Xtrackers (Jersey) ETC PLC

Directors' report and audited financial statements

For the period from the date of incorporation

18 October 2022 to 31 December 2023

Registered number : 145739

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Directors and other information

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Xtrackers (Jersey) ETC PLC

Directors' report
The Board of Directors (the "**Directors**" or the "**Board**")) present the Directors' report and audited financial statements of Xtrackers (Jersey) ETC PLC (the "**Company**") for the period from the date of incorporation 18 October 2022 to 31 December 2023.

Principal activities and business review
The Company was incorporated on 18 October 2022 as a public limited liability company in Jersey under the Companies (Jersey) Law 1991 with registration number 145739. It has been established as a special purpose vehicle for the purpose of issuing asset backed securities. The Company was dormant until the launch of the programme in quarter four of 2023 described below.

The principal activity of the Company, under the Secured Xtrackers (Jersey) ETC PLC Carbon Linked Securities Programme (the "**Programme**"), is to issue from time to time series (each a "**Series**") of carbon ETC securities (the "**Carbon 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 Company has established this Programme for the issue of Carbon ETC Securities whose return is linked to the price of specified allowances, credits, permits, rights or similar assets which represent a volume of carbon dioxide equivalent or other greenhouse gas, which is issued, allocated, created or recognised in accordance with the rules and regulations governing participation in a trading scheme for the transferring of such allowances, credits, permits, rights, or similar assets (the "**Allowance(s)**"). As at the date of this approval, the only type of Allowance(s) that Carbon ETC Securities issued under this Programme may be linked to is EU allowances (the "**EUA(s)**"). The Company may hold either (or a combination of) EUAs allocated in Phase III (1 January 2013 to 31 December 2020) of the EU ETS or EUAs allocated in Phase IV (1 January 2021 to 31 December 2030) of the EU ETS.

The main assets of the Company in respect of a Series of Carbon ETC Securities are the EUAs held by the Company via the Custodian, and cash held by the Company. The EUAs backing each Series of Carbon ETC Securities may be sold by the Company to service any payment due and payable on the Carbon ETC Securities and to fund the payment of product fee to the Programme Administrator, which in turn shall be used by the Programme Administrator to pay certain costs of the Programme and the Company more generally.

The Carbon ETC Securities are designed to provide purchasers with exposure to Allowance(s) of a specified type, without having to take delivery of them. Each Series of Carbon ETC Securities relates to a number of Allowance(s) and each tranche of Carbon ETC Securities (the "**Tranche**") has an Allowance(s) entitlement per Carbon ETC Security specified in the relevant final terms (the "**Final Terms**"). On any particular day, the Carbon ETC Security can be viewed as giving an exposure to a number of Allowance(s) – the amount payable to securityholders on final redemption or early redemption of the relevant Carbon ETC Securities is linked to the value of the Allowance(s). In addition, the value per Carbon ETC Security is similarly linked to the value of such Allowance(s). In order to back its obligations under the Carbon ETC Securities, the Company will seek to hold enough Allowance(s) to meet its obligations under the Carbon ETC Securities. The precise number it holds at any time may be more or less than the aggregate number of the Allowance(s) entitlement per Carbon ETC Security, reflecting the periodic payment of Product Fees.

Because the Company obtains its exposure to the Allowance(s) by investing directly in the relevant Allowance(s), these types of Carbon ETC Securities are known as a replication exchange traded commodities. Upon maturity, the Carbon ETC Securities will pay an amount linked to the performance of such Allowance(s) (being proceeds from the disposal of the relevant Underlying Allowance(s), subject to deduction of Product Fees).

In connection with a subscription of Carbon ETC Securities, the relevant number of Allowance(s) shall be delivered by the seed authorised participant or an authorised participant (as applicable) to the secured series carbon account (the "**Series Carbon Account**"), on the original series issue date (in respect of an initial issuance of a Series of Carbon ETC Securities). The obligations of the Company under the Carbon 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 Custodian. Subscription and redemption terms of the Carbon ETC Securities are disclosed in the notes of the financial statements.

A Series of Carbon ETC Securities may be listed on the official list of one or more of the following stock exchanges and be admitted to trading on the regulated market or other main market thereof: Euronext Dublin, the Frankfurt Stock Exchange and/or such other stock exchanges and regulated markets or main markets as may be agreed between the Company and the Programme Administrator. As of the date of approval of these financial statements, the Carbon ETC Securities are listed on the Frankfurt Stock Exchange. The Carbon ETC Securities were admitted on the exchange as of 23 November 2023.

Key performance indicators
The Company is a Special Purpose Vehicle (the "**SPV**") whose sole business is the issue of asset-backed securities. The Company has established a programme for the issue of Carbon ETC Securities whose return is linked to the performance of Allowance(s). Each series of Carbon ETC Securities will be separate (or 'ring-fenced') from each other series of Carbon ETC Securities. The best benchmark is the price of the relevant Allowances in which the proceeds of the Carbon ETC Securities are invested in. For all Series, the performance closely follows the movement in the Allowances linked to the Series. To date only one Series has been issued and the relevant Allowances are EUAs.

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

Directors' report (continued)
Key performance indicators (continued)

During the period:
- the net fair value gain on EUAs at fair value amounted to EUR 46,585;
- the net fair value loss on financial liabilities designated at fair value through profit or loss amounted to EUR 42,795; and
- there were two subscriptions in the following new Series of Carbon ETC Securities:

		Maturity date	CCY	Nominal
Series 1	Carbon ETC Securities	30-Sep-2100	EUR	2,941

The prices of Allowance(s) are as follows:

Series	Allowance	CCY	Price per EUA as at 31 Dec 2023	Price per EUA as at 17 Nov 2023 - date of Series issue
Series 1	EUA	EUR	77.25	76.28

The price of the EUAs have increased during the period.

As at 31 December 2023:
- The Company's total Carbon ETC Securities issued had a fair value of EUR 3,858,710;
- The Company has invested in EUAs with a fair value of EUR 3,862,500 (includes EAUs in relation to the Product Fee);
- The net assets were EUR 2; and
- The Company had the following Carbon ETC Securities in issue:

Series	Description	Maturity date	Ccy	Nominal (in units)	Allowances held	Number of Allowances
1	Carbon ETC Securities	30-Sep-2100	EUR	2,941	EUA	50,000

Future developments
The Directors expect that the present level of activity will be sustained for the foreseeable future. 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.

Going concern
The Company's financial statements for the period ended 31 December 2023 have been prepared on a going concern basis. The Series of Carbon ETC Securities is referenced to a specific asset and any loss derived from the asset will be ultimately borne by the relevant Carbon ETC Securityholders. The Directors anticipate that assets are readily realisable and hence, will continue to generate enough cash flows on an ongoing basis to meet the financial liabilities as they fall due. The Carbon ETC Securities in issue as at 31 December 2023 have a final maturity of 30 September 2100. The Directors do not foresee any material net redemptions in the next twelve months that would trigger going concern issues.

