



S O U R C E

Source Physical Markets plc

Interim report and condensed
unaudited financial statements

For the financial period ended 30 June 2017

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Directors and other information

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

Directors

Eimir McGrath (Irish)
Bronagh Hardiman (Irish)

Registered Office

Pinnacle 2
Eastpoint Business Park
Dublin 3
Ireland

Administrator & Company Secretary

Deutsche International Corporate
Services (Ireland) Limited
Pinnacle 2
Eastpoint Business Park
Dublin 3
Ireland

Principal Paying Agent

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Portfolio Administrator & Account

Bank
Wells Fargo Bank, N.A.
9062 Old Annapolis Road
Columbia
Maryland 21045
United States of America

Arranger

Source UK Services Limited
110 Cannon Street
London EC4N 6EU
United Kingdom

Solicitors & Irish Listing Agent

Maples and Calder
75 St. Stephen's Green
Dublin 2
Ireland

Trustee

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Metal Counterparty & Custodian

JP Morgan Chase Bank, N.A.
25 Bank Street
London E14 5JP
United Kingdom

Banker

Bank of Ireland Corporate Banking
Block A 2nd Floor
Operations Centre
Cabinteely
Dublin 18
Ireland

Registered No: 471344

Interim management report

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

The Directors present their interim report and the unaudited financial statements of Source Physical Markets Plc (the "Company") for the half financial year ended 30 June 2017.

Principal activities

Source Physical Markets Plc (the "Company") is a public limited liability company, incorporated on 26 May 2009 in Ireland under the Companies Act 2014 and has established the Secured Precious Metals-Linked Certificates Programme (the "Programme") pursuant to which the Company may, from time to time, issue collateralised limited recourse Certificates (the "Certificates") on the terms set out in the prospectus and final terms in respect of the relevant Certificates. The aggregate number of Certificates outstanding under the Programme will not at any time exceed 1,000,000,000.

Certificates may be sold to any one or more of Morgan Stanley & Co. International Plc, Merrill Lynch International, J.P. Morgan Securities Limited, Bluefin Europe LLP, Virtu Financial Ireland Limited, Flow Traders B.V., Jane Street Financial Limited, HSBC Bank Plc, Commerzbank AG and Optiver VOF (each an 'Authorised Participant' under the terms of the authorised participant agreements). An Authorised Participant may subscribe for Certificates in accordance with the terms of the related Authorised Participant Agreement by either (i) transferring the relevant amount of precious metals via the books and records of the custodian's unallocated accounts (to form part of the mortgaged property) or (ii) making a cash payment in US Dollars of the relevant amount to the cash account, which shall be used to access Precious Metal (to form part of the mortgaged property).

Each Certificate carries a right on redemption of a payment of the cash amount, where cash settlement applies, or the delivery of an amount of Precious Metals equal to the delivery amount, where physical settlement applies, on the relevant settlement date. In order to effect any redemption where cash settlement applies, the relevant amount of Precious Metals will be sold in order to realise the relevant cash amount(s).

Series 1 - Secured Gold-Linked Certificates are listed on the Irish Stock Exchange, Swiss Stock Exchange (SIX), London Stock Exchange, Borsa Italiana, Euronext Amsterdam and Deutsche Borse (Xetra). Series 2 - Secured Silver-Linked Certificates, Series 3 - Secured Platinum-Linked Certificates and Series 4 - Secured Palladium-Linked Certificates are listed on the London Stock Exchange and the Irish Stock Exchange.

Business review and key performance indicators

During the half-year:

- no new Series were issued;
- the Company made a profit of USD 187 (30 June 2016: USD 187);
- the Company issued USD 1,780,500,042 (31 December 2016: USD 3,943,959,135) and repaid USD 820,103,416 (31 December 2016: USD 2,472,054,541) of Certificates;
- the Company's accounts linked to a portfolio of underlying Precious Metals increased due to additions of gold, silver, platinum and palladium amounting to USD 1,780,500,042 (31 December 2016: USD 3,943,959,135);
- the Company's interest in accounts linked to a portfolio of underlying Precious Metals reduced due to sale of gold, silver, platinum and palladium amounting to USD 825,743,291 (31 December 2016: USD 2,482,147,993);

- the financial assets at fair value through profit or loss increased by 36% compared to the reporting year ended 31 December 2016 (2016: increased by 83%); and
- the financial liabilities at fair value through profit or loss increased by 36% compared to the reporting year ended 31 December 2016 (2016: increased by 83%).

