

**DB ETC plc**

**Directors' report and audited financial statements**

**For the year ended 31 December 2020**

**Registered number : 103781**

# DB ETC plc

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**Directors and other information**

<b>Directors</b>	Visdirect Services Limited Viscom Services Limited Marc Harris
<b>Registered Office</b>	4th Floor St Paul's Gate 22-24 New Street St Helier Jersey JE1 4TR Channel Islands
<b>Company Secretary</b>	Vistra Secretaries Limited 4th Floor St Paul's Gate 22-24 New Street St Helier Jersey JE1 4TR Channel Islands
<b>Administrator</b>	Vistra Fund Services Limited 4th Floor St Paul's Gate 22-24 New Street St Helier Jersey JE1 4TR Channel Islands
<b>Determination Agent</b>	Apex Fund Services (Ireland) Limited 2nd Floor Block 5 Irish Life Centre Abbey Street Lower Dublin D01 P767 Ireland
<b>Lead Authorised Participant, Arranger, Issuing and Paying Agent, Programme Counterparty and Metal Agent</b>	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
<b>Secured and Subscription Account Custodian</b>	JPMorgan Chase Bank, N.A. ("JPMorgan"), London Branch 25 Bank Street Canary Wharf London E14 5JP United Kingdom
<b>Note Trustee</b>	Deutsche Trustee Company Limited Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
<b>Independent Auditor</b>	KPMG Channel Islands Limited Chartered Accountants and Recognised Auditor 37 Esplanade St Helier Jersey JE4 8WQ Channel Islands

**Directors' report**

The directors (the "Directors") present the Directors' report and audited financial statements of DB ETC plc (the "Company") for the year ended 31 December 2020.

**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 Precious metals (the "Precious metals") 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.

The ETC Securities issued 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 Company 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 year:

- the Company made a profit of EUR nil (2019: EUR nil);
- the net fair value gain on Precious metals at fair value and Precious metal due from the Programme Counterparty at fair value amounted to EUR 1,493,258,338 (2019: EUR 1,083,848,615);
- the net fair value loss on financial liabilities designated at fair value through profit or loss amounted to EUR 1,493,258,338 (2019: EUR 1,083,848,615); and
- there were new subscriptions in the following existing Series of ETC Securities:
 

Series 1	Xtrackers Physical Gold ETC
Series 2	Xtrackers Physical Gold EUR hedged ETC
Series 3	Xtrackers Physical Silver ETC
Series 4	Xtrackers Physical Silver EUR Hedged ETC
Series 5	Xtrackers Physical Platinum ETC
Series 6	Xtrackers Physical Platinum EUR Hedged ETC
Series 7	Xtrackers Physical Palladium ETC
Series 8	Xtrackers Physical Palladium EUR Hedged ETC
Series 9	Xtrackers Physical Gold ETC (EUR)
Series 10	Xtrackers Physical Silver ETC (EUR)
Series 13	Xtrackers Physical Gold GBP Hedged ETC
- the following Series of ETC Securities were partially redeemed:
 

Series 1	Xtrackers Physical Gold ETC
Series 2	Xtrackers Physical Gold EUR hedged ETC
Series 3	Xtrackers Physical Silver ETC
Series 4	Xtrackers Physical Silver EUR Hedged ETC
Series 5	Xtrackers Physical Platinum ETC
Series 6	Xtrackers Physical Platinum EUR Hedged ETC
Series 7	Xtrackers Physical Palladium ETC

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

During the year (continued):

- the following Series of ETC Securities were partially redeemed (continued):
  - Series 8 Xtrackers Physical Palladium EUR Hedged ETC
  - Series 9 Xtrackers Physical Gold ETC (EUR)
  - Series 10 Xtrackers Physical Silver ETC (EUR)
  - Series 11 Xtrackers Physical Rhodium ETC
  - Series 12 Xtrackers Physical Rhodium ETC (EUR)
  - Series 13 Xtrackers Physical Gold GBP Hedged ETC

As at 31 December 2020:

- the Company's total ETC Securities issued had a fair value of EUR 8,811,446,423 (2019: EUR 7,337,487,485);
- the Company has invested in Precious metals with a fair value of EUR 8,730,336,340 (2019: EUR 7,322,766,180);
- Precious metals with a value of EUR 31,110,083 (2019: EUR 14,721,305) was due to the Company from the Programme Counterparty under the terms of the Balancing Agreement; and
- the net assets were EUR 30,002 (2019: EUR 30,002).
- the Company had the following ETC Securities in issue:

Series	Description	Maturity date	Ccy	Nominal (in units)	Metals held
1	Xtrackers Physical Gold ETC	15-Jun-60	USD	6,147,990	Gold
2	Xtrackers Physical Gold EUR hedged ETC	15-Jun-60	EUR	23,299,920	Gold
3	Xtrackers Physical Silver ETC	15-Jun-60	USD	236,897	Silver
4	Xtrackers Physical Silver EUR Hedged ETC	15-Jun-60	EUR	1,042,200	Silver
5	Xtrackers Physical Platinum ETC	14-Jul-60	USD	434,752	Platinum
6	Xtrackers Physical Platinum EUR Hedged ETC	14-Jul-60	EUR	2,760,055	Platinum
7	Xtrackers Physical Palladium ETC	14-Jul-60	USD	35,659	Palladium
8	Xtrackers Physical Palladium EUR Hedged ETC	14-Jul-60	EUR	189,927	Palladium
9	Xtrackers Physical Gold ETC (EUR)	27-Aug-60	USD	21,285,887	Gold
10	Xtrackers Physical Silver ETC (EUR)	27-Aug-60	USD	4,614,529	Silver
11	Xtrackers Physical Rhodium ETC	19-May-61	USD	92,222	Rhodium
12	Xtrackers Physical Rhodium ETC (EUR)	19-May-61	EUR	35,779	Rhodium
13	Xtrackers Physical Gold GBP Hedged ETC	01-Apr-61	GBP	20,410,345	Gold

**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.

The Directors continue to assess the potential impact of the proposed departure of the UK from the European Union ("Brexit") on the Company's operations. Measures are being put in place to ensure the Company's continuing ability to passport its ETC Securities into EU markets. Such measures include advanced preparations for gaining approval in an alternative home member state at the end of the transition period on 31 December 2020.

**Going concern**

The Company's financial statements for the year ended 31 December 2020 have been prepared on a going concern basis. Each Series of ETC Securities is referenced to a specific asset and any loss derived from the asset will be ultimately borne by the relevant 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 ETC Securities in issue as at 31 December 2020 have final maturities ranging from 2060 to 2061. Therefore, for these reasons, the Directors believe that the going concern basis is appropriate. The Directors do not foresee any material redemptions in the next 12 months that would trigger going concern issues.

**Covid-19 Global Pandemic**

On December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. As the pandemic evolves, many areas have detected imported cases and local transmission of COVID-19. As of now, COVID-19 has since spread to over 210 countries worldwide and on March 11, 2020 the World Health Organization ("WHO") declared COVID-19 a pandemic. The spread of the COVID-19 outbreak has caused severe disruptions to the Jersey and global economy and financial markets and could potentially create widespread business continuity issues of an unknown magnitude and duration. Many countries, including Jersey, have reacted by instituting quarantines, mandating business and school closures and restricting travel. The outbreak has triggered a period of global economic slowdown. Since December 2020, a new variant of the virus was identified in UK. Scientists are still assessing the fatality rate of this new variant. Amidst all the uncertainties on the pandemic, a vaccine has been developed and the vaccination process has started. This will have the effect of easing the situation related to COVID-19.

