Invesco Physical Markets plc (Formerly known as Source Physical Markets plc)
Directors' report and audited financial statements

For the financial year ended 31 December 2017

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Directors and other information

Annual Report and Audited Financial Statements 2017

Directors
Eimir McGrath (Irish)
Bronagh Hardiman (Irish)
Michael Carroll (Irish) (Appointed as alternate director to Eimir McGrath on 31 Aug 2017 and resigned on 11 Sep 2017)

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
Invesco UK Services Limited
Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire
RG9 1HH

Independent Auditors
PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

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

Registered No: 471344

Directors' Report

Annual Report and Audited Financial Statements 2017

The Directors present their annual report and the audited financial statements of Invesco Physical Markets plc (the "Company") for the financial year ended 31 December 2017.

Principal activities

Invesco 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 collaterised 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. On 23 March 2018, the Company changed its name to Invesco Physical Markets plc.

Certificates may be sold to any one or more of Morgan Stanley & Co. International Plc, Bank of America Merrill Lynch, J.P. Morgan Securities Limited, Virtu Financial Ireland Limited, Flow Traders B.V., Jane Street Financial Limited, Commerzbank AG, Optiver VOF, Bluefin Europe LLP and HSBC Bank Plc (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 financial year:
- No new Series were issued;
- the Company made a profit of USD 375 (2016: USD 375);
- the Company issued USD 3,267,173,402 (2016: USD 3,943,959,135) and repaid USD 2,171,691,025 (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 3,267,173,402 (2016: USD 3,943,959,135);
- the Company's accounts linked to a portfolio of underlying Precious Metals reduced due to sale of gold, silver, platinum and palladium amounting to USD 2,184,244,889 (2016: USD 2,482,147,993);
- the financial assets at fair value through profit or loss increased by 45% 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 45% compared to the reporting year ended 31 December 2016 (2016: increased by 83%).

As at 31 December 2017:
- the Company's total Certificates' indebtedness was USD 4,779,019,396 (2016: USD 3,286,872,187); and
- the net assets were USD 58,887 (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 year and state of affairs at 31 December 2017

The results for the financial year are set out on page 11. No dividends are recommended by the directors for the financial year under review (2016: Nil).

Changes in directors, secretary and registered office

On 31 August 2017, Michael Carroll was appointed as alternate director to Eimir McGrath. On 11 September 2017, Michael Carroll resigned as alternate director to Eimir McGrath.

There have been no other changes in Directors, registered office or secretary during the financial year.

Directors, secretary and their interests

Apart from, Eimir McGrath and Bronagh Hardiman, who hold 1 share each in the Company, the secretary does not hold any shares at that date or during the financial year. The transactions in relation to the Directors have been disclosed under note 17 to the financial statements.

Risk and uncertainties

The Company is subject to various risks. The principal risks facing the Company are outlined in note 18 to the financial statements.

Subsequent events

All subsequent events are disclosed in note 22 to the financial statements.

Credit events

There were no credit events noted during the financial year.

Corporate Governance Statement

Introduction

The Company is subject to and complies with Irish Statute comprising the Companies Act 2014 and the Listing rules of the Irish Stock Exchange. The European Communities (Directive 2006/46/EC) Regulations (S.I. 450 of 2009 and S.I. 83 of 2010) (the "Regulations") requires the inclusion of a corporate governance statement in the Directors' Report. The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Financial Reporting Process

The Board of Directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator, Deutsche International Corporate Services (Ireland) Limited, to maintain the accounting records of the Company independently of Invesco UK Services Limited (the "Arranger") and JP Morgan Chase Bank, N.A. (the "Custodian"). The Administrator is contractually obliged to maintain proper books and records as required by the Corporate Administration agreement. To that end the Administrator performs reconciliations of its records to those of the Arranger and the Custodian. The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator's report to the Board.

Risk assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements. More specifically,

- the Administrator has a review procedure in place to ensure errors and omissions in the financial statements are identified and corrected;
- regular training on accounting rules and recommendations is provided to the accountants, employed by the administrator; and
- accounting bulletins, issued by Deutsche Bank AG, London, being the Principal Paying Agent and Trustee and an entity related to Deutsche International Corporate Services (Ireland) Limited, are distributed monthly to all accountants, employed by the administrator.