As at 30 June 2017:

- the Company's total Certificates' indebtedness was USD 4,471,926,457 (31 December 2016: USD 3,286,872,187); and
- the net assets was USD 58,699 (31 December 2016: USD 58,512).

Future developments

The Directors expect the present level of activity to be sustained for the foreseeable future.

Results and dividends for the financial period and state of affairs at 30 June 2017

The results for the financial period are set out on page 5. No dividends are recommended by the directors for the financial period under review (30 June 2016: USD Nil).

Changes in directors, secretary and registered office

There has been no changes in Directors, registered office or secretary during the financial period.

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

Directors, secretary and their interests

Apart from Eimir McGrath, who hold 1 share in the Company, neither the other director nor the secretary hold any shares at that date or during the financial period. The transactions in relation to the Directors have been disclosed under note 16 to the financial statements.

Risk and uncertainties

The Company is subject to various risks. The principal risks facing the Company are outlined in note 17 to the financial statements.

Subsequent events

All subsequent events are disclosed in note 20 to the financial statements.

Credit events

There were no credit events noted during the financial period.

Political donations

The Electoral Act, 1997 (as amended by the Electoral Amendment Political Funding Act, 2012) requires companies to disclose all political donations over €200 in aggregate made during a financial year. The directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company during the half financial year to 30 June 2017.

Accounting records

The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regards to keeping adequate accounting records by employing accounting personnel with appropriate experience and expertise and by providing services to the financial function. The accounting records of the Company are maintained at Pinnacle 2, Eastpoint Business Park, Dublin 3, Ireland.

Audit committee

Pursuant to the requirements set out in the Companies Act 2014, Section 167(1) & (3), as the sole business of the Company relates to the issuing of asset-backed debt securities, the Company has availed of an exemption from the requirements to establish an audit committee under Section 115(10) of S1 312/2016 (European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, and Regulation (EU) No 537/2014) Regulations 2016). The Board of directors have concluded that there is currently no need for the Company to have an audit committee in order for the Board of Directors to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

Directors' compliance statement

The directors confirm that:

- they have, to the best of their knowledge, complied with its relevant obligations as defined in section 225 of the Companies Act 2014;
- relevant arrangements and structures have been put in place that provide a reasonable assurance of compliance in all material respects by the Company with its relevant obligations, which arrangements and structures may, if the directors so decide, include reliance on the advice of one or more than one person employed by the Company or retained by it under a contract for services, being a person who appears to the directors to have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations; and
- the arrangements and structures in place, are reviewed on an annual basis.

On behalf of the board



Eimir McGrath
Director

Bronagh Hardiman
Director



Date: 27 SEP 2017

Responsibility statement

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

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

- the condensed financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and results of the issuer, and
- the Interim Management Report includes a fair review of:
 - Important events that have occurred during the first six months of the financial year;
 - The impact of those events on the condensed financial statements; and
 - A description of the principal risks and uncertainties for the remaining six months of the financial year.

The Directors further indicate that such interim financial statements for the half year ended 30 June 2017 have not been audited.

On behalf of the board



Eimir McGrath
Director

Bronagh Hardiman
Director



Date: 27 SEP 2017

Financial Statements of the Company

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

Statement of comprehensive income

For the financial period ended 30 June 2017	Notes	Financial period ended 30 June 2017 USD	Financial period ended 30 June 2016 USD
Net changes in fair value of financial assets designated at fair value through profit or loss	4	230,478,866	562,609,865
Net changes in fair value of financial liabilities designated at fair value through profit or loss	5	(224,657,644)	(558,199,143)
Other expenses	6	(5,822,101)	(4,410,961)
Other income	7	1,129	489
Operating profit before taxation		250	250
Tax on profit on ordinary activities	8	(63)	(63)
Profit for the financial period		187	187
Increase in net assets attributable to holders of equity shares from operations		187	187

All items dealt with in arriving at the profit for the financial period ended 30 June 2017 and 30 June 2016 related to continuing operations.