**Directors' report (continued)****Going concern (continued)***Covid-19 Global Pandemic (continued)*

The Directors have considered the impact of the COVID-19 on the going concern assumption of the Company. The investors' recourse per Series is limited to the performance of the specified Precious metal for each Series respectively. As a result, the investors may not receive in full the final redemption amount or early redemption amount payable in respect of an ETC Security. In addition to mentioning that the products are to follow the underlying price of certain commodities, it is a market tracker, therefore risk is held solely with the holders of the ETCs and not with the entity. Also, all fees are linked to the value of units held, therefore a decrease in value will cause a decrease in expenses. Also, as per agreement, Deutsche Bank AG, London Branch (the "Arranger", the "Lead Authorised Participant", "Metal Agent", "Programme Counterparty" and "Issuing and Paying Agent") agreed to reimburse the Company against any costs, fees, expense or out-goings incurred. In light of this, the Directors have concluded that the impact of COVID-19 does not represent a material uncertainty in relation to the Company's ability to continue as a going concern through the date of the issuance of these financial statements.

*Brexit*

Following the departure of the United Kingdom from the European Union on 31 January 2020 and the expiry of the transitional period on 31 December 2020, the United Kingdom Financial Conduct Authority ("FCA") was no longer a valid competent authority for the purposes of Regulation EU 2017/1129 (the "Prospectus Regulation"). As such in order to maintain the passporting of the Programme into certain countries of the European Union and the listing of the Securities on certain European stock exchanges, the Board of Directors decided to choose the Central Bank of Ireland as the new competent authority for the purposes of the Prospectus Regulation and submitted a new base prospectus to the Central Bank of Ireland. In addition the Company elected Ireland as its Home Member State for the purposes of the Transparency Directive.

**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 and other risks (i.e. market risk, credit risk, liquidity risk and operational risk) arising from the Precious metals which are set out in note 15 to the financial statements.

**Results and dividends for the year**

The results for the year are set out on page 12. The Directors do not recommend the payment of a dividend for the year under review (2019: nil).

**Changes in Directors, Secretary and Registered Office**

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

**Directors, Secretary and their interests**

None of the Directors or the Secretary who held office on 31 December 2020 held any shares or ETC Securities in the Company at that date, or during the year. 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 18, 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 18 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 have been disclosed in note 21 to the financial statements.

**Independent auditor**

In accordance with the Companies (Jersey) Law 1991, KPMG Channel Islands Limited, Chartered Accountants and Recognised Auditor has been appointed to continue in office.

**On behalf of the Board**

**Director :** Marc Harris

**Date:** 15/04/2021

**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 year. 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 year. 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 Company's website. Legislation in the 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 issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, 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** : Marc Harris

**Date:** 15/04/2021

# Independent Auditor's Report to the Members of db ETC PLC

## *Our opinion is unmodified*

We have audited the financial statements of db ETC PLC (the "Company"), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant 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 2020, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"); 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 FRC Ethical Standards, as applied to listed entities. 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:

	<i>The risk</i>	<i>Our response</i>
<i>Valuation of precious metals at fair value</i>	<p><b>Basis:</b></p> <p>Precious metals at fair value (the "Metals") represent 99.6% of the Company's total assets at 31 December 2020 (2019: 99%) .</p> <p>The Metals act as collateral for the financial liabilities designated at fair value through profit or loss ("the ETC Securities") issued by the Company. The Metals are accounted for at fair value.</p> <p>The Company determines fair value by revaluing the quantity of Metals held at the reporting date to the last market prices published by the sources described in the financial statements.</p> <p><b>Risk:</b></p> <p>The reported fair value of precious metals held may be materially misstated.</p>	<p><i>Our audit procedures included:</i></p> <ul style="list-style-type: none"> <li>• Assessed the design and implementation of controls over valuation of Metals.</li> <li>• Assessed the appropriateness of the pricing sources in accordance with IFRS.</li> <li>• Performed an independent recalculation of fair value based on published market prices. Compared the recalculated values to those determined by the Company.</li> <li>• Assessed the fair value disclosures in the financial statements for compliance with IFRS requirements.</li> </ul>
<p>Euro 8,780,336,340; (2019 Euro 7,322,766,180)</p> <p>Refer to note 3(f) accounting policy and note 10 disclosures</p>		



# Independent Auditor's Report to the Members of db ETC PLC

(continued)

	<i>The risk</i>	<i>Our response</i>
<p><i>Existence of precious metals at fair value</i></p> <p>Euro 8,780,336,340; (2019 Euro 7,322,766,180)</p> <p>Refer to note 3(f) accounting policy and note 10 disclosures</p>	<p><b>Basis:</b></p> <p>Precious metals at fair value (the "Metals") represent 99.6% of the Company's total assets at 31 December 2020 (31 December 2019: 99%).</p> <p>The Metals act as collateral for the financial liabilities designated at fair value through profit or loss ("the ETC Securities") issued by the Company. The Metals are accounted for at fair value.</p> <p>The Metals are held on behalf of the Company by JPMorgan as custodian (for all metals other than Rhodium) and Johnson Matthey as sub-custodian (for Rhodium).</p> <p><b>Risk:</b></p> <p>Precious metals recorded do not exist.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Obtained a portfolio listing of physical metals from the Company as at 31 December 2020.</li> <li>• Obtained independent confirmation from the custodians of the quantity of Metals held in custody at the reporting date.</li> <li>• Agreed the amounts per the accounting records to the independent custody records and audited any reconciling items.</li> </ul>

	<i>The risk</i>	<i>Our response</i>
<p><i>Valuation of financial liabilities designated at fair value through profit or loss ("ETC Securities")</i></p> <p>Euro 8,811,446,423; (2019 Euro 7,337,487,485)</p> <p>Refer to note 3(f) accounting policy and note 12 disclosures</p>	<p><b>Basis:</b></p> <p>The issuance of ETC Securities is central to the Company's principal activity. ETC Securities allow investors to gain exposure to movements in prices of Metals without needing to take physical delivery.</p> <p>ETC Securities are accounted for at fair value.</p> <p>The Company determines fair value in accordance with the formula set out in the prospectuses to reflect the contractual price at which the ETC Securities will be issued or redeemed by the Company at the reporting date. This formula takes into account the quantity of ETC Securities in issue at the reporting date, and the price of the relevant metals, adjusted for product and related fees.</p> <p><b>Risk:</b></p> <p>A discrepancy in the inputs or incorrect application of the formula used to determine the fair value of ETC Securities may cause the reported fair value of financial liabilities designated at fair value through profit or loss to be materially misstated.</p>	<p><i>Our audit procedures included:</i></p> <ul style="list-style-type: none"> <li>• Assessed the design and implementation of the controls over the valuation of ETC Securities.</li> <li>• Assessed the appropriateness of the methodology used to value the ETC Securities, and considered whether it is in compliance with IFRS.</li> <li>• Recalculated the fair value of ETC Securities using published market data on Metals prices. Compared the recalculated values to those determined by the Company.</li> <li>• Assessed the fair value disclosures in the financial statements, for compliance with IFRS requirements.</li> </ul>

# Independent Auditor's Report to the Members of db ETC PLC

## (continued)

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

Materiality for the financial statements as a whole was set at Euro 88 million, determined with reference to a benchmark of total assets of Euro 8,811,476,425, of which it represents approximately 1.0% (2019: 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% (2019: 75%) of materiality for the financial statements as a whole, which equates to Euro 66 million (2019: Euro 55 million). 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 Audit Committee any corrected or uncorrected identified misstatements exceeding Euro 4.4 million, 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.