A high-level analysis was made on the liquidity and performance of the Company following the financial period end 31 December 2023. The Directors note that there has been a positive change in the value of the EUAs since the launch of the Programme and the level of activity has remained stable post the financial period end. The Directors have also noted that the Programme Administrator has taken measures to ensure business continuity.

Russia-Ukraine conflict
Russia began an invasion of Ukraine on 24 February 2022. None of the Authorised Participants in the primary market are Russian entities and hence would not be subject to the Russian sanctions. The Directors also assessed that none of the operations of the counterparties are based in Ukraine. The Directors will continue to monitor the situation and appropriate steps will be taken for the smooth running of the Companies' business. There is no impact on the ability of investors to redeem due to the sanctions. No other geopolitical matters have been noted to have an impact on the going concern.

Business risks and principal uncertainties
The Company is subject to various risks. The key risks facing the Company relate to their use of financial instruments, their exposure to EUAs and other risks (i.e. market risk, credit risk, liquidity risk, operational risk and climate risk) arising from the EUAs which are set out in note 15 to the financial statements.

Directors' report(continued)

Business risks and principal uncertainties (continued)

Climate risk

The Directors acknowledge that climate change is an emerging risk impacting the global economy and will continue to be of interest to all stakeholders with a focus on how climate change is expected to impact the societal response and the regulatory environment in the future. However, having considered such factors relating to climate change. While the demand for the Allowances will be correlated to climate change, the Directors have determined that there are no immediate impacts of climate change on the business operations of the Company. Further details are provided in note 15 to the financial statements.

Results and dividends for the period

The results for the period are set out on page 12. The Directors do not recommend the payment of a dividend for the period under review.

Changes in Directors, Secretary and Registered Office

There has been no change in Directors, Company Secretary and Registered Office during the period.

Directors, Secretary and their interests

None of the Directors or the Company Secretary who held office on 31 December 2023 held any shares or Carbon 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 19, Related Party Transactions, Paul Michael Monahan and Vinod Kumar Rajput, directors of the Company are employees of the Corporate Services Provider. Apex Financial Services (Nominees) Limited and Apex Financial Services (Nominees 2) Limited are affiliates of the Corporate Services Provider and Carbon Accounts Administrator. See note 19 for full details of the relationships entered into between the Company and its related parties.

Shares and shareholders

The issued share capital of the Company is GBP 2 divided into 2 ordinary shares of GBP 1 each (the "**Shares**"). The Company is owned by two nominee companies, which hold the issued share capital for the benefit of a purpose trust established pursuant to a declaration of trust on 18 January 2023. The trustee of the purpose trust is Apex Financial Services (Trustees) Limited, and the enforcer is Apex (EP) Limited ("AEPL"). As the issued ordinary shares are beneficially held by the purpose trust, AEPL is considered to be the 'controller' of the Company as the purpose trust gives them the ability to appoint and/or remove Apex Financial Services (Trustees) Limited. AEPL is a subsidiary of Apex Financial Services Jersey Limited, which is regulated by the Jersey Financial Services Commission.

Subsequent events

Subsequent events have been disclosed in note 22 to the financial statements.

Independent auditors

In accordance with the Companies (Jersey) Law 1991, KPMG Channel Islands Limited, Chartered Accountants and Recognised Auditors have been appointed as the Company's independent auditors and, have expressed their willingness to continue in office.

On behalf of the Board

Director

Date: 24 April 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law they are required to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Jersey) Law, 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are also required by the Transparency (Directive 2004/109/EC) (Amendment) (No. 2) Regulations 2015 (the "Regulations") to include a Directors' report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Programme Administrator's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Directors' Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face. The principal risks facing the Company are outlined in note 15 of the financial statements.

We consider the Directors' report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Director

Date: 24 April 2024

Independent Auditor's Report to the Members of Xtrackers (Jersey) ETC PLC

Our opinion is unmodified

We have audited the financial statements of Xtrackers (Jersey) ETC PLC (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in equity and cash flows for the period from 18 October 2022 (date of incorporation) to 31 December 2023, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2023, and of the Company's financial performance and cash flows for the period from 18 October 2022 (date of incorporation) to 31 December 2023.
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters were as follows:

	The risk	*Our response*
Valuation of EU Allowances at fair value (EUAs) €3,858,710 Refer to note 3(e) accounting policy and note 9 disclosures	***Basis:*** EUAs at fair value represent 99.9% of the Company's total assets. The EUAs act as collateral for the financial liabilities designated at fair value through profit or loss ("the Carbon Securities") issued by the Company. The EUAs are accounted for at fair value. The Company determines fair value by revaluing the quantity of EUAs held at the reporting date to the last market prices published by the sources described in the financial statements. **Risk:** The reported fair value of EUAs held may be materially misstated and is a significant	***Our audit procedures included:*** • Assessed the design and implementation of controls over valuation of EUAs. • Engaged our valuation specialists (iRadar) to independently price the EUAs to a third party pricing source, recalculate the value taking into consideration quantity held and, compared the recalculated values to those determined by the Company. • Assessed the fair value disclosures in the financial statements for compliance with IFRS requirements.

Independent Auditor's Report to the Members of Xtrackers (Jersey) ETC PLC (continued)

	The risk	*Our response*
	area of our audit, given that it represents the majority of the Company's total assets.	

	The risk	*Our response*
Existence of EUAs at fair value €3,858,710 Refer to note 3(e) accounting policy and note 9 disclosures	**Basis:** EUAs at fair value represent 99.9% of the Company's total assets. The EUAs act as collateral for the Carbon Securities issued by the Company. The EUAs are accounted for at fair value. The EUAs are held on behalf of the Company by the European Depositary Bank S. A. as custodian ("the Custodian"). **Risk:** The reported holding and therefore the fair value of the EUAs held may be materially misstated and is a significant area of our audit, given that it represents the majority of the Company's total assets.	**Our audit procedures included:** • Obtained a confirmation of the EUAs held as at the reporting date from the Custodian. • Observed an authorised individual from Apex Financial Services (Corporate) Limited, (the Corporate Services Provider and Carbon Accounts Administrator) log in to the European Commission registry (the "registry") account of the Custodian to verify that the EUAs are held for the benefit of the Company as at the reporting date. • Agreed the amounts per the accounting records to the independent custody and registry records above.