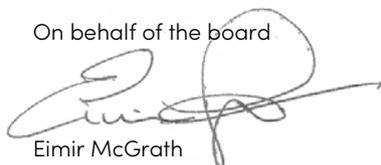
The accompanying notes to the financial statements on pages 9 to 15 form an integral part of these financial statements.

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

Statement of financial position

As at 30 June 2017	Notes	30 June 2017 USD	31 December 2016 USD
Assets			
Current assets			
Cash and cash equivalents	9	233,074	233,601
Other receivables	10	124,645,871	89,544,376
Financial assets designated at fair value through profit or loss	11	4,472,930,877	3,287,695,260
Total assets		4,597,809,822	3,377,473,237
Liabilities and equity			
Current liabilities			
Other payables	12	125,824,666	90,542,538
Financial liabilities designated at fair value through profit or loss	13	4,471,926,457	3,286,872,187
Total liabilities		4,597,751,123	3,377,414,725
Shareholder's Funds - Equity			
Called up share capital presented as equity	14	55,512	55,512
Revenue reserves		3,187	3,000
Total equity		58,699	58,512
Total liabilities and equity		4,597,809,822	3,377,473,237

On behalf of the board



Eimir McGrath
Director

Date: 27 SEP 2017



Bronagh Hardiman
Director

The accompanying notes to the financial statements on pages 9 to 15 form an integral part of these financial statements.

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

Statement of changes in equity

For the financial period ended 30 June 2017	Share capital USD	Revenue reserves USD	Total equity USD
Balance as at 1 January 2016	55,512	2,625	58,137
<i>Total comprehensive income for the financial period</i>	-	187	187
Balance as at 30 June 2016	55,512	2,812	58,324
Balance as at 1 July 2016	55,512	2,812	58,324
<i>Total comprehensive income for the financial period</i>	-	188	188
Balance as at 31 December 2016	55,512	3,000	58,512
Balance as at 1 January 2017	55,512	3,000	58,512
<i>Total comprehensive income for the financial period</i>	-	187	187
Balance as at 30 June 2017	55,512	3,187	58,699

The accompanying notes to the financial statements on pages 9 to 15 form an integral part of these financial statements.

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

Statement of cash flows

For the financial period ended 30 June 2017	Notes	Financial period ended 30 June 2017 USD	Financial period ended 30 June 2016 USD
Cash flows from operating activities			
Profit before taxation		250	250
<i>Adjustments for:</i>			
Increase in other receivables		(35,101,495)	(60,561,849)
Increase in other payables		35,282,197	60,983,838
Fair value movement on financial assets designated at fair value through profit or loss	4	(230,478,866)	(562,609,865)
Fair value movement on financial liabilities designated at fair value through profit or loss	5	224,657,644	558,199,143
Purchase of financial assets designated at fair value through profit or loss		-	(18,823,844)
Proceeds from disposal of financial assets designated at fair value through profit or loss		5,639,875	20,682,777
Tax paid		(132)	(63)
Net cash used in operating activities		(527)	(2,129,613)
Cash flows from financing activities			
Proceeds from issuance of financial liabilities designated at fair value through profit or loss		-	18,823,844
Redemption of financial liabilities designated at fair value through profit or loss		-	(16,695,840)
Net cash generated from financing activities		-	2,128,004
Net decrease in cash and cash equivalents		(527)	(1,609)
Cash and cash equivalents at start of the financial period		233,601	234,445
Cash and cash equivalents at end of the financial period		233,074	232,836

The accompanying notes to the financial statements on pages 9 to 15 form an integral part of these financial statements.