We considered whether this could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise against the level of available financial resources indicated by the Company's financial forecasts.

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

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 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.

# Independent Auditor's Report to the Members of db ETC PLC

## (continued)

### *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 general commercial and sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company’s regulatory and legal correspondence, 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.

# Independent Auditor's Report to the Members of db ETC PLC

## (continued)

### *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 annual 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 db ETC PLC

(continued)

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



**Brian Bethell**

**For and on behalf of KPMG Channel Islands Limited**

*Chartered Accountants and Recognized Auditors*

*Jersey*

15 April 2021

**Statement of comprehensive income**  
**For the year ended 31 December 2020**

	Notes	Year ended 31-Dec-20 EUR	Year ended 31-Dec-19 EUR
Net fair value gain on Precious metals at fair value and Precious metal due from the Programme Counterparty	4	1,493,258,338	1,083,848,615
Net fair value loss on financial liabilities designated at fair value through profit or loss	5	(1,493,258,338)	(1,083,848,615)
<b>Operating result</b>		-	-
Other income	6	-	-
<b>Operating profit before taxation</b>		-	-
Taxation	7	-	-
<b>Profit or loss and total comprehensive income for the year</b>		-	-

**Statement of financial position**  
As at 31 December 2020

	Notes	31-Dec-20 EUR	31-Dec-19 EUR
<b>Assets</b>			
Cash and cash equivalents	8	2	2
Other receivables	9	30,000	7,014,393
Precious metals at fair value	10	8,780,336,340	7,322,766,180
Precious metal due from the Programme Counterparty	10	31,110,083	14,721,305
<b>Total assets</b>		<u>8,811,476,425</u>	<u>7,344,501,880</u>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Other payables	11	-	6,984,393
Financial liabilities designated at fair value through profit or loss	12	8,811,446,423	7,337,487,485
<b>Total liabilities</b>		<u>8,811,446,423</u>	<u>7,344,471,878</u>
<b>Equity</b>			
Share capital	13	2	2
Retained earnings		30,000	30,000
<b>Total equity</b>		<u>30,002</u>	<u>30,002</u>
<b>Total liabilities and equity</b>		<u>8,811,476,425</u>	<u>7,344,501,880</u>

The financial statements on pages 12 to 31 were approved by the Board and authorised for issue on.....**15 April**..... 2021.

**On behalf of the Board**



**Director** : Marc Harris

**Date:** 15/04/2021

**Statement of changes in equity**  
**For the year ended 31 December 2020**

	<b>Share capital EUR</b>	<b>Retained earnings EUR</b>	<b>Total equity EUR</b>
<b>Balance as at 01 January 2019</b>	2	30,000	30,002
<i>Total comprehensive income for the year</i>			
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
<b>Balance as at 31 December 2019</b>	2	30,000	30,002
Balance as at 01 January 2020	2	30,000	30,002
<i>Total comprehensive income for the year</i>			
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
<b>Balance as at 31 December 2020</b>	2	30,000	30,002



**Statement of cash flows****For the year ended 31 December 2020**

	Notes	Year ended 31-Dec-20 EUR	Year ended 31-Dec-19 EUR
<b>Cash flows from operating activities</b>			
Profit before taxation		-	-
Adjustments for:			
Decrease/(increase) in other receivables		6,984,393	(4,408,022)
(Decrease)/increase in other payables		(6,984,393)	4,408,022
<b>Net cash generated from operating activities</b>		<u>-</u>	<u>-</u>
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents at start of the year		-	-
<b>Cash and cash equivalents at end of the year</b>	8	<u>2</u>	<u>2</u>
<b>Non-cash Transactions during the year include:</b>			
Issuance of ETC Securities	12	4,684,702,313	3,514,550,366
Redemptions of ETC Securities	12	(4,704,001,713)	(2,205,913,763)
Additions of Precious metals	10	(4,684,702,313)	(3,514,550,366)
Disposals of Precious metals	10	4,704,001,713	2,205,913,763
Net fair value loss on financial liabilities designated at fair value through profit or loss	5	1,493,258,338	1,083,848,615
Net fair value gain on Precious metals at fair value and Precious metal due from the Programme Counterparty	4	(1,493,258,338)	(1,083,848,615)
		<u>-</u>	<u>-</u>

**Notes to the financial statements  
For the year ended 31 December 2020****1 General information**

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

The principal activity of the Company, under the Programme, is to issue from time to time Series of 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 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 Subscription Account Custodian and any 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 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.

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

**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 year ended 31 December 2020; the comparative information for the year ended 31 December 2019 presented in these financial statements has been prepared using the same accounting policies except for the change mentioned in note 3(f) "Precious metals at fair value and Precious metal due from the Programme Counterparty".

**Going concern**

The Company's financial statements for the year ended 31 December 2020 have been prepared on a going concern basis. Each Series of ETC Securities is referenced to a specific asset and any loss derived from the asset will be ultimately borne by the relevant 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 ETC Securities in issue as at 31 December 2020 have final maturities ranging from 2060 to 2061. Therefore, for these reasons, the Directors believe that the going concern basis is appropriate. The Directors do not foresee any material redemptions in the next 12 months that would trigger going concern issues.

***Covid-19 Global Pandemic***

On December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. As the pandemic evolves, many areas have detected imported cases and local transmission of COVID-19. As of now, COVID-19 has since spread to over 210 countries worldwide and on March 11, 2020 the World Health Organization ("WHO") declared COVID-19 a pandemic. The spread of the COVID-19 outbreak has caused severe disruptions to the Jersey and global economy and financial markets and could potentially create widespread business continuity issues of an unknown magnitude and duration. Many countries, including Jersey, have reacted by instituting quarantines, mandating business and school closures and restricting travel. The outbreak has triggered a period of global economic slowdown. Since December 2020, a new variant of the virus was identified in UK. Scientists are still assessing the fatality rate of this new variant. Amidst all the uncertainties on the pandemic, a vaccine has been developed and the vaccination process has started. This will have the effect of easing the situation related to COVID-19.