	The risk	*Our response*
Valuation of financial liabilities designated at fair value through profit or loss €3,858,710 Refer to note 3(f) accounting policy and note 12 disclosures	**Basis:** The issuance of Carbon Securities is central to the Company's principal activity. Carbon Securities are designed to provide investors with exposure to EUAs without the need to hold these directly. Carbon Securities are accounted for at fair value. The Company determines fair value in accordance with the formula set out in the prospectus to reflect the contractual price at which the Carbon Securities will be issued or redeemed by the Company at the reporting date. This formula takes into account the quantity of Carbon Securities in issue at the	**Our audit procedures included:** • Assessed the design and implementation of the controls over the valuation of Carbon ETC Securities. • Assessed the appropriateness of the methodology used to value the Carbon ETC Securities, and considered whether it represents fair value in accordance with IFRS. • Recalculated the fair value of Carbon ETC Securities using quantity held and published market data on the prices of the EUAs and, compared the recalculated values to those determined by the Company.

Independent Auditor's Report to the Members of Xtrackers (Jersey) ETC PLC (continued)

	The risk	*Our response*
	reporting date, and the price of the relevant EUAs, adjusted for product fees. **Risk:** A discrepancy in the inputs or incorrect application of the formula used to determine the fair value of the Carbon Securities may cause the reported fair value of financial liabilities designated at fair value through profit or loss to be materially misstated.	• Assessed the fair value disclosures in the financial statements, for compliance with IFRS requirements.

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at €38,600, determined with reference to a planning benchmark of total assets of €3,862,931, of which it represents approximately 1.0%.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% of materiality for the financial statements as a whole, which equates to €28,900. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Board any corrected or uncorrected identified misstatements exceeding €1,930, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- The programme administrator's requirement to continue using the Company; and
- The risk of securityholders redeeming a significant amount of the securities;

We obtain confirmation from management and the programme administrator in relation to the programme administrator's requirement to continue using the Company and, the risk of securityholders redeeming a significant amount of the securities.

We considered whether the going concern disclosure in note 2a to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Independent Auditor's Report to the Members of Xtrackers (Jersey) ETC PLC (continued)

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in the notes to the financial statements to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent Auditor's Report to the Members of Xtrackers (Jersey) ETC PLC (continued)

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members, as a body

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Regulatory Requirements

European Single Electronic Format (ESEF)

The Company has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in the XHTML format, including the financial statements as included in the reporting package by the Company, has been prepared in all material respects in accordance with the RTS on ESEF.

The directors are responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby the directors combine the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, is in accordance with the RTS on ESEF.

Our procedures included amongst others:

- obtaining an understanding of the Company's financial reporting process, including the preparation of the annual report in XHTML format;
- examining whether the annual report in XHTML-format is in accordance with the RTS on ESEF.

Shaun Robert Farley

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognized Auditors

Jersey

24 April 2024

Statement of comprehensive income

For the period from the date of incorporation 18 October 2022 to 31 December 2023

	Notes	Period from the date of incorporation 18 October 2022 to 31 December 2023 EUR
Product fee expenses		(3,329)
		(3,329)
Net fair value loss on Product Fees payable		(461)
Net fair value loss on financial liabilities designated at fair value through profit or loss	5	(42,795)
Operating loss before taxation		**(46,585)**
Taxation	6	-
Operating loss for the period		**(46,585)**
Other comprehensive income		
Fair value gain on EUAs at fair value in relation to the Product Fee payable		461
Fair value gain on EUAs at fair value	4	46,124
Other comprehensive income for the period		**46,585**
Profit or loss and total comprehensive result for the period		-

The notes on pages 16 to 29 form an integral part of the financial statements.

Statement of financial position
As at 31 December 2023

	Notes	31-Dec-23 EUR
Assets		
Cash and cash equivalents	7	429
Other receivables	8	2
EUAs at fair value	9	3,858,710
EUAs at fair value in relation to the Product Fee payable	9, 10	3,790
Total assets		3,862,931
Liabilities and equity		
Liabilities		
Other payables	11	429
Product Fee payable		3,790
Financial liabilities designated at fair value through profit or loss	12	3,858,710
Total liabilities		3,862,929
Equity		
Share capital	13	2
Retained loss		(46,585)
Revaluation reserve		46,585
Total equity		2
Total liabilities and equity		3,862,931

The financial statements on pages 12 to 29 were approved and authorised for issue by the Board of Directors on 24 April 2024 and was signed on its behalf by:

Director **Director**

The notes on pages 16 to 29 form an integral part of the financial statements.

Statement of changes in equity

For the period from the date of incorporation 18 October 2022 to 31 December 2023

	Share Capital EUR	Retained loss EUR	Revaluation reserve EUR	Total equity EUR
Balance as at 18 October 2022	-	-	-	-
Total comprehensive result for the period				
Operating loss for the period	-	(46,585)	-	(46,585)
Fair value gain on EUAs at fair value in relation to the Product Fee payable	-	-	461	461
Fair value gain on EUAs at fair value	-	-	46,124	46,124
Total comprehensive result for the period	**-**	**(46,585)**	**46,585**	-
Share capital issued during the period	2	-	-	2
Balance as at 31 December 2023	**2**	**(46,585)**	**46,585**	**2**

The notes on pages 16 to 29 form an integral part of the financial statements.

Statement of cash flows

For the period from the date of incorporation 18 October 2022 to 31 December 2023

	Notes	Period ended 31-Dec-23 EUR
Cash flows from operating activities		
Operating loss for the period		(46,585)
Adjustments for:		
Product fee expenses		3,329
Net fair value loss on Product Fees payable		461
Net fair value loss on financial liabilities designated at fair value through profit or loss		42,795
Non-cash transactions during the period		-
Increase in other payables		429
Net cash generated from operating activities		429
Movement in cash and cash equivalents		
Cash and cash equivalents at start of the period	2	-
Cash and cash equivalents at end of the period	7	429

Non-cash transactions during the period include:	
Issuance of Carbon of ETC Securities	3,815,915
Additions of EUAs	(3,815,915)
Increase in EUAs at fair value in relation to the Product Fee payable	(3,329)
Increase in Product Fee payable	3,329
	-

The notes on pages 16 to 29 form an integral part of the financial statements.

Notes to the financial statements
For the period from the date of incorporation 18 October 2022 to 31 December 2023

1 General information

The Xtrackers (Jersey) ETC PLC (the "Company") was incorporated on 18 October 2022 as a public limited company in Jersey under the Companies (Jersey) Law 1991, as amended, with company number 145739. It has been established as a special purpose vehicle for the purpose of issuing asset backed securities. The Company was dormant until the launch in quarter four of 2023 of the programme described below.