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

Notes to the financial statements

1. General information

Source Physical Markets Plc (the "Company") is a public limited liability company, incorporated on 26 May 2009 in Ireland under the Companies Act 2014 and has established the Secured Precious Metals-Linked Certificates Programme (the "Programme") pursuant to which the Company may, from time to time, issue Certificates as set out in the Trust Deed. The aggregate number of Certificates outstanding under the Programme will not at any time exceed 1,000,000,000. The Certificates issued under the Programme will be in a Certificated form and cleared through CREST.

The Company has invested in Gold, Silver, Platinum and Palladium (the "Precious Metals").

The Company has no direct employees.

Series 1 - Secured Gold-Linked Certificates are listed on the Irish Stock Exchange, Swiss Stock Exchange (SIX), London Stock Exchange, Borsa Italiana, Euronext Amsterdam and Deutsche Borse (Xetra). Series 2 - Secured Silver-Linked Certificates, Series 3 - Secured Platinum-Linked Certificates and Series 4 - Secured Palladium-Linked Certificates are listed on the London Stock Exchange and the Irish Stock Exchange.

2. Basis of preparation

The condensed financial statements for the half year ended 30 June 2017 have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the interim financial statements for the financial period ended 30 June 2016 and the annual financial statements for the financial year ended 31 December 2016.

3. Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in these condensed interim financial statements as were applied in the preparation of the Company's financial statements for the financial year ended 31 December 2016.

4. Net changes in fair value of financial assets designated at fair value through profit or loss

	Financial period ended 30 June 2017 USD	Financial period ended 30 June 2016 USD
Realised loss on disposal of financial assets designated at fair value through profit or loss	(5,726,087)	(39,440,035)
Unrealised fair value movement on financial assets designated at fair value through profit or loss	236,204,953	602,049,900
	230,478,866	562,609,865

5. Net changes in fair value of financial liabilities designated at fair value through profit or loss

	Financial period ended 30 June 2017 USD	Financial period ended 30 June 2016 USD
Realised gain on redemption of financial liabilities designated at fair value through profit or loss	8,417,121	44,054,356
Unrealised fair value movement on financial liabilities designated at fair value through profit or loss	(233,074,765)	(602,253,499)
	(224,657,644)	(558,199,143)

6. Other expenses

	Financial period ended 30 June 2017 USD	Financial period ended 30 June 2016 USD
Arranger fees	(5,822,101)	(4,410,961)
	(5,822,101)	(4,410,961)

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

7. Other income

	Financial period ended 30 June 2017 USD	Financial period ended 30 June 2016 USD
Foreign exchange gain	879	239
Corporate benefit	250	250
	1,129	489

8. Tax on profit on ordinary activities

	Financial period ended 30 June 2017 USD	Financial period ended 30 June 2016 USD
Profit on ordinary activities before tax – current tax	250	250
Current tax at 12.5%	(31)	(31)
Effect of:		
Income taxed at higher rates	(32)	(32)
Current tax charge	(63)	(63)

The Company is charged to corporation tax at a rate of 25% (2016: 25%). The Company will continue to be taxed at 25% in accordance with Section 110 of the Taxes Consolidation Act 1997.

9. Cash and cash equivalents

	30 June 2017 USD	31 December 2016 USD
Wells Fargo Bank, N.A	222,407	222,407
Bank of Ireland Corporate Banking	10,667	11,194
Cash at bank	233,074	233,601

Cash balances are held with Wells Fargo Bank, N.A (95%) (31 December 2016: 95%) and Bank of Ireland Corporate Banking (5%) (31 December 2016: 5%).

10. Other receivables

	30 June 2017 USD	31 December 2016 USD
Investments receivables*	115,244,569	2,606,932
Certificates receivables**	9,353,207	86,889,994
Other income receivable	46,095	45,700
Corporate benefit receivable	2,000	1,750
	124,645,871	89,544,376

*As at 30 June 2017, the disposal of 46,896 units of Gold @ USD 1,243.50 each, 42,206 units of Gold @ USD 1,242.25 each and 4,880 units of Platinum @ USD 922 each (31 December 2016: the disposal of 119,455 units of Silver @ USD 16.06 each and 767 units of Platinum @ USD 898 each) remained unsettled.

