

DB ETC plc

**Management report and
Condensed unaudited interim financial statements**

For the half year ended 30 June 2019

Registered number: 103781

DB ETC plc

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DB ETC plc

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Directors and other information

Directors	Visdirect Services Limited Viscom Services Limited Marc Harris
Registered Office	4th Floor St Paul's Gate 22-24 New Street St Helier Jersey JE1 4TR Channel Islands
Company Secretary	Vistra Secretaries Limited 4th Floor St Paul's Gate 22-24 New Street St Helier Jersey JE1 4TR Channel Islands
Administrator	Vistra Funds Services Limited 4th Floor St Paul's Gate 22-24 New Street St Helier Jersey JE1 4TR Channel Islands
Authorised Participant, Arranger, Issuing and Paying Agent, Programme Counterparty, Custodian and Metal Agent	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
Determination Agent	Apex Fund Services (Ireland) Limited 2nd Floor Block 5 Irish Life Centre Abbey Street Lower Dublin D01 P767 Ireland
Trustee	Deutsche Trustee Company Limited Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom

Interim management report

The Directors present their interim report and the condensed unaudited interim financial statements of DB ETC plc (the "Company") for the half year ended 30 June 2019.

Principal activities and business review

The Company was incorporated on 06 August 2009 as a public limited liability company in Jersey under the Companies (Jersey) Law 1991 with registration number 103781.

The principal activity of the Company, under the Secured ETC Precious Metal Securities Programme (the "Programme"), is to issue from time to time series (each a "Series") of secured precious metal linked securities (the "ETC Securities"), where recourse in respect of each Series is limited to the proceeds of enforcement of the security over each respective Series' assets.

With respect to each Series of ETC Securities, the Company's main assets are its holdings of underlying metal and its interests under the related balancing agreement (the "Balancing Agreement"). The obligations of the Company under the ETC Securities of a Series will be secured in favour of the Trustee by an assignment by way of security of all the Company's rights, title, interest and benefit present and future against the secured account custodian (the "Secured Account Custodian"), the subscription account custodian (the "Subscription Account Custodian") and any sub-custodian (the "Sub-Custodian") relating to the underlying metal in respect of this Series of ETC Securities.

The net proceeds from the issue of a Series of ETC Securities are used to purchase an amount of metal which, in accordance with the custody agreement (the "Custody Agreement") for secured accounts will, to the extent possible, be allocated to physical metal bars or other metal shapes and be held in the secured allocated account. Any remaining metal is held in the secured unallocated account. Such underlying metal is used to meet the Company's obligations under the relevant Series of ETC Securities and the relevant Balancing Agreement.

General information regarding the Company is further described in note 1 to the financial statements.

The ETC Securities are listed on various exchanges, including London, Switzerland, Milan and Frankfurt.

Key performance indicators

The Company is a special purpose vehicle (the "SPV") whose sole business is the issue of asset backed securities. The Issuer has established a programme for the issue of ETC Securities whose return is linked to the performance of a specified precious metal: either gold, silver, platinum, palladium or rhodium. Each series of ETC Securities will be separate (or 'ring-fenced') from each other series of ETC Securities. The best benchmark is the price of the relevant metal in which the proceeds of the ETC Securities are invested in. For all Series, the performance closely follows the movement in the metal linked to the Series.

The Directors confirm that the key performance indicators as disclosed below, are those that are used to assess the performance of the Company.