The principal activity of the Company, under the Secured Xtrackers (Jersey) ETC PLC Carbon Linked Securities Programme (the "**Programme**"), is to issue from time to time series (each a "**Series**") of carbon ETC securities (the "**Carbon 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 Company has established this Programme for the issue of Carbon ETC Securities whose return is linked to the price of specified allowances, credits, permits, rights or similar assets which represent a volume of carbon dioxide equivalent or other greenhouse gas, which is issued, allocated, created or recognised in accordance with the rules and regulations governing participation in a trading scheme for the transferring of such allowances (the "**Allowance(s)**"), credits, permits, rights, or similar assets. As at the date of this approval, the only type of Allowance(s) that Carbon ETC Securities issued under this Programme may be linked to is EU allowances (the "**EUA(s)**"). The Company may hold either (or a combination of) EUAs allocated in Phase III (1 January 2013 to 31 December 2020) of the EU Emissions Trading System ("**EU ETS**") or EUAs allocated in Phase IV (1 January 2021 to 31 December 2030) of the EU ETS.

The main assets of the Company in respect of a Series of Carbon ETC Securities are the EUAs held by the Company via the Custodian, and cash held by the Company. The EUAs backing each Series of Carbon ETC Securities may be sold by the Company to service any payment due and payable on the Carbon ETC Securities and to fund the payment of product fee to the Programme Administrator, which in turn shall be used by the Programme Administrator to pay certain costs of the Programme.

In connection with a subscription of Carbon ETC Securities, the relevant number of Allowance(s) shall be delivered by the seed authorised participant or an authorised participant (as applicable) to the secured series carbon account (the "**Series Carbon Account**"), on the original series issue date (in respect of an initial issuance of a Series of Carbon ETC Securities). The obligations of the Company under the Carbon 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 Custodian. Subscription and redemption terms of the Carbon ETC Securities are disclosed in note 15.

A Series of Carbon ETC Securities may be listed on the official list of one or more of the following stock exchanges and be admitted to trading on the regulated market or other main market thereof: Euronext Dublin, the Frankfurt Stock Exchange and/or such other stock exchanges and regulated markets or main markets as may be agreed between the Company and the Programme Administrator. As of the date of this approval the Carbon ETC Securities are listed on the Frankfurt Stock Exchange.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and in accordance with the Companies (Jersey) Law 1991.

The accounting policies set out below have been applied in preparing the financial statements for the period from the date of incorporation 18 October 2022 to 31 December 2023.

Going concern

The Company's financial statements for the period ended 31 December 2023 have been prepared on a going concern basis. The Series of Carbon ETC Securities is referenced to a specific Allowance and any loss derived from the asset will be ultimately borne by the relevant Carbon ETC Securityholders. The Directors anticipate that assets are readily realisable and hence, will continue to generate enough cash flows on an ongoing basis to meet the financial liabilities as they fall due. The Carbon ETC Securities in issue as at 31 December 2023 have a final maturity of 30 September 2100. The Directors do not foresee any material net redemptions in the next twelve months that would trigger going concern issues.

A high-level analysis was made on the liquidity and performance of the Company following the financial period end 31 December 2023. The Directors note that there has been a positive change in the value of the EUAs due to an increase in the prices of the EUAs during the period and the and the level of activity has remained stable post the financial period end, while this does not yet represent a concern for the financial sustainability of the Company to meet its obligations the Directors closely monitor the evolution. The Directors have also noted that the Programme Administrator has taken measures to ensure business continuity.

Notes to the financial statements (continued)
For the period from the date of incorporation 18 October 2022 to 31 December 2023

2 Basis of preparation

(a) Statement of compliance (continued)

Going concern (continued)

Russia - Ukraine conflict

Russia began an invasion of Ukraine on 24 February 2022. There is no impact on the ability of investors to redeem due to the sanctions.

None of the Authorised Participants in the primary market that the Company is facing are Russian entities and hence would not be subject to the Russian sanctions. The Directors also assessed that none of the operations of the counterparties are based in Ukraine. The Directors will continue to monitor the situation and appropriate steps will be taken for the smooth running of the Company's business.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position that are measured at fair value:

- EUAs at fair value;
- EUAs at fair value in relation to the Product Fee payable;
- Product Fee payable; and
- Financial liabilities designated at fair value through profit or loss.

The method used to measure fair values are discussed further in note 3(e, f) and 16.

(c) Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the entity operates. The Directors believe that the functional and the presentation currency should be EUR as EUR is the currency that most faithfully represents the economic effects of the transactions, events and conditions of the Company's underlying operations.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Details of material judgements and estimates have been further described in accounting policy note 3(e) "EUAs ", note 3(f) "Financial instruments" and note 16 "Fair Values" to the financial statements.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

*Judgement in classifying EUAs at fair value and EUAs at fair value in relation to the Product Fee payable (collectively, "**EUAs**")*

The Directors have determined that the EUAs fall within the scope of IAS 38 Intangible Assets following a review of the facts and circumstances. In meeting the definition, the Directors concluded the following: 1) that EUAs are clearly identifiable and can be separated from the Company; 2) non-monetary – EUAs are not cash or a claim to receive cash; 3) without physical substance: EUAs represent a right to emit a certain amount of pollutant, not a physical object; 4) controlled by the Company: the Company has the legal right to buy or sell the EUAs.

In making this judgement, the Directors have considered that the EUAs do not meet the definition of a financial instrument as they do not constitute a contract that gives rise to another financial asset. Furthermore, the EUAs which are used to collateralise the Company's liability do not meet the definition of inventory as the assets are not held for sale in the ordinary course of business.

Determination of measurement basis for EUAs

The Directors believe that the most appropriate basis for accounting for EUAs is the revaluation model under IAS 38 Intangible Assets and, accordingly, these have been measured at fair value. EUAs are traded on active markets and consequently, using fair value provides the more relevant information about the market assessment of future cash flows and risk. Please refer to note 3(e) "EUAs" for further details.

Notes to the financial statements (continued)
For the period from the date of incorporation 18 October 2022 to 31 December 2023

2 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Determination of fair value of financial liabilities issued at fair value through profit or loss

The financial liabilities designated at fair value through profit or loss are measured using the prices calculated by Apex Fund Services (Ireland) Limited (the "Determination Agent"), and not based on the quoted secondary price available on the recognised stock exchanges for the financial liabilities at fair value through profit and loss. In the opinion of the Directors, this is the most appropriate method of estimating fair value, as the Company is contractually obliged to settle the Carbon ETC Securities at their calculated price and has no access to trade on the exchanges. As the most significant level of trading for the securities is through the Determining Agent, the Directors have assessed this as the principal market. Please refer to note 3(f) "Financial instruments" for further details.

Product fees

The product fees (the "**Product Fee(s)**") are borne by investors through a daily reduction in the EUAs entitlement of each Carbon ETC Security. The Company will sell EUA entitlement held in relation to the Product Fee on an ongoing basis and pay the net sale proceeds from the sale to the Programme Administrator. Product Fees payable are carried fair value. Please refer to note 3(f) "Financial instruments" for further details.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of EUAs and liabilities within the next financial year, are discussed below.