**As at 30 June 2017, the issuances of 65,000 Certificates @ USD 121.49 each and 12,000 Certificates @ USD 121.37 for Series 1 - Secured Gold-Linked Certificates due 2100 (31 December 2016: the issuances of 775,000 Certificates @ USD 112.12 each for Series 1 - Secured Gold-Linked Certificates due 2100) remained unsettled.

11. Financial assets designated at fair value through profit or loss

	30 June 2017 USD	31 December 2016 USD
Precious Metals	4,472,930,877	3,287,695,260
At start of financial period/year	3,287,695,260	1,798,284,838
<i>Cash transactions</i>		
Additions during the financial period/year	-	18,823,844
Disposals during the financial period/year	(5,639,875)	(26,789,292)
<i>Non-cash transactions</i>		
Additions during the financial period/year	1,780,500,042	3,925,135,291
Disposals during the financial period/year	(820,103,416)	(2,455,358,701)
Realised (loss)/gain on disposal during the financial period/year	(5,726,087)	31,023,746
Unrealised fair value movement during the financial period/year	236,204,953	(3,424,466)
At end of financial period/year	4,472,930,877	3,287,695,260

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

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

Series name	Units		Fair value 30 June 2017 USD	Units		Fair value 31 December 2016 USD
	Outstanding 30 June 2017	NAV per unit 30 June 2017		Outstanding 31 December 2016	NAV per unit 31 December 2016	
Gold	3,552,544	1,242.25	4,413,148,325	2,745,048	1,159.10	3,181,785,239
Silver	3,129,533	16.47	51,543,414	1,863,834	16.24	30,268,657
Platinum	6,634	922.00	6,116,510	76,896	907.00	69,745,000
Palladium	2,524	841.00	2,122,628	8,722	676.00	5,896,364
			4,472,930,877			3,287,695,260

The financial assets are secured in favour of Deutsche Trustee Company Limited for the benefit of itself and the Certificate holders. The non-cash transactions relate to physical delivery of precious metals against delivery of Certificates.

The Precious Metals have upon initial recognition been designated at fair value through profit or loss.

The Precious Metals are held as collateral for Certificates issued by the Company.

12. Other payables

	30 June 2017 USD	31 December 2016 USD
Certificates payables*	115,244,569	2,606,932
Investments payables**	9,353,207	86,889,994
Fees payable to arranger	1,004,483	823,205
Other payables	222,407	222,407
	125,824,666	90,542,538

*As at 30 June 2017, the redemption of 480,000 Certificates @ USD 121.49 each and 432,000 Certificates @ USD 121.37 each for Series 1 - Secured Gold-Linked Certificates due 2100 and 50,000 Certificates @ USD 89.99 each for Series 3 - Secured Platinum-Linked Certificates due 2100 (31 December 2016: the redemption of 122,151 Certificates @ USD 15.71 each for Series 2 - Secured Silver-Linked Certificates due 2100 and 7,840 units @ USD 87.82 for Series 3 - Secured Platinum-Linked Certificates due 2100) remained unsettled.

**As at 30 June 2017, the acquisition of 6,350 units of Gold @ USD 1,243.50 each and 1,172 units of Gold @ USD 1,242.25 each (31 December 2016: the acquisition of 75,827 units of Gold @ USD 1,145.90 each) remained unsettled.