During the half year ended:

- the Company made a profit of EUR nil (30 June 2018: EUR nil);
- the net fair value gain on inventories at fair value less costs to sell and Metal bullion due from the Programme Counterparty at fair value amounted to EUR 450,094,928 (30 June 2018: net fair value loss of EUR 121,066,066);
- the net fair value loss on financial liabilities designated at fair value through profit or loss amounted to EUR 450,094,928 (30 June 2018 : net fair value gain of EUR 121,066,066); and

As at 30 June 2019:

- the Company's total ETC Securities issued had a fair value of EUR 5,813,448,785 (2018: EUR 4,945,002,267) as disclosed in note 11;
- the Company has invested in inventories with a fair value of EUR 5,806,155,032 (2018: EUR 4,925,173,487) as disclosed in note 9;
- Metal bullion with a value of EUR 7,293,753 (2018: EUR 19,828,780) was due to the Company from the Programme Counterparty under the terms of the Balancing Agreement; and
- the net assets of the Company were EUR 30,002 (2018: EUR 30,002);

Future developments

The Directors expect that the present level of activity will be sustained for the foreseeable future. The Board of Directors of the Company (the "Board") will continue to seek new opportunities for the Company and will continue to ensure proper management of the current portfolio of Series of the Company.

Credit events

There was no credit event noted during the period.

**Interim management report (continued)
Results and dividends for the period**

The results for the period are set out on page 5. The Directors do not recommend the payment of a dividend for the period under review (2018: nil).

Directors, Secretary and their interests

None of the Directors or the Secretary who held office on 30 June 2019 held any shares or ETC Securities in the Company at that date, or during the period. There were no contracts of any significance in relation to the business of the Company in which the Directors had any interest. As disclosed in note 17, Related Party Transactions, Marc Harris, a Director of the Company is an employee of an affiliate company of the administrator and Visdirect Services Limited and Viscom Services Limited are affiliates of the administrator. See note 17 for full details of the relationships entered into between the Company and its related parties.

Shares and shareholders

The authorised share capital of the Company is GBP 10,000 divided into 10,000 limited shares of GBP 1 each (the "Shares") of which 2 are issued and fully paid and are directly or indirectly held by Vistra Nominees I Limited and Vistra Nominees II Limited (the "Share Trustees") under the terms of a declaration of trust (the "Declaration of Trust") under which the Share Trustees hold the benefit of the shares on trust for charitable purposes. There are no other rights that pertain to the shares and the shareholders.

Subsequent events

Subsequent events are disclosed under note 19 to the financial statements.

On behalf of the Board



Director

Date: 16/09/2019

Responsibility statement

The Company's Directors are responsible for preparing the management report and the condensed unaudited interim financial statements in accordance with applicable law and regulations. The Directors confirm that, to the best of their knowledge:

- the condensed unaudited interim financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and results of the Company, and
- the interim management report includes a fair review of:
 - important events that have occurred during the first six months of the year;
 - the impact of those events on the condensed financial statements; and
 - a description of the principal risks and uncertainties for the remaining six months of the financial year.

The Directors further indicate that such condensed unaudited interim financial statements for the half year ended 30 June 2019 have not been audited.

On behalf of the Board



Director

Date: 16/09/2019

Condensed statement of comprehensive income
For the half year ended 30 June 2019

	Notes	Period ended 30-Jun-19 EUR	Period ended 30-Jun-18 EUR
Net fair value gain/(loss) on inventories at fair value less costs to sell and Metal bullion due from the Programme Counterparty	4	450,094,928	(121,066,066)
Net fair value (loss)/gain on financial liabilities designated at fair value through profit or loss	5	(450,094,928)	121,066,066
Operating results		-	-
Other income		-	-
Operating profit before taxation		-	-
Taxation	6	-	-
Profit or loss and total comprehensive income for the period		-	-

The results above relate to continuing operations.

Condensed statement of financial position
As at 30 June 2019

	Notes	30-Jun-19 EUR	31-Dec-18 EUR
Assets			
Cash and cash equivalents	7	2	2
Other receivables	8	30,000	2,606,371
Inventories held at fair value less costs to sell	9	5,806,155,032	4,925,173,487
Metal bullion due from the Programme Counterparty	9	7,293,753	19,828,780
Total assets		<u>5,813,478,787</u>	<u>4,947,608,640</u>
Liabilities and equity			
Liabilities			
Other payables	10	-	2,576,371
Financial liabilities designated at fair value through profit or loss	11	5,813,448,785	4,945,002,267
Total liabilities		<u>5,813,448,785</u>	<u>4,947,578,638</u>
Equity			
Share capital	12	2	2
Retained earnings		30,000	30,000
Total equity		<u>30,002</u>	<u>30,002</u>
Total liabilities and equity		<u>5,813,478,787</u>	<u>4,947,608,640</u>

The financial statements on pages 5 to 16 were approved by the Board and authorised for issue on 16 September 2019.