Control activities

The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Given the contractual obligations on the Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

Capital Structure

No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

There are no restrictions on voting rights.

Corporate Governance Statement (continued)

Powers of Directors

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the Directors. The Directors have delegated the day to day administration of the Company to the Administrator. The Directors cannot issue or buy back the shares of the Company.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, Irish Statute comprising the Companies Act 2014. The Articles of Association themselves may be amended by special resolution of the shareholders.

Audit committee

As at the date of these financial statements, the Company is operating within the balance sheet and turnover threshold limits as set out under Section 167(1) of the Companies Act 2014 (the "Act"), and as such the Company does not meet the requirements to establish an audit committee for the current financial year ending 31 December 2017. The sole business of the Company relates to the issuing of collaterised limited recourse Certificates.

Under Section 115 (10) of the European Union (Statutory Audits) (Directive 2006/43/ EC as amended by Directive 2014/ 56/ EU and Regulation (EU) No. 537/ 2014 Regulations 2016 ("S1 312/ 2016 – The EU Audit Directive"), such a Company may avail itself of an exemption from the requirements to establish an audit committee. Given the contractual obligations of the administrator and the limited recourse nature of the securities issued by the Company, the Board of Directors has concluded that there is currently no need for the Company to have a separate audit committee in order for the board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process and the monitoring of the statutory audit and the independence of the statutory auditors. Accordingly, the Company has availed itself of the exemption under paragraph 10(c) of the Regulation 115 of the Regulations.

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.

Independent auditors

PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, have been appointed as auditors in accordance with Sections 383(2) of the Companies Act 2014 for the financial year and have signified their willingness to continue in office.

Each director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

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: 18/4/2018

Directors' responsibilities statement

Annual Report and Audited Financial Statements 2017

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

Irish Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the EU.

The Company's financial statements are required by law and IFRSs and IFRIC interpretations as adopted by the EU to present fairly the financial position and performance of the Company. The Companies Act 2014 provides in relation to such financial statements that references in the relevant parts of the Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- ensure that the financial statements comply with IFRSs; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that 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 Act 2014. They are also responsible 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") and the updated Transparency Rules (the "Rules"), effective November 2015, to include a Directors' Report containing a fair view of the business and a description of the principal risks and uncertainties facing the Company.

Directors' responsibility statement pursuant to Transparency Regulations

Each of the Directors, whose name and functions are listed on page 1 of the financial statements confirm that, to the best of each person's knowledge and belief:

- they have complied with the above requirements in preparing the financial statements;
- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view, of the state of the assets, liabilities, financial position and of the profit of the Company for the financial year then ended; and
- the Directors' report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the board

Eimir McGrath
Director

Bronagh Hardiman
Director

Date: 18/4/2018

Independent auditors' report to the members of Source Physical Markets plc

Report on the audit of the financial statements

Opinion

In our opinion, Source Physical Markets plc's financial statements:

- give a true and fair view of the Company's assets, liabilities and financial position as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Directors' report and audited financial statements, which comprise:

- the Statement of financial position as at 31 December 2017;
- the Statement of comprehensive income for the year then ended;
- the Statement of cash flows for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the Company.

Other than those disclosed in note 21 to the financial statements, we have provided no non-audit services to the Company in the period from 1 January 2017 to 31 December 2017.

Our audit approach

Overview

Materiality

- $23,940,425 (2016: $16,887,366)
- Based on 0.5% of total assets.