The Directors have considered the impact of the COVID-19 on the going concern assumption of the Company. The investors' recourse per Series is limited to the performance of the specified Precious metal for each Series respectively. As a result, the investors may not receive in full the final redemption amount or early redemption amount payable in respect of an ETC Security. In addition to mentioning that the products are to follow the underlying price of certain commodities, it is a market tracker, therefore risk is held solely with the holders of the ETCs and not with the Company. Also, all fees are linked to the value of units held, therefore a decrease in value will cause a decrease in expenses. Also, as per agreement, Deutsche Bank AG, London Branch (the "Arranger", the "Lead Authorised Participant", "Metal Agent", "Programme Counterparty" and "Issuing and Paying Agent") agreed to reimburse the Company against any costs, fees, expense or out-goings incurred. In light of this, the Directors have concluded that the impact of the COVID-19 does not represent a material uncertainty in relation to the Company's ability to continue as a going concern through the date of the issuance of these financial statements.

Notes to the financial statements (continued)  
For the year ended 31 December 2020

2 Basis of preparation (continued)

(a) Statement of compliance

*Brexit*

Following the departure of the United Kingdom from the European Union on 31 January 2020 and the expiry of the transitional period on 31 December 2020, the United Kingdom Financial Conduct Authority ("FCA") was no longer a valid competent authority for the purposes of Regulation EU 2017/1129 (the "Prospectus Regulation"). As such in order to maintain the passporting of the Programme into certain countries of the European Union and the listing of the Securities on certain European stock exchanges, the Board of Directors decided to choose the Central Bank of Ireland as the new competent authority for the purposes of the Prospectus Regulation and submitted a new base prospectus to the Central Bank of Ireland. In addition the Company elected Ireland as its Home Member State for the purposes of the Transparency Directive.

(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:

- Precious metal due from the Programme Counterparty is measured at fair value;
- Precious metals at fair value are measured at fair value; and
- Financial liabilities designated at fair value through profit or loss are measured at fair value.

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

(c) Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the entity operates. The Company does not have an investment strategy limited to one currency, as such the currency of the assets held and Notes in issue is expected to change periodically as a result of investor demand. The Directors believe that the functional and the presentation currency should be EUR, in line with prior year, 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(f) "Precious metals at fair value and Precious metal due from the Programme Counterparty", note 3(g) "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.

*Determination of measurement basis for precious metals*

In the absence of a specific precious metals or gold bullion accounting standard under IFRS, the Directors believe that the most appropriate basis for accounting for precious metals and gold bullion is at fair value. Please refer to note 2(f) "Change in accounting policy for metal holdings previously classified as Inventory" and note 3(f) "Precious metals at fair value and Precious metals due from the Programme Counterparty" for further details.

*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 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 ETC Securities at their calculated price. Please refer to note 3(g) "Financial instruments" for further details.

Notes to the financial statements (continued)  
For the year ended 31 December 2020

2 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

*Product fees*

The product fees are borne by investors through a daily reduction in the metal entitlement of each ETC Security. Accordingly the product fees form an integral component of the determination of the daily fair values of the ETC Securities, and are not separately accounted for as an expense of the Company. Please refer to note 3(g) "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 Precious metals and liabilities within the next financial year, are discussed below.

*Precious metals at fair value and Precious metal due from the Programme Counterparty*

The Directors have determined that the main estimates are in relation to the determination of the fair value of Precious metals at fair value and Precious metal due from the Programme Counterparty using prices quoted by the London Bullion Market Association. Further details have been described in accounting policy note 3(f) "Precious metals at fair value and Precious metal due from the Programme Counterparty" 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 measurement basis at 31 December 2020 and 31 December 2019 as these prices most accurately reflect the obligations of the Company under the terms of the Series issue deeds. Please refer to note 3(g) "Financial instruments" for further details.

(e) Changes in accounting standards

(i) *New standards, amendments and interpretations issued effective as of 01 January 2020:*

Description	Effective date
IBOR reform Phase 1 amendments	01 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	01 January 2020
Amendments to IFRS 3- Definition of a Business	01 January 2020

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

(ii) *Standards not yet effective, but available for early adoption*

Description	Effective date
IFRS 16 Amendment- Covid-19-Related Rent Concessions	01 June 2020
IBOR reform phase 2 amendments	01 January 2021
IFRS 3 amendments updating a reference to the Conceptual Framework	01 January 2022
IAS 37 amendments regarding onerous contracts	01 January 2022
2018-2020 annual improvements cycle	01 January 2022

The Directors have considered the new standards, amendments and interpretations as detailed in the above table and do not plan to adopt these standards early. The application of all of these standards, amendments or interpretations will be considered in detail in advance of a confirmed effective date by the Company.

(f) Change in accounting policy for metal holdings previously classified as Inventory

The Precious metals at fair value were previously classified as "Inventories at fair value less costs to sell", however, the Company has assessed and evaluated that the metal holdings do not meet the definition of inventory. Given that the portfolio of metal holdings is managed and evaluated on a fair value basis and the Company's investors are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions, management have elected to retrospectively change the accounting presentation of the metal holdings to Precious metals at fair value through profit and loss.

Management and the Board have determined that since the measurement basis remains the same for the metal holdings (the "inventories" were accounted for under the fair value less costs to sell model while the "Precious metals at fair value" are also measured using the same approach as per previous measurement basis), there were no adjustments required for carrying amounts of assets, liabilities, and equity and accordingly, the financial statements have not been restated with only the financial statement captions updated and the accounting policy notes updated for this change for the purposes of statements of financial position and comprehensive income.

In the statement of cash flows, certain of the 2019 comparable amounts have been reclassified as supplemental non-cash flow disclosures. This is not considered a significant or material change for the purposes of the users of these financial statements.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**3 Significant accounting policies**

**(a) Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency at 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 Precious metals 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 on Precious metals at fair value and Precious metal due from the Programme Counterparty**

Net fair value gain on Precious metal relates to the movement in the prices of metals and includes all realised and unrealised fair value changes and foreign exchange differences. Any gains and losses arising from changes in fair value of Precious metals and changes in fair value of Precious metals due from the Programme Counterparty are recorded in net fair value gain on Precious metals at fair value and Precious metals due from the Programme Counterparty at fair value in the Statement of comprehensive income. Under normal circumstances, there is no realised gain on metals as realisation occurs at the value computed and there is no difference between realisation proceeds and carrying amount of the metals. Details of recognition and measurement of Precious metals are disclosed in the accounting policy for Precious metals (note 3(f)).

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

Net fair value loss on financial liabilities designated at fair value through profit or loss relates to ETC Securities issued by the Company and includes all realised and unrealised fair value changes and foreign exchange differences. 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 ETC Securities 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(g)).

**(d) Other income**

Other income is recognised in the Statement of comprehensive income when the right to receive income is established, on an accruals basis.

**(e) Other expenses**

All expenses, other than product fees recorded as a reduction in metal entitlement, are paid by the Arranger and as such, are not reflected in these financial statements. Product fees are recorded as a reduction in metal entitlement in calculation of the fair value of the ETC Securities.

**(f) Precious metals at fair value and Precious metal due from the Programme Counterparty**

The Company holds Precious metals at least equal to the amount due to holders of ETC Securities solely for the purposes of meeting its obligations under the ETC Securities.

The Precious metals are measured at fair value and changes in fair value are recognised in the Statement of Comprehensive Income. Any costs to sell precious metal that arise in the course of settling the Company's obligations under the ETC Securities are borne by the holders of the ETC Securities ("ETC Securityholders").