On behalf of the Board



Director

Date: 16/09/2019

DB ETC plc

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**Condensed statement of changes in equity
For the half year ended 30 June 2019**

	Share capital EUR	Retained earnings EUR	Total equity EUR
Balance as at 01 January 2018	2	30,000	30,002
<i>Total comprehensive income for the period</i>			
Profit for the period	-	-	-
Total comprehensive income for the period	-	-	-
Balance as at 30 June 2018	2	30,000	30,002
<i>Total comprehensive income for the period</i>			
Profit for the period	-	-	-
Total comprehensive income for the period	-	-	-
Balance as at 31 December 2018	2	30,000	30,002
<i>Comprehensive income for the period</i>			
Profit for the period	-	-	-
Total comprehensive income for the period	-	-	-
Balance as at 30 June 2019	2	30,000	30,002

The notes on pages 9 to 16 form an integral part of the financial statements.

Condensed statement of cash flows
For the half year ended 30 June 2019

	Notes	Period ended 30-Jun-19 EUR	Period ended 30-Jun-18 EUR
Cash flows from operating activities			
Profit before taxation		-	-
<i>Adjustments for:</i>			
Net fair value (gain)/loss on inventories at fair value less costs to sell and Metal bullion due from the Programme Counterparty	4	(450,094,928)	121,066,066
Net fair value loss/(gain) on financial liabilities designated at fair value through profit	5	450,094,928	(121,066,066)
Net cash generated from operating activities		-	-
Cash flows from investing activities			
Purchase of inventories	9	(1,394,007,015)	(2,234,705,906)
Proceeds from disposal of inventories	9	975,655,425	691,415,001
Net cash used in investing activities		(418,351,590)	(1,543,290,905)
Cash flows from financing activities			
Proceeds from issuance of financial liabilities designated at fair value through profit or loss		1,394,007,015	2,234,705,906
Redemption of financial liabilities designated at fair value through profit or loss		(975,655,425)	(691,415,001)
Net cash generated from financing activities		418,351,590	1,543,290,905
Movement in cash and cash equivalents		-	-
Cash and cash equivalents at start of the period		2	2
Cash and cash equivalents at end of the period	7	2	2

The notes on pages 9 to 16 form an integral part of the financial statements.

Notes to the condensed unaudited interim financial statements
For the half year ended 30 June 2019

1 General information

The Company was incorporated on 6 August 2009 as a public limited liability company in Jersey under the Companies (Jersey) Law 1991, as amended, with registration number 103781.

The principal activity of the Company, under the Secured ETC Precious Metal Securities Programme (the "Programme"), is to issue from time to time series (each a "Series") of secured precious metal linked securities (the "ETC Securities"), where recourse in respect of each Series is limited to the proceeds of enforcement of the security over each respective Series' assets.

The ETC Securities are listed on various exchanges, including London, Switzerland, Milan and Frankfurt.

2 Basis of preparation

The condensed unaudited interim financial statements for the half year ended 30 June 2019 have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The condensed unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the year ended 31 December 2018 and the condensed unaudited interim financial statements for the period ended 30 June 2018.

3 Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in these condensed unaudited interim financial statements as were applied in the preparation of the Company's audited financial statements for the year ended 31 December 2018.