Audit scope

- The Company engages Invesco UK Services Limited (the "Arranger") to manage certain duties and responsibilities with regards to the day-to-day management of the Company. We tailored the scope of our audit taking into account the types of investments within the Fund, the involvement of the third parties referred to below, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

- Existence and valuation of financial assets and liabilities at fair value through profit and loss.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Existence and valuation of financial assets at fair value through profit and loss. The financial assets at fair value through profit or loss included in the Statement of Financial Position as at 31 December 2017 are valued at fair value in line with IFRS as adopted by the EU. This is considered a key audit matter as it represents the principal element of the financial statements.	We obtained independent confirmation from the Custodian of the Precious Metals, JP Morgan Chase Bank, N.A., confirming the quantities held by them at 31 December 2017. We reconciled the amounts held to the accounting records maintained by Deutsche International Corporate Services (Ireland) Limited as Administrator. We tested the valuation of the Precious Metals by independently obtaining prices from the London Bullion Market and agreeing them to the price per the accounting records. No material misstatements were identified as a result of the procedures we performed.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As at 31 December 2017, the Company invests in 4 Precious Metals; Gold, Silver, Platinum and Palladium. Each Precious Metal is linked to a listed Debt Certificate Series.

The directors control the affairs of the Company and are responsible for the overall investment policy which is determined by them. The Company engages the Arranger to manage certain duties and responsibilities with regards to the day to day management of the Company. The Arranger has delegated certain responsibilities to Wells Fargo Bank, N.A. (the 'Portfolio Administrator') and to Deutsche International Corporate Services (Ireland) Limited (the 'Administrator'). The financial statements, which remain the responsibility of the directors, are prepared on their behalf by the Administrator. The Company has appointed JP Morgan Chase Bank, N.A. (the "Custodian") to act as Custodian of the Precious Metals. In establishing the overall approach to our audit we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Administrator, and we assessed the control environment in place at the Administrator.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	$23,940,425 (2016: $16,887,366).
How we determined it	0.5% of total assets.
Rationale for benchmark applied	We believe that total assets is the primary measure used by Certificate holders in assessing the performance of the Programme, and is a generally accepted auditing benchmark.

We agreed with the Board that we would report to them misstatements identified during our audit above $2,394,042 (2016: $1,688,366) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Directors' report and audited financial statements other than the financial statements and our auditors’ report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors’ Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below.

Directors’ Report

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors’ report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors’ Report.

Corporate governance statement

- In our opinion, based on the work undertaken in the course of the audit of the financial statements, the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement, is consistent with the financial statements and have been prepared in accordance with section 1373(2)(c).
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors’ responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

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 an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 19 October 2009 to audit the financial statements for the year ended 31 December 2009 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 31 December 2009 to 31 December 2017.

Damian Neylin
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
18 April 2018

Financial Statements of the Company

Annual Report and Audited Financial Statements 2017

Statement of comprehensive income

For the financial year ended 31 December 2017	Notes	Financial year ended 31 December 2017 USD	Financial year ended 31 December 2016 USD
Net changes in fair value of financial assets designated at fair value through profit or loss	4	409,526,706	27,599,280
Net changes in fair value of financial liabilities designated at fair value through profit or loss	5	(396,664,832)	(17,143,587)
Other expenses	6	(12,863,147)	(10,455,693)
Other income	7	1,773	500
Operating profit before taxation		**500**	**500**
Tax on profit on ordinary activities	8	(125)	(125)
Profit for the financial year		**375**	**375**
Increase in net assets attributable to holders of equity shares from operations		**375**	**375**

All items dealt with in arriving at the profit for the financial year ended 31 December 2017 related to continuing operations.

The Company had no recognised gains or losses in the financial year other than those dealt with in the Statement of comprehensive income.

On behalf of the board

Eimir McGrath
Director

Bronagh Hardiman
Director

Date: 18/4/2018

The accompanying notes to the financial statements on pages 15 to 30 form an integral part of these financial statements.

Annual Report and Audited Financial Statements 2017

Statement of financial position

As at 31 December 2017	Notes	31 December 2017 USD	31 December 2016 USD
Assets			
Current assets			
Cash and cash equivalents	9	233,467	233,601
Other receivables	10	7,700,971	89,544,376
Financial assets designated at fair value through profit or loss	12	4,780,150,479	3,287,695,260
Total assets		**4,788,084,917**	**3,377,473,237**
Liabilities and equity			
Current liabilities			
Other payables	14	9,006,634	90,542,538
Financial liabilities designated at fair value through profit or loss	13	4,779,019,396	3,286,872,187
Total liabilities		**4,788,026,030**	**3,377,414,725**
Shareholder's Funds - Equity			
Called up share capital presented as equity	15	55,512	55,512
Revenue reserves		3,375	3,000
Total equity		**58,887**	**58,512**
Total liabilities and equity		**4,788,084,917**	**3,377,473,237**

On behalf of the board

Eimir McGrath
Director

Bronagh Hardiman
Director

Date: 18/4/2018

The accompanying notes to the financial statements on pages 15 to 30 form an integral part of these financial statements.