EUAs at fair value

The Directors have determined that the main estimates are in relation to the determination of the fair value of EUAs at fair value using spot prices quoted by the European Energy Exchange AG ("**EEX**") EUA Spot. Further details have been described in accounting policy note 3(e) "EUAs" to the financial statements.

Financial liabilities issued at fair value through profit or loss

The Directors have determined that prices calculated by the Determination Agent are used as the measurement basis at 31 December 2023 as these prices most accurately reflect the obligations of the Company under the terms of the Series issue deeds. Please refer to note 2(d) and 3(f) "Financial instruments" for further details.

(e) New standards and amendments to existing standards

The Directors have considered the impact of all new standards, amendments and interpretations and do not consider there to be a significant impact from these newly effective standards, amendments and interpretations.

The Directors have considered the impact of all new standards, amendments and interpretations that are issued, but not yet effective, and do not consider there to be a significant impact from these newly issued standards, amendments and interpretations that are not yet effective.

3 Material accounting policies

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

Gains and losses arising on retranslation of financial liabilities designated at fair value through profit or loss and EUAs at fair value are included in the statement of comprehensive income together with fair value gains and losses as noted below.

(b) Net fair value gain/(loss) on EUAs

Net fair value gain/(loss) on EUAs relates to the movement in the prices of EUAs and includes all realised and unrealised fair value changes. Any gains and losses arising from changes in fair value of EUAs are recorded in net fair value gain on EUAs at fair value in the statement of comprehensive income. Under normal circumstances, there is no realised gain on EUAs as realisation occurs at the value computed and there is no difference between realisation proceeds and carrying amount of the EUAs. Details of recognition and measurement of EUAs are disclosed in the accounting policy for EUAs (note 3(e)).

Notes to the financial statements (continued)
For the period from the date of incorporation 18 October 2022 to 31 December 2023

3 Material accounting policies (continued)

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

Net fair value (loss)/gain on financial liabilities designated at fair value through profit or loss relates to Carbon ETC Securities issued by the Company and includes all realised and unrealised fair value changes. Any gains and losses arising from changes in the fair value of the financial liabilities designated at fair value through profit or loss are recorded in net fair value loss on financial liabilities designated at fair value through profit or loss in the statement of comprehensive income. Details of recognition and measurement of financial liabilities are disclosed in the accounting policy of financial instruments (note 3(f)).

(d) Other expenses

All expenses, other than Product Fees and the bank charges in relation to the cash account, are paid by the Programme Administrator and as such, are not reflected in these financial statements. Product Fees are recorded as a reduction in the Allowance(s) entitlement of the Carbon ETC Securities and are recognised as an expenses in the statement of comprehensive income on an accruals basis.

(e) EUAs

The Company holds EUAs at least equal to the amount due to holders of Carbon ETC Securities solely for the purposes of meeting its obligations, which also includes the holding of EUAs in relation to the settlement of the Product Fee (see note 2(d) for further information), under the Carbon ETC Securities.

Any costs to sell EUAs that arise in the course of settling the Company's obligations under the Carbon ETC Securities are borne by the holders of the Carbon ETC Securities ("**Carbon ETC Securityholders**"). An increase in fair value is recognised in other comprehensive income and accumulated in the revaluation reserve within equity except to the extent that it reverses a fair value decrease for impairment previously recognised in profit and loss.

A decrease in fair value is recorded in profit or loss except to the extent to which it reverses gains previously recognised in other comprehensive income for EUAs.

Any revaluation surplus included in equity is transferred directly to retained earnings when the corresponding EUAs are realised.

Initial recognition

The EUAs are recognised initially at cost when the EUAs are received into the Company's registry account.

Derecognition

The Company derecognises EUAs when the contractual rights to the asset have expired, or the Company has transferred the rights to the asset in a transaction in which substantially all the risks and rewards of ownership are transferred. The EUAs are sold to the Carbon Counterparty and the net cash proceeds from the sale are used to fund the settlement of redemptions of the Carbon ETC Securities (see note 15(c)). The EUAs may also be sold as described above, from time to time, in order to fund the settlement of the Product Fee.

Fair value measurement principles

The EUAs are valued at fair value using the last available spot price, nearest or at period-end, quoted by the EEX. The 19.30 Central European Time on 29 December 2023 was used to value the EUA as this was the last fix price available from the EEX for the period.

(f) Financial instruments

Initial recognition

Financial assets and financial liabilities are recognised initially at the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to their acquisition or issue.

Classification

The Company has designated the financial liabilities issued at fair value through profit or loss. For other financial instruments, the classification is based on both the Company's business model for managing those Instruments and the contractual cash flow characteristics of the instruments.

Accordingly, the financial assets and financial liabilities are classified into the following categories:

Financial liabilities at fair value through profit or loss:

- Financial liabilities designated at fair value through profit or loss
- Product Fees payable

Notes to the financial statements (continued)
For the period from the date of incorporation 18 October 2022 to 31 December 2023

3 Material accounting policies (continued)

(f) Financial instruments (continued)

Classification (continued)

Financial assets at amortised cost:

Cash and cash equivalents and other receivables

Financial liabilities at amortised cost:

- Other payables

Subsequent measurement

After initial measurement, the instruments at amortised cost are recorded at the amount at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method or any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The effective interest method is a method of calculating the amortised cost of an instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Impairment losses, including reversals of impairment losses and impairment gains, are presented in the Statement of comprehensive income.

Financial liabilities designated at fair value through profit and loss are measured using the prices calculated by Apex Fund Services (Ireland) Limited (the "**Determination Agent**"). Quoted prices are also available on recognised stock exchanges for the financial liabilities designated at fair value through profit or loss. However, the Directors have determined that prices calculated by the Determination Agent should be used as a measurement basis at 31 December 2023 as these prices most accurately reflect the obligations of the Company under the terms of the Series Issue Deeds. The prices are calculated using the spot price of the relevant underlying EUA adjusted for Product Fees. The Product Fees range are charged at 0.79% per annum and are accrued on a daily basis by reducing the EUA entitlement of each Carbon ETC Security. The Product Fees payable and their related EUA entitlement are measured at fair value (see note 2 (e)). Details of Product Fees for the Series is described in notes 5 and 12.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(g) Cash and cash equivalents

Cash and cash equivalents include deposits held at call with the cash custodian which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

(h) Share capital

Share capital is issued in Pound Sterling ("GBP"). Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(i) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Chief Operating Decision Maker (CODM) of the operating segment is the Board. The CODM is responsible for all the Company's activities. As there is one Series in issue, the Board consider that the entity has only one geographical and business segment and therefore is not required to produce additional segmental reporting disclosures.