4 Net fair value gain/(loss) on inventories at fair value less costs to sell and Metal bullion due from the Programme Counterparty

	Period Ended 30-Jun-19	Period Ended 30-Jun-18
	EUR	EUR
Net fair value gain/(loss) on inventories and Metal bullion due from the Programme Counterparty	450,094,928	(121,066,066)
	<u>450,094,928</u>	<u>(121,066,066)</u>

5 Net fair value (loss)/gain on financial liabilities designated at fair value through profit or loss

	Period Ended 30-Jun-19	Period Ended 30-Jun-18
	EUR	EUR
Net fair value (loss)/gain on financial liabilities designated at fair value through profit or loss	(450,094,928)	121,066,066
	<u>(450,094,928)</u>	<u>121,066,066</u>

6 Taxation

The Company is not a regulated financial service company from a Jersey Income Tax perspective. Therefore, the Company is liable to Jersey Income Tax at 0%.

7 Cash and cash equivalents

	30-Jun-19	31-Dec-18
	EUR	EUR
Cash and cash equivalents	2	2
	<u>2</u>	<u>2</u>

8 Other receivables

	30-Jun-19	31-Dec-18
	EUR	EUR
Corporate benefit receivable due from the Arranger	30,000	30,000
Inventories receivable*	-	2,576,371
	<u>30,000</u>	<u>2,606,371</u>

* As at 31 December 2018: the disposal of 2,307 ounces of Gold for @ EUR 1,279.00 each for Series 2 Xtrackers Physical Gold EUR Hedged ETC due 2060. As at 31 June 2019, there were no pending trades.

Notes to the condensed unaudited interim financial statements (continued)
For the half year ended 30 June 2019

9 Inventories held at fair value less costs to sell and Metal bullion due from the Programme Counterparty	30-Jun-19	31-Dec-18
	EUR	EUR
Inventories	5,806,155,032	4,925,173,487
Metal bullion due from the Programme Counterparty	7,293,753	19,828,780
	<u>5,813,448,785</u>	<u>4,945,002,267</u>

Movement in inventories	30-Jun-19	31-Dec-18
	EUR	EUR
At beginning of the period/year	4,945,002,267	3,022,385,745
Additions during the period/year	1,394,007,015	3,273,589,819
Disposals during the period/year	(975,655,425)	(1,361,283,337)
Net gain in fair value during the period/year	450,094,928	10,310,040
At end of the period/year	<u>5,813,448,785</u>	<u>4,945,002,267</u>

Metal bullion due from the Programme Counterparty represents the amount of metal entitlement of ETC Securities which is not held as physical metal inventory as at the reporting date but which is due to be received from the Programme Counterparty under the Balancing

10 Other payables	30-Jun-19	31-Dec-18
	EUR	EUR
ETC securities payables*	-	2,576,371
	<u>-</u>	<u>2,576,371</u>

*As at 31 December 2018: the redemption of 29,000 ETC securities @ EUR 88.84 each for Series 2 Xtrackers Physical Gold EUR Hedged ETC duc 2060. As at 30 June 2019, there were no pending trades.

11 Financial liabilities designated at fair value through profit or loss

	30-Jun-19		31-Dec-18	
	Nominal units issued	Fair value Amount EUR	Nominal units issued	Fair value Amount EUR
ETC Securities issued	65,593,407	5,813,448,785	54,954,870	4,945,002,267

Movement in ETC Securities issued	30-Jun-19	31-Dec-18
	EUR	EUR
At beginning of the period/year	4,945,002,267	3,022,385,745
Issue of ETC Securities issued during the period/year	1,394,007,015	3,273,589,819
Redemption of ETC Securities issued during the period/year	(975,655,425)	(1,361,283,337)
Net loss in fair value during the period/year	450,094,928	10,310,040
At end of period/year	<u>5,813,448,785</u>	<u>4,945,002,267</u>

The financial liabilities in issue at 30 June 2019 are as follows:

Series	Description	CCY	Maturity	Units outstanding 30-Jun-19	NAV Per unit 30-Jun-19	Fair value EUR 30-Jun-19
1	Xtrackers Physical Gold ETC	USD	15-Jun-60	7,002,089	137.32	845,459,481
2	Xtrackers Physical Gold EUR Hedged ETC	EUR	15-Jun-60	18,969,200	95.98	1,820,597,494
3	Xtrackers Physical Silver ETC	USD	15-Jun-60	236,000	146.20	30,339,336

Notes to the condensed unaudited interim financial statements (continued)
For the half year ended 30 June 2019

11 Financial liabilities designated at fair value through profit or loss (continued)

The financial liabilities in issue at 30 June 2019 are as follows (continued):

Series	Description	CCY	Maturity	Units outstanding 30-Jun-19	NAV Per unit 30-Jun-19	Fair value EUR 30-Jun-19
4	Xtrackers Physical Silver EUR Hedged ETC	EUR	15-Jun-60	1,110,000	98.65	109,497,901
5	Xtrackers Physical Platinum ETC	USD	14-Jul-60	408,511	78.52	28,205,344
6	Xtrackers Physical Platinum EUR Hedged ETC	EUR	14-Jul-60	2,379,900	52.80	125,651,719
7	Xtrackers Physical Palladium ETC	USD	14-Jul-60	73,279	146.29	9,426,246
8	Xtrackers Physical Palladium EUR Hedged ETC	EUR	14-Jul-60	141,638	97.33	13,786,046
9	Xtrackers Physical Gold ETC (EUR)	EUR	27-Aug-60	20,705,700	120.70	2,499,180,820
10	Xtrackers Physical Silver ETC (EUR)	EUR	27-Aug-60	1,158,620	128.56	148,955,538
11	Xtrackers Physical Rhodium ETC	USD	19-May-61	154,684	311.19	42,326,177
12	Xtrackers Physical Rhodium ETC (EUR)	EUR	19-May-61	87,235	273.53	23,861,039
13	Xtrackers Physical Gold GBP Hedged ETC	GBP	01-Apr-61	13,166,551	7.90	116,161,644
				65,593,407		5,813,448,785

The financial liabilities in issue at 31 December 2018 are as follows:

Series	Description	CCY	Maturity	Units Outstanding 31-Dec-18	NAV Per unit 31-Dec-18	Fair value EUR 31-Dec-18
1	Xtrackers Physical Gold ETC	USD	15-Jun-60	6,008,480	125.06	655,401,010
2	Xtrackers Physical Gold EUR Hedged ETC	EUR	15-Jun-60	18,456,500	89.01	1,642,867,932
3	Xtrackers Physical Silver	USD	15-Jun-60	266,500	148.85	34,599,461
4	Xtrackers Physical Silver EUR Hedged ETC	EUR	15-Jun-60	1,024,500	102.32	104,824,049
5	Xtrackers Physical Platinum ETC	USD	14-Jul-60	383,900	76.39	25,577,831
6	Xtrackers Physical Platinum EUR Hedged ETC	EUR	14-Jul-60	638,100	52.36	33,407,931
7	Xtrackers Physical Palladium ETC	USD	14-Jul-60	60,079	121.51	6,367,238
8	Xtrackers Physical Palladium EUR Hedged ETC	EUR	14-Jul-60	158,088	82.31	13,011,777
9	Xtrackers Physical Gold ETC (EUR)	EUR	27-Aug-60	20,266,500	109.38	2,216,841,316
10	Xtrackers Physical Silver ETC (EUR)	EUR	27-Aug-60	757,520	130.10	98,556,226
11	Xtrackers Physical Rhodium ETC	USD	19-May-61	195,470	227.18	38,731,834
12	Xtrackers Physical Rhodium ETC (EUR)	EUR	19-May-61	106,168	198.43	21,066,793
13	Xtrackers Physical Gold GBP Hedged ETC	GBP	01-Apr-61	6,633,065	7.29	53,748,869
				54,954,870		4,945,002,267

Notes to the condensed unaudited interim financial statements (continued)
For the half year ended 30 June 2019