Statement of changes in equity

For the financial year ended 31 December 2017	Share capital USD	Revenue reserves USD	Total equity USD
Balance as at 1 January 2016	**55,512**	**2,625**	**58,137**
Total comprehensive income for the financial year			
Profit for the financial year	–	375	375
Balance as at 31 December 2016	**55,512**	**3,000**	**58,512**
Balance as at 1 January 2017	**55,512**	**3,000**	**58,512**
Total comprehensive income for the financial year			
Profit for the financial year	–	375	375
Balance as at 31 December 2017	**55,512**	**3,375**	**58,887**

The accompanying notes to the financial statements on pages 15 to 30 form an integral part of these financial statements.

Statement of cash flows

For the financial year ended 31 December 2017	Notes	Financial year ended 31 December 2017 USD	Financial year ended 31 December 2016 USD
Cash flows from operating activities			
Profit before taxation		500	500
Adjustments for:			
Decrease/(increase) in other receivables		81,843,405	(86,377,445)
(Decrease)/increase in other payables		(81,535,897)	86,738,483
Fair value movement on financial assets designated at fair value through profit or loss	4	(409,526,706)	(27,599,280)
Fair value movement on financial liabilities designated at fair value through profit or loss	5	396,664,832	17,143,587
Purchase of financial assets designated at fair value through profit or loss	12	-	(18,823,844)
Proceeds from disposal of financial assets designated at fair value through profit or loss	12	12,553,864	26,789,292
Tax paid		(132)	(141)
Net cash used in operating activities		**(134)**	**(2,128,848)**
Cash flows from financing activities			
Proceeds from issuance of financial liabilities designated at fair value through profit or loss	13	-	18,823,844
Redemption of financial liabilities designated at fair value through profit or loss	13	-	(16,695,840)
Net cash generated from financing activities		**-**	**2,128,004**
Net decrease in cash and cash equivalents		**(134)**	**(844)**
Cash and cash equivalents at start of the financial year		233,601	234,445
Cash and cash equivalents at end of the financial year	9	**233,467**	**233,601**

Non cash transactions in relation to financial assets and financial liabilities are disclosed in notes 12 and 13 respectively.

The accompanying notes to the financial statements on pages 15 to 30 form an integral part of these financial statements.

Notes to the financial statements

1. General information

Invesco Physical Markets plc (Formerly known as Source Physical Markets plc) (the "Company"), is a 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 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. On 23 March 2018, the Company changed its name to Invesco Physical Markets plc.

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

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations as adopted by the EU and as applied in accordance with the Companies Act 2014.

The accounting policies set out below have been applied in preparing the financial statements for the financial year ended 31 December 2017; the comparative information for the financial year ended 31 December 2016 presented in these financial statements has been prepared on a consistent basis.

These financial statements have been prepared on a going concern basis.

(b) Changes in accounting policies

Standards and amendments to existing standards effective 1 January 2017

The Directors have considered the below amendments to existing standards effective 1 January 2017:

Amendments to IAS 7 - Statement of Cash Flows
These amendments became effective for annual periods beginning on or after 1 January 2017. These amendments require the Company to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the Company's financial statements.

Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses
These amendments became effective for annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The Company was not subject to deferred tax as at 31 December 2017. Therefore, these amendments did not have a material impact on the Company's financial statements.

New standards, amendments and interpretations effective after 1 January 2017 and have not been early adopted

IFRS 9 - Financial Instruments
IFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for reporting periods beginning on or after 1 January 2018.

On adoption of IFRS 9 the Company's investment portfolio will continue to be classified as fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Company's financial statements.