4 Net fair value gain/(loss) on EUAs at fair value

	Period ended 31-Dec-23 EUR
Net fair value gain on EUAs (including those related to the Product Fee payable) at fair value	46,585

Notes to the financial statements (continued)
For the period from the date of incorporation 18 October 2022 to 31 December 2023

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

	Period ended 31-Dec-23 EUR
Net fair value loss on Carbon ETC Securities	(42,795)

Product Fees are recorded as a reduction in EUA entitlement in calculation of the fair value of the Carbon ETC Securities.

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

	31-Dec-23 EUR
Cash at bank	429

8 Other receivables

	31-Dec-23 EUR
Unpaid share capital	2

9 EUAs at fair value

	31-Dec-23 EUR
EUAs at fair value	3,858,710

Movement in EUAs at fair value	**31-Dec-23 EUR**
At beginning of the period	-
Non-cash transactions	
Additions during the period	3,815,915
Net changes in fair value during the period	46,124
Transfer to EUAs at fair value in relation to the Product Fee	(3,329)
At end of the period	3,858,710

The non-cash transactions relate to receipt of EUAs as subscription proceeds for the issue of Carbon ETC Securities.

Notes to the financial statements (continued)
For the period from the date of incorporation 18 October 2022 to 31 December 2023

9 EUAs at fair value (continued)

The fair values of the EUA by Series as at 31 December 2023 are as follows:

Series name	Allowances	Currency	Total Allowances	Price per Allowance	Fair value EUR
Series 1	EUAs	EUR	49,951	77.25	3,858,710
Series 1	EUAs at fair value in relation to the Product Fee	EUR	49	77.25	3,790
Total EUAs at fair value			50,000	77.25	3,862,500

Movement in fair values by Series for the period ended 31 December 2023

Series	Allowance description	CCY	Opening balance 18-Oct-22 EUR	Additions EUR	Transfers to EUAs at fair value in relation to the Product Fee EUR	Net changes in fair values EUR	Closing balance 31-Dec-23 EUR
Series 1	EUA	EUR	-	3,815,915	(3,329)	46,124	3,858,710

10 EUAs at fair value in relation to the Product Fee payable

	31-Dec-23 EUR
EUAs at fair value in relation to the Product Fee payable	3,790

Movement in EUAs at fair value in relation to the Product Fee payable	**31-Dec-23 EUR**
At beginning of the period	-
Non-cash transactions	
Transfer to EUAs at fair value in relation to the Product Fee	3,329
Fair value gain on EUAs at fair value in relation to the Product Fee payable	461
At end of the period	3,790

11 Other payables

	31-Dec-23 EUR
Other amounts due to Programme Administrator	429

12 Financial liabilities designated at fair value through profit or loss

	Nominal units issued	31-Dec-23 Fair value EUR
Carbon ETC Securities issued	2,941	3,858,710

Movement in Carbon ETC Securities issued	**31-Dec-23 EUR**
At beginning of the period	-
Non-cash transactions	
Issue of Carbon ETC Securities during the period	3,815,915
Net changes in fair value during the period	42,795
At end of the period	3,858,710

Notes to the financial statements (continued)
For the period from the date of incorporation 18 October 2022 to 31 December 2023

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

The Carbon ETC Securities issued are listed on the Frankfurt exchange. Refer to note 15 for a description of the key risks regarding the issue of these instruments. The Company's obligations under the financial liabilities issued are secured by the EUAs as per note 9. The investors' recourse per Series is limited to the assets of that particular Series. The Series have an option for early redemption (see note 15(c) for further information).

The non-cash transactions relate to delivery of Carbon ETC Securities to meet the payment for subscriptions.

The financial liabilities in issue at 31 December 2023 are as follows:

Series	Description	CCY	Product fees	Maturity date	Units Outstanding 31-Dec-23	Value per unit (EUR) 31-Dec-23	Fair value EUR 31-Dec-23
Series 1	Carbon ETC Securities	EUR	0.79%	30-Sep-2100	2,941	1,312.04	3,858,710

13 Share capital

Authorised	**31-Dec-23**
	GBP
2 ordinary shares of GBP 1 each	2
Issued and unpaid	**EUR**
2 ordinary shares of GBP 1 each	2

As at 31 December 2023, the ordinary share capital was held by the following non-beneficial nominees:

	31-Dec-23
	GBP
Apex Financial Services (Nominees) Limited	1
Apex Financial Services (Nominees 2) Limited	1
	2

The authorised share capital of the Company is GBP 2, out of which 2 ordinary shares have been issued and remain unpaid. 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.

14 Capital risk management

The Company is a special purpose vehicle set up to issue Carbon 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.

15 Financial risk management

Risk management framework

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

(a) Market risk;
(b) Credit risk;
(c) Liquidity risk;
(d) Operational risk; and
(e) Climate 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. Given the nature of the Company's activities, risk management disclosures for EUAs at fair value have been included alongside the Company's financial instruments.

15 Financial risk management (continued)

(a) Market risk

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The Carbon ETC Securityholders 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 financials instruments will fluctuate as a result of a change in interest rates. The Carbon ETC Securities and the EUAs do not bear interest. As such, the Company and Carbon ETC Securityholders have limited exposure to interest rate risk.

(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 31 December 2023, the Company is exposed to assets and liabilities denominated in Pound Sterling (GBP).

The Company is not exposed to net currency risk as assets and liabilities denominated in GBP are trivial.

As part of the Company's establishment a sterling denominated deposit account was opened and funded by the Programme Administrator with a trivial cash amount, which is equal to the amount repayable to the Programme Administrator as disclosed in note 11.

(iii) Price risk

Price risk is the risk that changes in market prices of EUAs will affect the Company's income, expense, EUAs, Product Fee payable and financial liabilities designated at fair value through profit or loss. The Company's liabilities are exposed to the market prices of the EUAs. However, the risk is mitigated by the Company holding quantities of EUAs equivalent to the EUA entitlement for each Series of Carbon ETC Securities issued.

The EUA market can be volatile due to many other factors, in particular liquidity levels, speculation and market sensitivity to actual or anticipated political decisions and announcements surrounding the EU ETS, and the price of fossil fuels (in particular coal and gas prices). Any change in the global, regional political, economic or financial conditions that have contributed or may contribute to a decrease in the value of EUAs (including a downturn in demand for EUAs) may affect the market price of the Carbon ETC Securities, including any market price received by an investor in any secondary market transaction.

As with many similar financial markets, the EU ETS has historically been subject to fraud and attacks of cybercrime, phishing and cyber hacking scams. Negative publicity may contribute to the decrease in the value of EUAs and affect the market price of EUAs and the Carbon ETC Securities, including any market price received by an investor in any secondary market transaction.