11 Financial liabilities designated at fair value through profit or loss (continued)

Movement in fair values by Series for the period ended 30 June 2019

Series	Description	Opening balance EUR	Issuances EUR	Redemptions EUR	Net changes in fair values EUR	Closing balance EUR
1	Xtrackers Physical Gold ETC	655,401,010	308,155,452	(193,403,064)	75,306,083	845,459,481
2	Xtrackers Physical Gold EUR Hedged ETC	1,642,867,932	400,263,430	(352,541,972)	130,008,104	1,820,597,494
3	Xtrackers Physical Silver	34,599,461	2,914,691	(6,861,859)	(312,957)	30,339,336
4	Xtrackers Physical Silver EUR Hedged ETC	104,824,049	13,962,609	(5,464,648)	(3,824,109)	109,497,901
5	Xtrackers Physical Platinum ETC	25,577,831	4,067,794	(2,476,053)	1,035,772	28,205,344
6	Xtrackers Physical Platinum EUR Hedged ETC	33,407,931	144,851,505	(53,712,108)	1,104,391	125,651,719
7	Xtrackers Physical Palladium ETC	6,367,238	5,321,302	(3,955,366)	1,693,072	9,426,246
8	Xtrackers Physical Palladium EUR Hedged ETC	13,011,777	2,375,951	(3,681,955)	2,080,273	13,786,046
9	Xtrackers Physical Gold ETC (EUR)	2,216,841,316	345,126,768	(282,677,069)	219,889,805	2,499,180,820
10	Xtrackers Physical Silver ETC (EUR)	98,556,226	79,114,110	(25,380,091)	(3,334,707)	148,955,538
11	Xtrackers Physical Rhodium ETC	38,731,834	-	(9,189,084)	12,783,427	42,326,177
12	Xtrackers Physical Rhodium ETC (EUR)	21,066,793	-	(4,477,509)	7,271,755	23,861,039
13	Xtrackers Physical Gold GBP Hedged ETC	53,748,869	87,853,403	(31,834,647)	6,394,019	116,161,644
		4,945,002,267	1,394,007,015	(975,655,425)	450,094,928	5,813,448,785

Movement in fair values by Series for the period ended 31 December 2018

Series	Description	Opening balance EUR	Issuances EUR	Redemptions EUR	Net changes in fair values EUR	Closing balance EUR
1	Xtrackers Physical Gold ETC	639,429,719	258,839,172	(264,548,673)	21,680,792	655,401,010
2	Xtrackers Physical Gold EUR Hedged ETC	1,420,828,764	692,746,968	(410,750,959)	(59,956,841)	1,642,867,932
3	Xtrackers Physical Silver	38,762,749	10,243,619	(12,577,583)	(1,829,324)	34,599,461
4	Xtrackers Physical Silver EUR Hedged ETC	114,824,040	194,493,964	(191,577,602)	(12,916,353)	104,824,049
5	Xtrackers Physical Platinum ETC	25,195,821	9,624,138	(6,183,130)	(3,058,998)	25,577,831
6	Xtrackers Physical Platinum EUR Hedged ETC	29,534,916	74,205,739	(56,224,188)	(14,108,536)	33,407,931
7	Xtrackers Physical Palladium ETC	8,484,784	2,185,260	(5,497,217)	1,194,411	6,367,238
8	Xtrackers Physical Palladium EUR Hedged ETC	15,282,034	5,045,662	(9,120,976)	1,805,057	13,011,777
9	Xtrackers Physical Gold ETC (EUR)	546,286,429	1,906,045,560	(287,348,206)	51,857,533	2,216,841,316
10	Xtrackers Physical Silver ETC (EUR)	77,371,268	73,920,278	(49,775,237)	(2,960,083)	98,556,226

Notes to the condensed unaudited interim financial statements (continued)
For the half year ended 30 June 2019

11 Financial liabilities designated at fair value through profit or loss (continued)

Movement in fair values by Series for the period ended 31 December 2018 (continued)