13. Financial liabilities designated at fair value through profit or loss

	30 June 2017 USD	31 December 2016 USD
Secured ETC Index Linked	4,471,926,457	3,286,872,187

At start of financial period/year	3,286,872,187	1,797,824,006
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Cash transactions

Issued during the financial period/year	-	18,823,844
Redemptions during the financial period/year	-	(16,695,840)

Non-cash transactions

Issued during the financial period/year	1,780,500,042	3,925,135,291
Redemptions during the financial period/year	(820,103,416)	(2,455,358,701)

Realised (gain)/loss on redemption during the financial period/year	(8,417,121)	19,239,926
Unrealised fair value movement in liability during the financial period/year	233,074,765	(2,096,339)

At end of financial period/year	4,471,926,457	3,286,872,187
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The non-cash transactions relate to physical delivery of Precious Metals to meet the redemption requests on notes or as payment for subscriptions.

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

Series name	Units		Fair value 30 June 2017 USD	Units		Fair value 31 December 2016 USD
	Outstanding 30 June 2017	NAV per unit 30 June 2017		Outstanding 31 December 2016	NAV per unit 31 December 2016	
Series 1 - Secured Gold-Linked Certificates due 2100	36,354,261	121.37	4,412,182,146	28,049,496	113.41	3,181,001,466
Series 2 - Secured Silver-Linked Certificates due 2100	3,205,244	16.07	51,524,012	1,905,244	15.88	30,257,832
Series 3 - Secured Platinum-Linked Certificates due 2100	67,775	89.99	6,098,957	786,075	88.70	69,722,419
Series 4 - Secured Palladium-Linked Certificates due 2100	25,844	82.08	2,121,342	89,105	66.11	5,890,470
			4,471,926,457			3,286,872,187

	30 June 2017 USD	31 December 2016 USD
Maturity Analysis		
Less than 1 year	4,471,926,457	3,286,872,187
1-2 years	-	-
2-5 years	-	-
Over 5 years	-	-
	4,471,926,457	3,286,872,187

The financial liabilities have been classified as having a maturity of less than 1 year as the Secured Precious Metals-Linked Certificates can be redeemed at the option of the Certificate holders. The final maturity date of the Secured Precious Metals-Linked Certificates is 31 December 2100.

The Company's obligations under the Certificates issued are secured by financial assets held as stated in note 11.

The price of the Certificates is directly linked to the price of the Metals to which they are linked.

In the event that the accumulated losses prove not to be recoverable during the life of the Certificates issued, this will reduce the obligation to the holders of the Certificates issued by the Company.

Series 1 - Secured Gold-Linked Certificates are listed on the Irish Stock Exchange, Swiss Stock Exchange (SIX), London Stock Exchange, Borsa Italiana, Euronext Amsterdam and Deutsche Borse (Xetra). Series 2 - Secured Silver-Linked Certificates, Series 3 - Secured Platinum-Linked Certificates and Series 4 - Secured Palladium-Linked Certificates are listed on the London Stock Exchange and the Irish Stock Exchange.

14. Called up share capital presented as equity

	30 June 2017	31 December 2016
Authorised:	EUR	EUR
40,000 Ordinary shares of EUR 1 each	40,000	40,000
Issued and fully paid up:	USD	USD
40,000 Ordinary shares of EUR 1 each	55,512	55,512
Presented as follows:	USD	USD
Called up share capital presented as equity	55,512	55,512

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

15. Ownership of company

The principal shareholder of the Company is Deutsche International Finance (Ireland) Limited which holds 39,994 shares in Trust. A Board of Directors has been appointed at the date of inception to manage the day to day affairs of the Company. The Board have considered who the ultimate controlling party of the Company is. The Board have concluded that no individual party involved in the structure as identified on page 1 has the power to alter, in any way, the strategic investment objective of the Series as set out in the Series' prospectus. Substantially all the risks and rewards of the Company are transferred to the Certificate holders.

16. Related party transactions

Both Directors, Bronagh Hardiman and Eimir McGrath are employees of Deutsche International Corporate Services (Ireland) Limited, which is the administrator of the Company and a related Company of Deutsche International Finance (Ireland) Limited. During the financial period, the Company incurred a fee of EUR 11,250 (30 June 2016: EUR 11,250) relating to administration services provided by Deutsche International Corporate Services (Ireland) Limited. All expenses are settled by the Arranger. Management fees paid to the Arranger amounted to USD 5,822,101 during the financial period ended 30 June 2017 (30 June 2016: USD 4,410,961).