*Initial recognition*

The Precious metal is recognised when the metal is received into the vault of the Custodian.

*Derecognition*

The Company derecognises Precious metals held at fair value 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.

*Fair value measurement principles*

The metal assets are valued using the appropriate metal prices:

- the gold is recorded at fair value using the last available price, nearest or at year-end, quoted by the London Bullion Market Association. The AM fix on 31 December 2020 was used to value the gold as this was the last fix price available from the London Bullion Market Association for the year.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**3 Significant accounting policies (continued)**

**(f) Precious metals at fair value and Precious metal due from the Programme Counterparty (continued)**

*Fair value measurement principles (continued)*

The metal assets are valued using the appropriate metal prices (continued):

- the silver is recorded at fair value using the last available price, nearest or at year-end, quoted by the London Bullion Market Association. The fix on 31 December 2020 was used to value the silver as this was the last fix price available from the London Bullion Market Association for the year.
- the platinum is recorded at fair value using the last available price, nearest or at year-end, quoted by the London Platinum and Palladium Market. The AM fix on 31 December 2020 was used to value the platinum as this was the last available fix price available from the London Platinum and Palladium Market for the year.
- the palladium is recorded at fair value using the last available price, nearest or at year-end, quoted by the London Platinum and Palladium Market. The AM fix on 31 December 2020 was used to value the palladium as this was the last available fix price available from the London Platinum and Palladium Market for the year.
- the rhodium is recorded at fair value using the last available price, nearest or at year-end, quoted by Comdaq. The fix on 31 December 2020 was used to value the rhodium as this was the last fix price available from Comdaq for the year.

The metal prices derived from the above sources are then adjusted for product fees charged at 0.25% to 0.95% per annum of metal entitlement and any purchase or sale transactions between the Observation Date (as defined in the Master Balancing Terms) and the year end date. The product fees are accrued on a daily basis.

The valuation of metal assets held at fair value in the Statement of financial position is calculated after taking account of adjustments to the Company's metal entitlement arising from the accrual of product fees and other rebalancing adjustments, consistent with the Balancing Agreements which are in place for each Series.

*Precious metals due from programme counterparty*

The Precious metals due from the Programme Counterparty represents the amount of metal entitlement of ETC Securities which is not held physically by the custodian / sub custodian on behalf of the Company as at the reporting date but is due to be received from the Programme Counterparty under the Balancing Agreement. Precious metals due from the Programme Counterparty is accounted for at fair value through profit or loss.

**(g) 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 debt 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 assets at fair value through profit or loss:

- Precious metals due from Programme Counterparty

Financial liabilities at fair value through profit or loss:

- Financial liabilities designated at fair value through profit or loss

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 and other comprehensive income.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**3 Significant accounting policies (continued)**

**(g) Financial instruments**

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 2020 and 31 December 2019 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 metal adjusted for product fees. The product fees range from 0.25% to 0.95% per annum and are accrued on a daily basis by reducing the metal entitlement of each ETC Security.

*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.

*Offsetting*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(h) Other receivables**

Other receivables are accounted for at amortised cost.

**(i) Cash and cash equivalents**

Cash and cash equivalents includes 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.

**(j) 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.

**(k) Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Directors are responsible for ensuring that the Company carries out business activities in line with the transaction documents. They may delegate some or all of the day-to-day management of the business including the decisions to purchase and sell securities to other parties both internal and external to the Company. The decision of such parties are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of Directors. Therefore the Directors, as chief operating decision maker, retain full responsibility as to major allocation decisions of the Company.

The Board believes that each Series can be treated as a segment as the return on each Series is linked to a different metal. Furthermore, financial information reviewed by the Board of Directors is split out by Series and decisions are made on the basis of this information.

The split of financial liabilities designated at fair value through profit or loss by Series is shown in note 12 to the financial statements. Financial liabilities relate to ETC Securities. Details of the fair value movement by Series and the year end unit price by Series are included in note 12 which are the key measures of performance for each Series. There were no transactions between reportable segments during the year. All the entity-wide disclosures are covered in the Statement of financial position and the Statement of comprehensive income.

Notes to the financial statements (continued)  
For the year ended 31 December 2020

<b>4</b>	<b>Net fair value gain on Precious metals at fair value and Precious metal due from the Programme Counterparty</b>	<b>Year ended 31-Dec-20 EUR</b>	<b>Year ended 31-Dec-19 EUR</b>
	Net fair value gain on Precious metals at fair value and Precious metal due from the Programme Counterparty	1,493,258,338	1,083,848,615
		<u>1,493,258,338</u>	<u>1,083,848,615</u>
<b>5</b>	<b>Net fair value loss on financial liabilities designated at fair value through profit or loss</b>	<b>Year ended 31-Dec-20 EUR</b>	<b>Year ended 31-Dec-19 EUR</b>
	Net loss on ETC Securities	(1,493,258,338)	(1,083,848,615)
		<u>(1,493,258,338)</u>	<u>(1,083,848,615)</u>
<b>6</b>	<b>Other income</b>		
	Other income relates to corporate benefits which are receivable from the Arranger, Deutsche Bank AG, London Branch and represent the Company's profit as a result of entering into the Programme. No corporate benefit was received for the year ended 31 December 2020 and 31 December 2019.		
<b>7</b>	<b>Taxation</b>		
	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%.		
<b>8</b>	<b>Cash and cash equivalents</b>	<b>31-Dec-20 EUR</b>	<b>31-Dec-19 EUR</b>
	Cash at bank	2	2
		<u>2</u>	<u>2</u>
<b>9</b>	<b>Other receivables</b>	<b>31-Dec-20 EUR</b>	<b>31-Dec-19 EUR</b>
	Corporate benefit receivable due from the Arranger	30,000	30,000
	ETC securities receivables*	-	6,984,393
		<u>30,000</u>	<u>7,014,393</u>
<b>10</b>	<b>Precious metals at fair value and Precious metal due from the Programme Counterparty at fair value</b>	<b>31-Dec-20 EUR</b>	<b>31-Dec-19 EUR</b>
	Precious metals	8,780,336,340	7,322,766,180
	Precious metal due from the Programme Counterparty	31,110,083	14,721,305
		<u>8,811,446,423</u>	<u>7,337,487,485</u>
	<b>Movement in Precious metals at fair value</b>	<b>31-Dec-20 EUR</b>	<b>31-Dec-19 EUR</b>
	At beginning of the year	7,337,487,485	4,945,002,267
	Additions during the year	4,684,702,313	3,514,550,366
	Disposals during the year	(4,704,001,713)	(2,205,913,763)
	Net changes in fair value during the year	1,493,258,338	1,083,848,615
	At end of the year	<u>8,811,446,423</u>	<u>7,337,487,485</u>

\* As at 31 December 2020, there were no unsettled issuances of ETC securities (31 December 2019: there were issuances of 34,495 ETC Securities @ USD 147.12 each for Series 1 Xtrackers Physical Gold ETC due 2060 and 15,000 ETC Securities @ EUR 182.44 each for Series 7 Xtrackers Physical Palladium ETC due 2060).

Precious metal 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 Agreement.