Series	Description	Opening balance EUR	Issuances EUR	Redemptions EUR	Net changes in fair values EUR	Closing balance EUR
11	Xtrackers Physical Rhodium ETC	41,186,488	-	(19,508,360)	17,053,706	38,731,834
12	Xtrackers Physical Rhodium ETC (EUR)	26,859,630	-	(15,385,671)	9,592,834	21,066,793
13	Xtrackers Physical Gold GBP Hedged ETC	38,339,103	46,239,459	(32,785,535)	1,955,842	53,748,869
		<u>3,022,385,715</u>	<u>3,273,589,819</u>	<u>(1,361,283,337)</u>	<u>10,310,040</u>	<u>4,945,002,267</u>

12 Share capital

Authorised:

10,000 ordinary shares of GBP 1 each

30-Jun-19

GBP

10,000

31-Dec-18

GBP

10,000

Issued and fully paid:

2 ordinary shares of GBP 1 each

EUR

2

EUR

2

2

2

The ordinary share capital was held by the following non-beneficial nominees

	30-Jun-19 GBP	31-Dec-18 GBP
Vistra Nominees I Limited	1	1
Vistra Nominees II Limited	<u>1</u>	<u>1</u>
	2	2

The authorised share capital of the Company is GBP 10,000, out of which 2 ordinary shares have been issued and fully paid. The nominees have no beneficial interest in and derives no benefit from its holding of the shares. There are no other rights that pertain to the shares and the shareholders.

13 Capital risk management

The Company views the share capital as its capital. The Company is a special purpose vehicle set up to issue ETC Securities for the purpose of making investments as defined under the programme memorandum and in each of the Series memorandum agreements. Share capital of GBP 2 was issued in line with Jersey Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

The Company can issue further series of ETC Securities to meet the demand of its investors.

14 Financial risk management

Risk management framework

The Company, and ultimately the holders of the ETC Securities, have exposure to the following risks from its use of financial instruments:

- (a) Market risk;
- (b) Credit risk;
- (c) Liquidity risk; and
- (d) Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing these risks.

(a) Market risk

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The ETC Security holders are exposed to the market risk of the financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of a change in interest rates. The ETC Securities, the Metal bullion due from Programme Counterparty and the inventories do not bear interest. As such, the Company and ETC Security holders have limited exposure to interest rate risk.

Notes to the condensed unaudited interim financial statements (continued)
For the half year ended 30 June 2019

14 Financial risk management (continued)

(a) Market risk (continued)

(ii) Currency risk

Currency risk is the risk which arises where the assets and liabilities of the Company are denominated in currencies other than its functional currency. As at 30 June 2019, the Company is exposed to assets and liabilities denominated in US Dollars (USD) and Pound Sterling (GBP).

The Company is not exposed to net currency risk since the foreign exchange movements in its financial liabilities will be offset by the foreign exchange movements in its inventories. Any net foreign currency risk is borne by the ETC Security holders.

The following exchange rates have been applied during the period

	Average rate - period ended		Closing rate	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
USD-EUR	0.88540	0.84771	0.87930	0.87220
GBP-EUR	1.14551	1.13029	1.11660	1.11220

The impact of changes in foreign exchange rates on the inventories less cost to sell is offset by the impact of foreign exchange rate changes on the financial liabilities. Therefore any change in the exchange rates would have no net effect on the equity or the profit or loss of the Company.

(iii) Price risk

Price risk is the risk that changes in market prices of metals will affect the Company's income, expense, inventories and financial liabilities designated at fair value through profit or loss. The Company's liabilities are exposed to the market prices of the metals. However, the risk is mitigated by the Company holding quantities of physical metal inventory equivalent to the weight of metal entitlement for each Series of ETC Securities issued.

When a shortfall of metal inventory occurs, the shortfall is made up, in accordance with the terms of the Balancing Agreement, through a balance of metal bullion being due from the Programme Counterparty. Accordingly, the ETC Security holders are exposed to the market price risk of their metal entitlement under the ETC Securities.

