interest which is outside the scope of the new revenue standard. As a consequence, management does not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

There are no other 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.

### (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 year. 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.

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.

### (r) Rounding of Amounts

The Fund is a registered scheme of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and the financial statements have been rounded to the nearest thousand in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise indicated.

### 3 Financial Risk Management

#### (a) Fair Values of Financial Assets and Liabilities

The carrying amounts of the Fund's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held 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.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

##### *(i) Fair value in an active market (Level 1)*

The fair value of financial assets and liabilities traded in active markets is based on their last traded prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in Note 2. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets and financial liabilities held by the Fund is the last traded market price. Where the last traded price does not fall within the bid-ask spread, an assessment is performed by the Responsible Entity to determine the appropriate valuation price to use that is most representative of fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual regularly occurring market transactions on an arm's length basis.

##### *(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)*

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 other 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.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward foreign exchange contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

### 3 Financial Risk Management (continued)

#### (b) Fair Value Hierarchy

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2017.

As at 31 December 2017	Level 1 AUD '000	Level 2 AUD '000	Level 3 AUD '000	Total AUD '000
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	44,165	-	-	44,165
<b>Total</b>	<b>44,165</b>	<b>-</b>	<b>-</b>	<b>44,165</b>

There were no transfers between levels for recurring fair value measurements during the period 13 September 2017 to 31 December 2017.

### 4 Net Gains/(Losses) on Financial Instruments Held at Fair Value Through Profit or Loss

The net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	For the period 13 September 2017 to 31 December 2017 AUD '000
<b>Financial assets and liabilities</b>	
Net gain/(loss) on financial assets and liabilities held for trading (including FX gains/(losses))	(49)
Net gain/(loss) on financial assets and liabilities designated at fair value through profit or loss (including FX gains/(losses))	275
<b>Net gains/(losses) on financial instruments held at fair value through profit or loss (including FX gains/(losses))</b>	<b>226</b>

## 5 Net Assets Attributable to Unitholders

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as other units of the Fund. Units are created and redeemed at the unitholders' option at prices based on the value of the Fund's net assets at the time of application/redemption less transaction costs. The Fund is required to distribute all taxable income to the unitholders.

Movement in number of units and net assets attributable to unitholders during the period 13 September 2017 to 31 December 2017 were as follows:

	For the period 13 September 2017 to 31 December 2017	
	No. '000	AUD '000
Opening balance	-	-
Applications	795	44,095
Increase/(decrease) in net assets attributable to unitholders	<u>-</u>	<u>202</u>
Closing balance	<u>795</u>	<u>44,297</u>

### Capital Risk Management

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

The Fund monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. As of 31 December 2017 the capital of the Fund is represented in the net assets attributable to unitholders table.

In the event of a significant redemption, the Fund's Constitution allows the delay of payment beyond the usual redemption timeframe but no later than the maximum number of days specified in the Constitution for satisfying redemption requests. Further, in certain circumstances such as disrupted markets, the Constitution allows payment to be delayed beyond the maximum number of days.

## 6 Financial Assets Held at Fair Value Through Profit or Loss

	As at 31 December 2017 AUD '000
Designated at fair value through profit or loss	
Listed equity securities	<u>44,165</u>
Total designated at fair value through profit or loss	<u>44,165</u>
Total financial assets held at fair value through profit or loss	<u>44,165</u>

## 7 Segment Information

The Fund operates solely in the business of providing investors with the performance of the market, before fees and expenses, as represented by the ROBO Global® Robotics and Automation Index. The Responsible Entity, which is the chief operating decision maker for the purposes of assessing performance and determining the allocation of resources, ensures that the Fund's holdings and performance are identical to the ROBO Global® Robotics and Automation Index. Accordingly, no additional qualitative or quantitative disclosures are required.

## 8 Events Occurring After the Reporting Period

No significant events have occurred since the end of the reporting period up to the date of signing the Interim Financial Report which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 31 December 2017 or on the results and cash flows of the Fund for the period 13 September 2017 to 31 December 2017.

## Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 4 to 16 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 31 December 2017 and of its performance for the financial period 13 September 2017 to 31 December 2017; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and the chief financial officer for the financial period 13 September 2017 to 31 December 2017.

The directors draw attention to Note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.



Kris Walesby  
Director

Sydney  
6 March 2018



# Independent Auditor's Review Report

To the members of ETFS ROBO Global Robotics and Automation ETF

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of ETFS ROBO Global Robotics and Automation ETF (the Scheme).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of ETFS ROBO Global Robotics and Automation ETF is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 31 December 2017 and of its performance for the period from 13 September 2017 to 31 December 2017; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Interim statement of financial position as at 31 December 2017;
- Interim statement of profit or loss and other comprehensive income for the period from 13 September 2017 to 31 December 2017;
- Interim statement of changes in equity and Interim statement of cash flows for the period from 13 September 2017 to 31 December 2017;
- Notes 1 to 8 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

## Responsibilities of the Directors for the Interim Financial Report

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

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.



#### Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Scheme's financial position as at 31 December 2017 and its performance for the period from 13 September 2017 to 31 December 2017; and complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of ETFS ROBO Global Robotics and Automation ETF, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Michael O Connell  
Partner

Sydney

6 March 2017