In addition to the above, a number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

2. Basis of preparation (continued)

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial assets designated at fair value through profit or loss are measured at fair value; and
- Financial liabilities designated at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further in note 3(b).

(d) Functional and presentation currency

The financial statements are presented in US Dollars ("USD") which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The financial liabilities designated at fair value through profit or loss are primarily denominated in USD. The Directors of the Company believe that USD most faithfully represents the economic effects of the underlying transactions, events and conditions.

(e) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, 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.

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 any future periods affected.

Key sources of estimation uncertainty
Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in notes 3(b) and 18.

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(b) "Financial instruments". For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements in applying the Company's accounting policies
The Company's accounting policy on fair value measurements is discussed under note 3(b) "Financial Instruments". Critical accounting judgements made in applying the Company's accounting policies in relation to valuation of financial instruments is as follows:

Valuation of financial instruments
The Company measures fair values using the following hierarchy of methods:

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transaction

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the financial year, adjusted for effective interest and payments during the financial year, and the amortised cost in foreign currency translated at the exchange rate at the end of the financial year.

At each reporting date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are translated at the rate prevailing on the statement of financial position. Gains and losses arising on retranslation of financial instruments at fair value through profit or loss are included in the statement of comprehensive income together with respective fair value gains/losses.

(b) Financial instruments

Initial recognition
The Company initially recognises financial assets and liabilities issued on the trade date basis. All other financial assets (including financial assets designated at fair value through profit or loss) and all other financial liabilities (including financial liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company issues Certificates to provide investors with exposure to the performance of the various physical metals. The Certificates, are issued in the form of debt instruments that are backed by fully allocated physical holdings of the relevant metal. A certificate is issued or redeemed when a corresponding amount of physical metal has transferred into or from the allocated accounts maintained by the Custodian.

The Company has designated its holding in physical Precious Metals at fair value through profit or loss and debt financial liabilities issued at fair value through profit or loss.

Classification and measurement of certificates
The Company designates the certificates issued as financial liabilities at fair value through profit or loss both on initial recognition and on an ongoing basis.

The exchange quoted price of the certificates is determined by reference to the underlying physical metals. Changes in the fair value of the certificates are recognised in the statement of comprehensive income. The certificates have been designated as at fair value through profit or loss in order to eliminate an accounting mismatch, that would otherwise arise with the physical metals, enabling both the certificates and the physical metals to be measured at fair value with gains or losses on both being recognised in the statement of comprehensive income.

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.

Subsequent measurement
After initial measurement, the Company measures financial instruments which are classified as at fair value through profit or loss at their fair value. Subsequent changes in the fair value of financial instruments designated at fair value through profit or loss are recognised directly in the statement of comprehensive income. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments is based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty, in the case of non-exchange traded instruments, at the reporting date without any deduction for estimated future selling costs.

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

Fair value measurement principles
Financial assets designated at fair value through profit or loss is priced at the current bid price for the Precious Metals using the London AM market price.

If a quoted market price is not available on a recognised stock exchange, the fair value of the financial instruments may be estimated by the Directors based on values obtained from brokers and specialist pricing vendors who may use a variety of valuation techniques such as discounted cash flow techniques, option pricing models or any other valuation technique that provides an estimate of prices obtained should the investment be traded. If other independent prices were available for the investments, the valuation may be different to those presented and those differences could be material. Therefore, the realisable value of the Company's investments may differ significantly from the fair value recorded.

The exchange quoted price of the certificates is determined by reference to the underlying physical metals. Changes in the fair value of the certificates are recognised in the statement of comprehensive income. The certificates have been designated as at fair value through profit or loss in order to eliminate an accounting mismatch, that would otherwise arise with the physical metals, enabling both the certificates and the physical metals to be measured at fair value with gains or losses on both being recognised in the statement of comprehensive income.

Where discounted cash flow techniques are used, estimated future cash flows are based on the Directors' best estimates and the discount rates. The discount rate used is a market rate at the statement of financial position date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data available at the reporting date. Subsequent changes in the fair value of financial instruments at fair value through profit or loss are recognised in the statement of comprehensive income.