Notes to the financial statements (continued)  
For the year ended 31 December 2020

<b>11 Other payables</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>EUR</b>	<b>EUR</b>
Payable against Precious metals contracts*	-	6,984,393
	-	6,984,393

\* As at 31 December 2020, there were no unsettled acquisitions of Precious metals (31 December 2019: the acquisition of 3,358 ounces of Gold @ USD 1511.50 each for Series 1 Xtrackers Physical Gold ETC due 2060 and 1,437 ounces of Palladium @ USD 1,905 each for Series 7 Xtrackers Physical Palladium ETC due 2060).

**12 Financial liabilities designated at fair value through profit or loss**

	31-Dec-20		31-Dec-19	
	Nominal units issued	Fair value EUR	Nominal units issued	Fair value EUR
ETC Securities issued	80,586,162	8,811,446,423	81,950,881	7,337,487,485

**Movement in ETC Securities issued**

	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>EUR</b>	<b>EUR</b>
At beginning of the year	7,337,487,485	4,945,002,267
Issue of ETC Securities issued during the year	4,684,702,313	3,514,550,366
Redemption of ETC Securities issued during the year	(4,704,001,713)	(2,205,913,763)
Net changes in fair value during the year	1,493,258,338	1,083,848,615
At end of the year	8,811,446,423	7,337,487,485

The ETC Securities issued are listed on various exchanges including London, Switzerland, Milan and Frankfurt. 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 precious metals as per note 10. The investors' recourse per Series is limited to the assets of that particular Series. The Series have an option for early redemption.

The financial liabilities in issue at 31 December 2020 are as follows:

Series	Description	CCY	Maturity date	Units Outstanding 31-Dec-20	Value per unit (CCY) 31-Dec-20	Fair value EUR 31-Dec-20
Series 1	Xtrackers Physical Gold ETC	USD	15-Jun-60	6,147,990	183.60	923,999,394
Series 2	Xtrackers Physical Gold EUR Hedged ETC	EUR	15-Jun-60	23,299,920	123.67	2,881,386,303
Series 3	Xtrackers Physical Silver ETC	USD	15-Jun-60	236,897	252.86	49,035,422
Series 4	Xtrackers Physical Silver EUR Hedged ETC	EUR	15-Jun-60	1,042,200	163.43	170,325,298
Series 5	Xtrackers Physical Platinum ETC	USD	14-Jul-60	434,752	102.48	36,472,238
Series 6	Xtrackers Physical Platinum EUR Hedged ETC	EUR	14-Jul-60	2,760,055	66.01	182,192,625
Series 7	Xtrackers Physical Palladium ETC	USD	14-Jul-60	35,659	225.94	6,595,228
Series 8	Xtrackers Physical Palladium EUR Hedged ETC	EUR	14-Jul-60	189,927	144.06	27,361,046
Series 9	Xtrackers Physical Gold ETC (EUR)	USD	27-Aug-60	21,285,887	149.58	3,183,923,379
Series 10	Xtrackers Physical Silver ETC (EUR)	USD	27-Aug-60	4,614,529	206.21	951,554,967
Series 11	Xtrackers Physical Rhodium ETC	USD	19-May-61	92,222	1,563.07	118,000,954
Series 12	Xtrackers Physical Rhodium ETC (EUR)	EUR	19-May-61	35,779	1,273.90	45,578,800
Series 13	Xtrackers Physical Gold GBP Hedged ETC	GBP	01-Apr-61	20,410,345	10.29	235,020,769
				<u>80,586,162</u>		<u>8,811,446,423</u>

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

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

The financial liabilities in issue at 31 December 2019 are as follows:

Series	Description	CCY	Maturity date	Units outstanding 31-Dec-19	Value per unit (CCY) 31-Dec-19	Fair value EUR 31-Dec-19
Series 1	Xtrackers Physical Gold ETC	USD	15-Jun-60	8,034,550	148.24	1,062,267,181
Series 2	Xtrackers Physical Gold EUR Hedged ETC	EUR	15-Jun-60	22,209,500	101.87	2,262,395,191
Series 3	Xtrackers Physical Silver ETC	USD	15-Jun-60	205,590	172.98	31,719,024
Series 4	Xtrackers Physical Silver EUR Hedged ETC	EUR	15-Jun-60	1,343,250	114.62	153,963,821
Series 5	Xtrackers Physical Platinum ETC	USD	14-Jul-60	381,011	92.99	31,600,972
Series 6	Xtrackers Physical Platinum EUR Hedged ETC	EUR	14-Jul-60	2,281,965	61.42	140,159,869
Series 7	Xtrackers Physical Palladium ETC	USD	14-Jul-60	61,879	183.88	10,148,180
Series 8	Xtrackers Physical Palladium EUR Hedged ETC	EUR	14-Jul-60	147,088	120.33	17,698,937
Series 9	Xtrackers Physical Gold ETC (EUR)	USD	27-Aug-60	22,544,207	132.27	2,981,983,888
Series 10	Xtrackers Physical Silver ETC (EUR)	USD	27-Aug-60	2,110,920	154.22	325,541,258
Series 11	Xtrackers Physical Rhodium ETC	USD	19-May-61	132,441	557.22	65,820,709
Series 12	Xtrackers Physical Rhodium ETC (EUR)	EUR	19-May-61	60,929	496.10	30,226,725
Series 13	Xtrackers Physical Gold GBP Hedged ETC	GBP	01-Apr-61	22,437,551	8.44	223,961,730
				81,950,881		7,337,487,485

*Movement in fair values by Series for the period ended 31 December 2020*

Series	Description	Opening balance 01-Jan-20 EUR	Issuances EUR	Redemptions EUR	Net changes in fair values EUR	Closing balance 31-Dec-20 EUR
Series 1	Xtrackers Physical Gold ETC	1,062,267,181	572,765,822	(848,250,198)	137,216,589	923,999,394
Series 2	Xtrackers Physical Gold EUR Hedged ETC	2,262,395,191	1,764,635,872	(1,696,723,156)	551,078,396	2,881,386,303
Series 3	Xtrackers Physical Silver ETC	31,719,024	18,187,815	(18,829,094)	17,957,677	49,035,422
Series 4	Xtrackers Physical Silver EUR Hedged EC	153,963,821	88,462,230	(121,904,555)	49,803,802	170,325,298
Series 5	Xtrackers Physical Platinum ETC	31,600,972	20,800,409	(15,691,448)	(237,695)	36,472,238
Series 6	Xtrackers Physical Platinum EUR Hedged ETC	140,159,869	48,702,493	(20,384,068)	13,714,331	182,192,625
Series 7	Xtrackers Physical Palladium ETC	10,148,180	18,279,879	(24,838,135)	3,005,304	6,595,228
Series 8	Xtrackers Physical Palladium EUR Hedged ETC	17,698,937	17,786,887	(12,069,593)	3,944,815	27,361,046
Series 9	Xtrackers Physical Gold ETC (EUR)	2,981,983,888	1,409,870,739	(1,570,210,363)	362,279,115	3,183,923,379
Series 10	Xtrackers Physical Silver ETC (EUR)	325,541,258	584,364,521	(155,052,610)	196,701,798	951,554,967
Series 11	Xtrackers Physical Rhodium ETC	65,820,709	-	(37,508,400)	89,688,645	118,000,954
Series 12	Xtrackers Physical Rhodium ETC (EUR)	30,226,725	-	(23,633,053)	38,985,128	45,578,800
Series 13	Xtrackers Physical Gold GBP Hedged ETC	223,961,730	140,845,646	(158,907,040)	29,120,433	235,020,769
		7,337,487,485	4,684,702,313	(4,704,001,713)	1,493,258,338	8,811,446,423