The Directors are of the view that there are no other related party transactions requiring disclosures. The Directors received no remuneration from the Company in the financial period ended 30 June 2017 (30 June 2016: USD Nil).

17. Financial risk management

Risk management framework

The Company has exposure to the following risks from its use of financial instruments:

- Operational risk;
- Credit risk;
- Market risk; and
- Liquidity 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 risk and the Company's management of capital.

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, personnel 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 to corporate behaviour.

Operational risk arises from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in note 1. All management and administration functions are outsourced to Deutsche International Corporate Services (Ireland) Limited. Deutsche Bank AG, London Branch acts as the Company's principal paying agent as at 30 June 2017. As at 30 June 2017, Wells Fargo Bank, N.A. acts as the portfolio administrator.

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, and arises principally from the Company's precious metals-linked assets. The Company's principal financial assets are cash and cash equivalents, other receivables and financial assets designated at fair value through profit or loss, which represents the Company's maximum exposure to credit risk. The carrying amount of financial assets represents the maximum credit exposure.

Market risk

Market risk is the risk that changes in market prices of the Precious Metals will affect the Company's income or the value of its holdings of financial instruments. The Certificate holders are exposed to the market risk of the assets portfolio. Market risk embodies the potential for both gains and losses and price risk.

(i) Interest rate risk

Interest rate risk is the risk that the Company does not receive enough interest from the financial assets to secure interest payments on the financial liabilities. The Certificates issued and the financial assets do not bear any interest. There is some interest rate risk associated with cash held at bank. However, it is not considered significant, therefore no sensitivity analysis has been included.

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2017

17. Financial risk management (continued)

Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's exposure to currency risk is not significant and limited to share capital issued of EUR 40,000 (USD 55,512) and cash and cash equivalents with Bank of Ireland Corporate Banking of EUR 9,336 (USD 10,667) as at 30 June 2017 (31 December 2016: EUR 10,643 (USD 11,193)). All other financial assets and financial liabilities are denominated in USD.

(iii) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company does not consider price risk to be a significant risk to the Company as any fluctuation in the value of financial assets at fair value through profit or loss held by the Company will be borne by the Certificate holders.

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. All substantial risks and rewards associated with the financial assets are ultimately borne by the Certificate holders.

The financial liabilities are carried at fair value through profit or loss. The ultimate amount repaid to the Certificate holders will depend on the proceeds from the collateral.

Fair values hierarchy

The Company's financial assets and financial liabilities issued are carried at fair value on the statement of financial position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. The carrying amounts of all the Company's financial assets and financial liabilities at the reporting date approximated their fair values.

The Company's financial instruments carried at fair value are analysed below by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (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).

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.

For recognised fair values measured using significant unobservable inputs, changing one or more assumptions used to reasonably possible alternative assumptions would not have any effect on the profit or loss or on equity as any change in fair value of the financial assets will be borne by the Certificate holders due to the limited recourse nature of the debt issued by the Company.

The valuation inputs for the financial assets are based on quoted market prices in active markets.

The Precious Metals-Linked Certificates are exchange traded and there is trading in the Certificates. As such, the financial liabilities are classified as Level 2 in the fair value hierarchy.

18. Operating expenses

All costs associated with the Company are borne by Source UK Services Limited, London.

As at 30 June 2017, the amount payable to the Arranger is USD 1,226,890 (31 December 2016: USD 1,045,612).

No director fees were paid during the financial period.

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19. Comparatives

In line with IAS 34, the comparative information for the Statement of comprehensive income, Statement of cash flows and Statement of changes in equity are for the financial period ended 30 June 2016 and the comparative information for the Statement of financial position is 31 December 2016.

20. Subsequent events

On 18 August 2017, Invesco Ltd. (NYSE: IVZ) completed its acquisition of Source.

Apart from the above, there has been no significant event that requires disclosure since the financial period end.

21. Approval of financial statements

The board of Directors approved these financial statements on 27/09/2017

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