Any changes in the metal spot prices on the inventories held by the Company would not have any net effect on the equity or the profit or loss of the Company since changes in the fair value of inventories or in the balance of Metal bullion due from the Programme Counterparty would be offset by corresponding changes in the fair value of the ETC Securities and as such any price risk is ultimately borne by the ETC Security holders.

(b) Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's principal financial assets are cash and cash equivalents, other receivables, inventories held at fair value less costs to sell and metal bullion due from the Programme Counterparty which represents the Company's maximum exposure to credit risk. All credit risk are ultimately borne by the ETC Securities holders.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company limits its exposure to liquidity risk through the purchase of inventory. All liquidity risk associated with the inventories are ultimately borne by the ETC Security holders.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes and infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Operational risks arise from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in note 1. All administration functions are undertaken by Vistra Fund Services Limited. Deutsche Bank AG, London Branch acts as the Company's lead authorised participant (the "Lead Authorised Participant"), arranger (the "Arranger"), issuing and paying agent (the "Issuing and Paying Agent"), programme counterparty (the "Programme Counterparty"), custodian (the "Custodian") and metal agent (the "Metal Agent").

Notes to the condensed unaudited interim financial statements (continued)
For the half year ended 30 June 2019

15 Fair values

The Company's financial assets and financial liabilities at fair value through profit or loss are carried at fair value in the Statement of financial position.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Company does not have any financial instruments at level 1 or 3 and there has not been any transfer between levels during the half year ended 30 June 2019.

16 Ultimate controlling party

The Directors of the Company consider Vistra Corporate Services Limited as trustee of the db ETC Charitable Trust (the beneficial owner of the issued share capital of the Company) to be the ultimate controlling party of the Company.

17 Related Party Transactions

Visdirect Services Limited and Viscom Services Limited (as from their date of appointment) and Intertrust Corporate Director 3 Limited and Intertrust Corporate Director 4 Limited (up to their date of resignation) act solely in the capacity as Directors of Jersey companies, pursuant to the Companies (Jersey) Law 1991, as amended. Visdirect Services Limited and Viscom Services Limited are both part of the Vistra group of companies. No fee was charged or paid to the Vistra Group during the period under review by the Company for the provision of Directors. Most expenses of the Company are borne by the Arranger including fees paid to Vistra.

Product fees incurred for the period ended 30 June 2019 due to the Arranger amounted to EUR 10,183,648 (31 December 2018: EUR 17,582,188). No amount was payable as at 30 June 2019 ((31 December 2018: EUR Nil).

Marc Harris, acting as Director for the Company is an employee of an affiliate company of the administrator and Visdirect Services Limited and Viscom Services Limited are affiliates of the administrator.

As at 30 June 2019, corporate benefit fees amounting to EUR 30,000 (31 December 2018: EUR 30,000) were receivable from Deutsche Bank AG, London Branch.

Metal bullion due from the Programme Counterparty amounting to EUR 7,293,753 (31 December 2018: EUR 19,828,780) were outstanding as at 30 June 2019.

As at 30 June 2019, the number of ETC Securities held by the Lead Authorised Participant was 220,395 units (EUR 14,945,187) (31 December 2018: 223,829 units (EUR 13,154,147)).

18 Operating expenses

All costs associated with the Company are paid by the Arranger.

19 Subsequent events

There has been no other significant events that require disclosure to the condensed unaudited interim financial statements since the period end and up to the date of approving the interim report.

20 Comparatives

In line with IAS 34, the comparative information for the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows are for the period ended 30 June 2018 and the comparative information for the statement of financial position is as at 31 December 2018.

Notes to the condensed unaudited interim financial statements (continued)
For the half year ended 30 June 2019

21 Approval of the condensed unaudited interim financial statements

The Board of Directors approved these condensed unaudited interim financial statements on 16 September 2019.