Any changes in the Allowance spot prices on the EUAs 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 EUAs would be offset by corresponding changes in the fair value of the Carbon ETC Securities and as such any price risk is ultimately borne by the Carbon ETC Securityholders.

Sensitivity analysis

IFRS 7 Financial Instruments: Disclosures, requires disclosure of a sensitivity analysis for each market risk to which the Company is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date.

As mentioned in market risk above, the Company has minimal net exposure to market and currency risk. However, the profit or loss, and other comprehensive income will be affected by movements in the price of the EUAs. During the period to 31 December 2023, the value of EUAs spot prices was between EUR 66.33 and EUR 77.25.

The sensitivity analysis on the next page is prepared assuming a 25% percentage point increase or decrease in the value of the EUAs spot prices, as this movement represents management estimate of a reasonable plausible change in the price of the EUAs.

Notes to the financial statements (continued)
For the period from the date of incorporation 18 October 2022 to 31 December 2023

15 Financial risk management (continued)

(a) Market risk (continued)

Sensitivity analysis (continued)

As on 31 December 2023	**Change in period-end price**	**Effect on profit or loss**	**Effect on other comprehensive income**	**Total effect on comprehensive result**
EUAs at fair value (including those in relation to the Product Fee payable)	+25%	-	965,625	965,625
	-25%	(919,040)	(46,585)	(965,625)
Product Fee payable	+25%	(947)	-	(947)
	-25%	947	-	947
Financial liabilities designated at fair value through profit or loss	+25%	(964,678)	-	(964,678)
	-25%	964,678	-	964,678
		(919,040)	919,040	-

(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 and EUAs which represents the Company's maximum exposure to credit risk. All credit risks are ultimately borne by the Carbon ETC Securityholders. The credit risk attributable to cash and cash equivalents is considered immaterial.

	31-Dec-23 EUR
Other receivables – unpaid share capital	2
Cash and cash equivalents	429
	431

The Company has no net credit risk given its obligations to the Carbon ETC Securityholders are limited in recourse to the amount received on the EUAs for each series of Carbon ETC Securities.

As at 31 December 2023, no financial assets carried at amortised cost were past due or impaired. All the assets have been pledged as collateral for financial liabilities and are disclosed in note 9.

Custodian risk

The Company's Custodian is European Depositary Bank S.A. (the "Custodian" or "EDB"). The Company's ability to meet its obligations with respect to the Carbon ETC Securities is dependent upon the performance of the Custodian of its obligations under the relevant Custody Agreement. The Directors have also considered the credit risk and counterparty risk with the Custodian, of the EUAs held by the Company given the significance of the EUAs to the overall financial position of the Company. As at 31 December 2023, the Company held EUAs at fair value of EUR 3,862,500 (including the value of allowance entitlement in relation to the Product Fee) with EDB.

The EUAs are held by the Custodian in their account at the Luxembourg registry. The Custodian has no obligation to maintain insurance specific to the Company or specific only to the EUA held for the Company against theft or loss. However, the Custodian maintains insurance in connection with its own business operation. The level of insurance and particulars remains at the discretion of the Custodian. There is a risk that the EUA could be lost or stolen and the Company would not be able to satisfy its obligations in respect of the Carbon ETC Securities. In such an event the Company would adjust the EUA Entitlement of each Security of the relevant Series to the extent necessary to reflect such damage or loss.

The credit rating of EDB is not available, the Directors have considered that as the EUAs are held in the Union Registry on the Company's behalf by EDB, that they are of the opinion that the Custodian counterparty risk is acceptable. The Directors have considered the credit risk attributable to the cash and cash equivalents held with Butterfield (Jersey) as immaterial.

Ultimately, all credit and counterparty risks associated with EDB are borne by the Carbon ETC Securityholders.

15 Financial risk management (continued)

(b) Credit risk (continued)

Concentration risk

At the reporting date, the Company's EUAs at fair value were concentrated in the following asset types and geographical location:

By industry	**31-Dec-23**
Types of collaterals	**%**
EUAs	100

By Geographical location	**31-Dec-23**
Country of origin	**%**
Luxembourg	100

(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 given the Company's ability to realise the EUAs in cash and the EUAs held by each series match the securities issued and any redemptions made. The ultimate amount repaid to the Carbon ETC Securityholders is limited in recourse to the proceeds from the EUAs. All liquidity risk associated with the EUAs are ultimately borne by the Carbon ETC Securityholders. Other payables are deemed by the Directors to be immaterial.

The contractual maturity profile of financial liabilities as at 31 December 2023 is as follows:

	Carrying amount	**Gross contractual cash flows**	**Less than one year**
	EUR	**EUR**	**EUR**
Financial liabilities designated at fair value through profit or loss	3,858,710	3,858,710	3,858,710
Product Fees payables	3,790	3,790	3,790
Other payables	429	429	429
	3,862,929	3,862,929	3,862,929

Due to the fact that the Carbon ETC Securityholders have the option, through the Authorised Participants, to redeem the securities before the final scheduled maturity date, the financial liabilities designated at fair value through profit or loss have been classified as due in less than one year.

The carrying amount and the gross contractual cashflows are equal to the fair value of each liability as stated in the statement of financial position.

Subscriptions

Only Authorised Participants may subscribe for Carbon ETC Securities from the Company. The Authorised Participant(s) in respect of each Series of Carbon ETC Securities at the Issue Date of such Series will be specified in the relevant Final Terms.

Securities may be offered to any category of potential investors provided that the offer complies with the selling restrictions as defined in the Company's Prospectus.

Buy-backs

The Company may (without the consent of the Trustee or any Securityholder), from time to time, buy back all or some of the Carbon ETC Securities. Only an Authorised Participant may request that the Company buy back Carbon ETC Securities by delivering a valid Buy-Back Order subject to and in accordance with the terms of the Authorised Participant Agreement. The Company will only accept a Buy- Back Order and buy back Carbon ETC Securities if a valid Buy-Back Order is given by an Authorised Participant and all conditions precedent to a purchase of the Carbon ETC Securities are satisfied.

Redemptions

The Carbon ETC Securities of a Series may become due and payable prior to their Scheduled Maturity Date, which is known as an "**Early Redemption Event**" as defined in the Company's Prospectus. If any of the Early Redemption Events occur, each Carbon ETC Security will become due and payable at an amount (the "**Early Redemption Amount**") equal to the greater of (i) the Early Allowances(s) Redemption Amount; and (ii) Minimum Debt Principal Amount.

Final Redemption

Unless previously redeemed in whole or purchased and cancelled by the Company, the Carbon ETC Securities of each series will become due and payable on their scheduled maturity date at their final redemption amount. The Company has the discretion to set the Scheduled Maturity Date of a series of Carbon ETC Securities prior to the issue of that series of Carbon ETC Securities.