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

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

*Movement in fair values by Series for the year ended 31 December 2019*

Series	Description	Opening balance 01-Jan-19 EUR	Issuances EUR	Redemptions EUR	Net changes in fair values EUR	Closing balance 31-Dec-19 EUR
Series 1	Xtrackers Physical Gold ETC	655,401,010	640,436,639	(393,423,868)	159,853,400	1,062,267,181
Series 2	Xtrackers Physical Gold EUR Hedged ETC	1,642,867,932	1,127,583,558	(753,724,797)	245,668,498	2,262,395,191
Series 3	Xtrackers Physical Silver ETC	34,599,461	6,550,799	(14,409,707)	4,978,471	31,719,024
Series 4	Xtrackers Physical Silver EUR Hedged EC	104,824,049	88,567,751	(59,110,345)	19,682,366	153,963,821
Series 5	Xtrackers Physical Platinum ETC	25,577,831	8,385,807	(8,876,670)	6,514,004	31,600,972
Series 6	Xtrackers Physical Platinum EUR Hedged ETC	33,407,931	164,625,175	(79,330,206)	21,456,969	140,159,869
Series 7	Xtrackers Physical Palladium ETC	6,367,238	15,115,509	(15,575,320)	4,240,753	10,148,180
Series 8	Xtrackers Physical Palladium EUR Hedged ETC	13,011,777	8,989,526	(9,818,719)	5,516,353	17,698,937
Series 9	Xtrackers Physical Gold ETC (EUR)	2,216,841,316	991,847,428	(704,476,960)	477,772,104	2,981,983,888
Series 10	Xtrackers Physical Silver ETC (EUR)	98,556,226	265,779,197	(82,156,173)	43,362,008	325,541,258
Series 11	Xtrackers Physical Rhodium ETC	38,731,834	-	(18,700,907)	45,789,782	65,820,709
Series 12	Xtrackers Physical Rhodium ETC (EUR)	21,066,793	-	(15,119,380)	24,279,312	30,226,725
Series 13	Xtrackers Physical Gold GBP Hedged ETC	53,748,869	196,668,977	(51,190,711)	24,734,595	223,961,730
		<u>4,945,002,267</u>	<u>3,514,550,366</u>	<u>(2,205,913,763)</u>	<u>1,083,848,615</u>	<u>7,337,487,485</u>

**13 Share capital**

*Authorised:*

10,000 ordinary shares of GBP 1 each

	31-Dec-20 GBP	31-Dec-19 GBP
	10,000	10,000

*Issued and fully paid:*

2 ordinary shares of GBP 1 each

	EUR	EUR
	2	2
	<u>2</u>	<u>2</u>

As at 31 December 2020, the ordinary share capital was held by the following non-beneficial nominees:

	31-Dec-20 GBP	31-Dec-19 GBP
Vistra Nominees I Limited	1	1
Vistra Nominees II Limited	1	1
	<u>2</u>	<u>2</u>

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.

**14 Capital risk management**

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.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**15 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 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 financial instruments will fluctuate as a result of a change in interest rates. The ETC Securities, the Precious metal due from the Programme Counterparty and the Precious metals do not bear interest. As such, the Company and 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 2020, 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 Precious metals. Any net foreign currency risk is borne by the ETC Securityholders.

As at the reporting date, the carrying value of the Company's assets and liabilities held in individual foreign currencies were as follows:

<b>31-Dec-20</b>	<b>USD EUR</b>	<b>GBP EUR</b>	<b>Total EUR</b>
Precious metals at fair value denominated in USD / GBP	1,134,103,236	235,020,769	1,369,124,005
<b>Total assets</b>	<b>1,134,103,236</b>	<b>235,020,769</b>	<b>1,369,124,005</b>
Financial liabilities designated at fair value through profit or loss denominated in USD / GBP	(1,134,103,236)	(235,020,769)	(1,369,124,005)
<b>Total liabilities</b>	<b>(1,134,103,236)</b>	<b>(235,020,769)</b>	<b>(1,369,124,005)</b>
<b>Net exposure</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31-Dec-19</b>	<b>USD EUR</b>	<b>GBP EUR</b>	<b>Total EUR</b>
Precious metals at fair value denominated in USD / GBP	1,201,556,066	223,961,730	1,425,517,796
<b>Total assets</b>	<b>1,201,556,066</b>	<b>223,961,730</b>	<b>1,425,517,796</b>
Financial liabilities designated at fair value through profit or loss denominated in USD / GBP	(1,201,556,066)	(223,961,730)	(1,425,517,796)
<b>Total liabilities</b>	<b>(1,201,556,066)</b>	<b>(223,961,730)</b>	<b>(1,425,517,796)</b>
<b>Net exposure</b>	<b>-</b>	<b>-</b>	<b>-</b>

The value of Precious metal due from the Programme Counterparty represents quantity of metal bullion, accordingly it is not considered to be a currency exposure.

The following exchange rates have been applied during the year:

	<b>Average rate - year ended</b>		<b>Closing rate</b>	
	<b>31-Dec-20</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
USD-EUR	0.87706	0.89346	0.81860	0.89190
GBP-EUR	1.12510	1.14088	1.11850	1.18250

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**15 Financial risk management (continued)**

**(a) Market risk (continued)**

*(ii) Currency risk (continued)*

The impact of changes in foreign exchange rates on the Precious metals at fair value 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, Precious metals 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 Precious metals equivalent to the weight of metal entitlement for each Series of ETC Securities issued.

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

Any changes in the metal spot prices on the Precious metals 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 Precious metals or in the balance of Precious metal 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 Securityholders.

**(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 Precious metal due from the Programme Counterparty which represents the Company's maximum exposure to credit risk. All credit risks are ultimately borne by the ETC Securityholders.

	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>EUR</b>	<b>EUR</b>
Precious metal due from the Programme Counterparty	31,110,083	14,721,305
Other receivables	30,000	7,014,393
Cash and cash equivalents	2	2
	<u>31,140,085</u>	<u>21,735,700</u>

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

As at 31 December 2020, no financial assets carried at amortised cost were past due or impaired (2019:Nil). Assets that have been pledged as collateral for financial liabilities are disclosed in note 10.

The Directors have also considered the credit risk and counterparty risk with JPMorgan as custodian (the "Custodian"), Johnson Matthey as Sub-Custodian and Deutsche Bank AG, London Branch, as Programme Counterparty, respectively of the allocated and unallocated Precious metals held by the Company given the significance of the Precious metals to the overall financial position of the Company. As at 31 December 2020, the Company held Precious metals at fair value of EUR 8,780,336,340 (2019: EUR 7,322,766,180 with JP Morgan and Johnson Matthey, and Precious metal due from the Programme Counterparty with a fair value of EUR 31,110,083 (2019: EUR 14,721,305) from Deutsche Bank AG, London Branch.