(c) Financial liability and equity

The financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of net finance (loss)/gain on debt certificates issued. Finance payments associated with financial instruments that are classified in equity are distributions from the net income attributable to equity holders and are recorded directly in equity.

Financial liabilities are valued at fair value, as detailed in note 3(b).

(d) Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with banks 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.

3. Significant accounting policies (continued)

(e) Share capital

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

(f) Net changes in fair value of financial assets designated at fair value through profit or loss

Net changes in fair value of financial assets designated at fair value through profit or loss relates to movement in prices of Precious Metals and includes all realised and unrealised fair value changes.

(g) Net changes in fair value of financial liabilities designated at fair value through profit or loss

Net changes in fair value of financial liabilities designated at fair value through profit or loss relates to Certificates issued and includes all realised and unrealised fair value changes.

(h) Other income and expenses

All income and expenses are accounted for on an accruals basis.

(i) Tax on profit on ordinary activities

Tax on profit on ordinary activities is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity consistent with the accounting for the item to which it is related.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates applicable to the Company's activities enacted or substantively enacted at the reporting date, and adjustment to tax payable in respect of previous years.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Chief Operating Decision Maker (CODM) of the operating segment is the Board. The CODM is responsible for the Company's entire Series. The Company is a special purpose vehicle whose principal activities are the issuance of Certificates and has invested in Precious Metals. The board of Directors believe that each Series can be treated as a segment as the return on each Series is linked to a different Precious Metal.

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

	Financial year ended 31 December 2017 USD	Financial year ended 31 December 2016 USD
Realised (loss)/gain on disposal of financial assets designated at fair value through profit or loss	(12,234,412)	31,023,746
Unrealised fair value movement on financial assets designated at fair value through profit or loss	421,761,118	(3,424,466)
	409,526,706	**27,599,280**

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

	Financial year ended 31 December 2017 USD	Financial year ended 31 December 2016 USD
Realised gain/(loss) on redemption of financial liabilities designated at fair value through profit or loss	19,502,401	(19,239,926)
Unrealised fair value movement on financial liabilities designated at fair value through profit or loss	(416,167,233)	2,096,339
	(396,664,832)	**(17,143,587)**

6. Other expenses

	Financial year ended 31 December 2017 USD	Financial year ended 31 December 2016 USD
Arranger fees	(12,863,147)	(10,455,392)
Foreign exchange loss	–	(301)
	(12,863,147)	**(10,455,693)**

7. Other income

	Financial year ended 31 December 2017 USD	Financial year ended 31 December 2016 USD
Foreign exchange gain	1,273	–
Corporate benefit	500	500
	1,773	**500**

8. Tax on profit on ordinary activities

	Financial year ended 31 December 2017 USD	Financial year ended 31 December 2016 USD
Profit on ordinary activities before tax – current tax	**500**	**500**
Current tax at 12.5%	(63)	(63)
Effect of:		
Income taxed at higher rates	(62)	(62)
Current tax charge	**(125)**	**(125)**

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

	31 December 2017 USD	31 December 2016 USD
Wells Fargo Bank, N.A	222,407	222,407
Bank of Ireland Corporate Banking	-	11,194
Cash at bank	222,407	233,601
Bank draft	11,060	-
Total cash and cash equivalents	**233,467**	**233,601**

Cash at bank balances are held with Wells Fargo Bank, N.A (100%) (2016: 96%). As at 31 December 2016, the Company also held bank balance with Bank of Ireland Corporate Banking (4%). The bank draft is held with Deutsche International Corporate Services (Ireland) Limited as Administrator of the Company.

Refer to note 18 for credit risk and currency risk disclosures relating to cash and cash equivalents.

10. Other receivables

	31 December 2017 USD	31 December 2016 USD
Certificate receivables*	6,830,089	86,889,994
Investment receivables**	822,930	2,606,932
Other income receivable	47,202	45,700
Corporate benefit receivable	750	1,750
	7,700,971	**89,544,376**

*As at 31 December 2017, the issuances of 54,000 Certificates @ USD 126.48 each 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.