Their Final Redemption Amount and Early Redemption Amount depends on the Value per Carbon ETC Security, which in turn depends on the value of the Underlying EUA.

15 Financial risk management (continued)

(c) Liquidity risk (continued)

Other liquidity risks

Certain disruption events (including EUA-related disruption events) may occur which affect, inter alia, determination of the Value per Carbon ETC Security and the allowance(s) entitlement per Carbon ETC Security, the commencement of the EUA disposal period (the postponement of which may extend the maturity date of the Carbon ETC Securities). Disruption events may also affect the sale of EUAs by the Company to the Carbon Counterparty, which may result in the Programme Administrator making an alternative determination, in its sole and absolute discretion, of the satisfaction of the Early Redemption Amount or Final Redemption Amount. Purchasers may receive substantially less than their original investment or even zero.

Certain events, including events relating to EUAs or the EU ETS, may lead to an early redemption of the Carbon ETC Securities. The rights of securityholders to be paid amounts due under the Carbon ETC Securities (on early redemption and on enforcement) are applied in the order of the priority waterfall set out in the Conditions.

On early redemption of the Carbon ETC Securities and in respect of any EUAs which remain stolen following delivery of a theft event notice from the Company, such EUAs are included in the calculation of the Early Redemption Amount in respect of the relevant Carbon ETC Securities but are deemed to have been sold at a price of zero. As a result, the securityholders may receive substantially less than their original investment or even zero.

(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 Apex Financial Services (Corporate) Limited. DWS Investments UK Limited acts as the Company's Programme Administrator.

The Directors have considered the credit and counterparty risk of Standard Chartered Bank as the Carbon Counterparty. Standard Chartered Bank's S&P Global credit rating is A-1, therefore the Directors are of the opinion that Carbon Counterparty risk is acceptable.

(e) Climate risk

The Directors acknowledge that climate change is an emerging risk impacting the global economy and will continue to be of interest to all stakeholders with a focus on how climate change is expected to impact the operations of the EUAs industry. While the demand for the EUAs will be correlated to climate change, the Directors have determined that there are no immediate impacts of climate change on the business operations of the Company. Given this, there is no basis on which to provide extended information of analysis relating to climate change risks on the business operations of the Company. Furthermore, the Directors conclude that at present there is no material impact to the fair value of financial instruments, assets and liabilities of the company. The Directors recognise that governmental and societal responses to climate change risks are still developing and the future impact cannot be predicted. Therefore, the future fair value of assets and liabilities may fluctuate as the market responds to climate change policies, physical events and changes in societal behaviours.

16 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's accounting policy on fair value measurement for EUAs is disclosed in note 3(e) to the financial statements. The Company's accounting policy on fair value measurement of financial assets designated at fair value through profit or loss and financial liabilities designated at fair value through profit or loss is disclosed in note 3(f). 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.

Notes to the financial statements (continued)
For the period from the date of incorporation 18 October 2022 to 31 December 2023

16 Fair values (continued)

Level 2 prices use widely recognised valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgement and estimation. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Transfers between levels are determined based on changes to the significant inputs used in their fair value measurement. The Directors evaluate whether significant inputs to the valuation models are observable at the period end in making a decision to change levelling from one level to another.

The Company determines the effective date of transfer at the beginning of the reporting period.

The Company does not have any financial instruments at level 3 and there has not been any transfer between levels during the period ended 31 December 2023.

At 31 December 2023, the carrying amounts of EUAs at fair value and financial liabilities issued by the Company are as follows:

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
EUAs at fair value	3,858,710	-	-	3,858,710
EUAs at fair value in relation to the Product Fee payable	3,790	-	-	3,790
Product Fees payable	-	(3,790)	-	(3,790)
Financial liabilities designated at fair value through profit or loss	-	(3,858,710)	-	(3,858,710)
	3,862,500	(3,862,500)	-	-

Although the Directors believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument.

17 Classification of financial instruments

	Carrying value 31-Dec-23 EUR	Fair value 31-Dec-23 EUR
At fair value through profit or loss		
Product Fees payable	(3,790)	(3,790)
Financial liabilities designated at fair value through profit or loss	(3,858,710)	(3,858,710)
	(3,862,500)	(3,862,500)
At amortised cost		
Cash and cash equivalents	429	429
Other receivables	2	2
Other payables	(429)	(429)
	2	2

18 Operating expenses

All costs associated with the Company are paid by the Programme Administrator including audit fees. Audit fees incurred for the period ended 31 December 2023 amounted to GBP 60,000.

19 Related Party Transactions and connected parties

All expenses of the Company are borne by DWS Investments UK Limited, as Programme Administrator, including fees paid to Apex Financial Services (Corporate) Limited (the "**Corporate Services Provider**"), EDB as Custodian, Apex Fund Services (Ireland) Limited (the "**Determination Agent and Issuing Agent"**), and Apex Corporate Trustees (UK) Limited (the "**Trustee**"). During the financial period, the Company incurred a cost of EUR 67,000 relating to administration services provided by Corporate Services Provider, a cost of EUR 38,250 related to the custody services provided by EBD, a cost EUR 3,125 relating services provided by the Determination Agent and Issuing Agent, a cost of EUR 127,318 relating to the services provided by the Trustee.

Notes to the financial statements (continued)
For the period from the date of incorporation 18 October 2022 to 31 December 2023

19 Related Party Transactions and connected parties (continued)

Product fees incurred for the period ended 31 December 2023 due to Programme Administrator amounted to EUR 3,329 of which EUR 3,790 was payable as at 31 December 2023, with the change attributable to fair value movements (see note 10).

Paul Michael Monahan and Vinod Kumar Rajput are Directors of the Company and are employees of an affiliate company of the Corporate Services Provider and Apex Financial Services (Nominees) Limited and Apex Financial Services (Nominees 2) Limited are affiliates of the Corporate Services Provider.

20 Ultimate controlling party

The Directors of the Company consider Apex Financial Services (Trustees) Limited as trustee of the Xtrackers (Jersey) ETC Purpose Trust (the beneficial owner of the issued share capital of the Company) to be the ultimate controlling party of the Company.

21 Key management personnel

The key management personnel have been identified as being the Directors of the Company.

Paul Michael Monahan and Vinod Kumar Rajput were employees of Apex Financial Services (Jersey) Limited during the period ended 31 December 2023. Their emoluments are paid by Apex Financial Services (Jersey) Limited and other related entities and no re-charge is made to the Company. It is therefore not possible to make a reasonable apportionment of their emoluments in respect of the Company.

22 Subsequent events

There have been no significant subsequent events since the period end and up to the date of signing this report, 24 April 2024, that require disclosure in this financial statements.