With an overall credit rating status of JPMorgan (2020: S&P A-) (2019: S&P A-), the Directors are of opinion that counterparty risk is acceptable. With an overall credit rating status of Deutsche Bank AG, London Branch (2020: S&P BBB+) (2019: S&P BBB+), the Directors are of opinion that counterparty risk is acceptable. The Directors believe that the counterparty risk and credit risk exposure of the Company to the Sub-Custodian is not significant given that only approximately 2% (2019: 1%) of the total value of Precious metals are held with this Sub-Custodian.

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

Notes to the financial statements (continued)  
For the year ended 31 December 2020

## 15 Financial risk management (continued)

## (b) Credit risk (continued)

*Concentration risk*

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

<b>By industry</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
<i>Types of collaterals</i>	%	%
Gold	82.0	89.0
Silver	13.2	7.0
Platinum	2.5	2.3
Rhodium	1.9	1.3
Palladium	0.4	0.4
	<u>100</u>	<u>100</u>
<b>By Geographical location</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
<i>Country of origin</i>	%	%
United Kingdom	100	100
	<u>100</u>	<u>100</u>

*Other receivables*

Other receivables is mainly ETC securities receivable. It also comprises corporate benefit receivable by the Company at the year end from the Arranger. The credit ratings of Deutsche Bank AG, London Branch are as follows:

	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Short term</b>	<b>Long term</b>	<b>Short term</b>	<b>Long term</b>
	<b>ratings</b>	<b>ratings</b>	<b>ratings</b>	<b>ratings</b>
Moody	P-2	A3	P-2	A3
Standard & Poor's	A-2	BBB+	A-2	BBB+
Fitch	F2	BBB+	F2	BBB+

## (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 Precious metals in cash and the Precious metals held by each series match the securities issued and redemptions made. The ultimate amount repaid to the ETC Securityholders is limited in recourse to the proceeds from the Precious metals. All liquidity risk associated with the Precious metals are ultimately borne by the ETC Securityholders.

The contractual maturity profile of financial liabilities as at 31 December 2020 is as follows:

	<b>Carrying amount</b>	<b>Gross contractual cash flows</b>	<b>Less than one year</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Financial liabilities designated at fair value through profit or loss	8,811,446,423	8,811,446,423	8,811,446,423
Other payables	-	-	-
	<u>8,811,446,423</u>	<u>8,811,446,423</u>	<u>8,811,446,423</u>

The contractual maturity profile of financial liabilities as at 31 December 2019 is as follows:

	<b>Carrying amount</b>	<b>Gross contractual cash flows</b>	<b>Less than one year</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Financial liabilities designated at fair value through profit or loss	7,337,487,485	7,337,487,485	7,337,487,485
Other payables	(6,984,393)	(6,984,393)	(6,984,393)
	<u>7,330,503,092</u>	<u>7,330,503,092</u>	<u>7,330,503,092</u>

Due to the fact that the ETC Securityholders have the option 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.

For further information regarding risk factors, refer to the risk factors section of the Prospectus.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**15 Financial risk management (continued)**

**(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, Arranger, Metal Agent, Issuing and Paying Agent and Programme Counterparty.

**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 Precious metal is disclosed in note 3(f) 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(g). 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.

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 year end in making a decision to transfer a valuation from one level to another.

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

The Company does not have any financial instruments at level 1 or 3 and there has not been any transfer between levels during the year ended 31 December 2020.

At 31 December 2020, the carrying amounts of Precious metals at fair value, Precious metal due from the Programme Counterparty and financial liabilities issued by the Company are as follows:

	<b>31-Dec-20</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Precious metal due from the Programme Counterparty	-	31,110,083	-	31,110,083
Precious metals at fair value	-	8,780,336,340	-	8,780,336,340
Financial liabilities designated at fair value through profit or loss	-	(8,811,446,423)	-	(8,811,446,423)
	-	-	-	-

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**16 Fair values (continued)**

At 31 December 2019, the carrying amounts of Precious metals at fair value, Precious metal due from the Programme Counterparty and financial liabilities issued by the Company are as follows:

	31-Dec-19			
	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Precious metal due from the Programme Counterparty	-	14,721,305	-	14,721,305
Precious metals at fair value	-	7,322,766,180	-	7,322,766,180
Financial liabilities designated at fair value through profit or loss	-	(7,337,487,485)	-	(7,337,487,485)
	-	-	-	-

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	Fair value	Carrying value	Fair value
	31-Dec-20 EUR	31-Dec-20 EUR	31-Dec-19 EUR	31-Dec-19 EUR
<i>At fair value through profit or loss</i>				
Precious metal due from the Programme Counterparty	31,110,083	31,110,083	14,721,305	14,721,305
Financial liabilities designated at fair value through profit or loss	(8,811,446,423)	(8,811,446,423)	(7,337,487,485)	(7,337,487,485)
	(8,780,336,340)	(8,780,336,340)	(7,322,766,180)	(7,322,766,180)
<i>At amortised cost</i>				
Cash and cash equivalents	2	2	2	2
Other receivables	30,000	30,000	7,014,393	7,014,393
Other payables	-	-	(6,984,393)	(6,984,393)
	30,002	30,002	30,002	30,002

**18 Related Party Transactions**

Visdirect Services Limited and Viscom Services Limited 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 Deutsche Bank AG, London Branch, as Arranger, including fees paid to Vistra.

Product fees incurred for the year ended 31 December 2020 due to Arranger amounted to EUR 35,677,549 (2019: EUR 24,317,537). No amount was payable as at 31 December 2020 (2019: EUR Nil).

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.

As at 31 December 2020, corporate benefit fees amounting to EUR 30,000 (31 December 2019: EUR 30,000) were receivable from the Arranger.

Deutsche Bank AG, London Branch, as Programme Counterparty, entered into a Balancing Agreement with the Company. The Programme Counterparty will provide deliveries of Precious metals to reflect deductions of fees and other rebalancing adjustments. Precious metal due from the Programme Counterparty amounting to EUR 31,110,083 (31 December 2019: EUR 14,721,305) were outstanding as at 31 December 2020.

Authorised participants are the only entities allowed to buy and sell ETC securities directly from and to the Company. Deutsche Bank AG, London Branch acts as the Lead Authorised Participant. As at 31 December 2020, the number of ETC Securities held by the Lead Authorised Participant was 60,480 units (EUR 8,311,893) (31 December 2019: 57,762 units (EUR 6,695,134)).



**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**19 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.

**20 Key management personnel**

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

Marc Harris is an employee of Vistra (Jersey) Limited during the year ended 31 December 2020. His emoluments are paid by Vistra Fund Services 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 his emoluments in respect of the Company.

**21 Subsequent events**

The Board of Directors decided to choose the Central Bank of Ireland as the new competent authority for the purposes of the Prospectus Regulation and submitted a new base prospectus to the Central Bank of Ireland. Refer to note 2(a) for further details.

There have been no other significant events that requires disclosure to the financial statements since the year end and up to the date of approving the financial statements.