**As at 31 December 2017, the disposal of 779 units of Palladium @ USD 1,056 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.

Refer to note 18 for credit risk and currency risk disclosures relating to other receivables.

11. Segmental reporting

The split of financial assets designated at fair value through profit or loss and financial liabilities designated at fair value through profit or loss by Series are shown in notes 12 and 13 to the financial statements respectively. All of the financial assets designated at fair value through profit or loss consist of physical precious metal holdings. 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. The split of assets, liabilities and return by Series is prepared on a consistent basis with the measurement and recognition principles of IFRSs. Cash and cash equivalents, other receivables and other payables at the reporting dates have not been split by Series. The Company is domiciled in Ireland.

Each Series is structured to generate fair value gains on the Certificates which are linked to the return on the respective underlying metals in accordance with the Series Prospectus. As such the Directors deem all other profit and loss movements to be immaterial to the Series and have not included further disclosures. 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. The certificates are available for purchase at the request of the Authorised Participants or the Company. The geographical location of the Precious Metals is the United Kingdom. The Company has no assets classified as non-current assets.

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

	31 December 2017 USD	31 December 2016 USD
Precious Metals	4,780,150,479	3,287,695,260
At start of financial year	3,287,695,260	1,798,284,838
Cash transactions		
Additions during the financial year	-	18,823,844
Disposals during the financial year	(12,553,864)	(26,789,292)
Non-cash transactions		
Additions during the financial year	3,267,173,402	3,925,135,291
Disposals during the financial year	(2,171,691,025)	(2,455,358,701)
Realised (loss)/gain on disposal	(12,234,412)	31,023,746
Unrealised fair value movement	421,761,118	(3,424,466)
At end of financial year	**4,780,150,479**	**3,287,695,260**

Series name	Units Outstanding 31 December 2017	NAV per unit 31 December 2017	Fair value 31 December 2017 USD	Units Outstanding 31 December 2016	NAV per unit 31 December 2016	Fair value 31 December 2016 USD
Gold	3,628,853	1,296.50	4,704,807,822	2,745,048	1,159.10	3,181,785,239
Silver	3,553,255	16.87	59,925,651	1,863,834	16.24	30,268,657
Platinum	11,320	927.00	10,493,704	76,896	907.00	69,745,000
Palladium	4,662	1,056.00	4,923,302	8,722	676.00	5,896,364
			4,780,150,479			**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.

The carrying value of the assets of the Company represents their maximum exposure to the credit risk. The credit risk is eventually transferred to the Certificate holders.

Refer to note 18 for credit risk and currency risk disclosures relating to the holding of Precious Metals.

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

	31 December 2017 USD	31 December 2016 USD
Secured ETC Index Linked	4,779,019,396	3,286,872,187
At start of financial year	3,286,872,187	1,797,824,006
Cash transactions		
Issued during the financial year	-	18,823,844
Redemptions during the financial year	-	(16,695,840)
Non-cash transactions		
Issued during the financial year	3,267,173,402	3,925,135,291
Redemptions during the financial year	(2,171,691,025)	(2,455,358,701)
Realised (gain)/loss on redemption	(19,502,401)	19,239,926
Unrealised fair value movement in liability	416,167,233	(2,096,339)
At end of financial year	**4,779,019,396**	**3,286,872,187**

The non-cash transactions relate to physical delivery of Precious Metals to meet the redemption requests on notes or as payment for subscriptions.

Series name	**Units Outstanding 31 December 2017**	**NAV per unit 31 December 2017**	**Fair value 31 December 2017 USD**	**Units Outstanding 31 December 2016**	**NAV per unit 31 December 2016**	**Fair value 31 December 2016 USD**
Series 1 - Secured Gold-Linked Certificates due 2100	37,188,379	126.48	4,703,702,567	28,049,496	113.41	3,181,001,466
Series 2 - Secured Silver-Linked Certificates due 2100	3,646,411	16.43	59,904,678	1,905,244	15.88	30,257,832
Series 3 - Secured Platinum-Linked Certificates due 2100	116,175	90.30	10,490,621	786,075	88.70	69,722,419
Series 4 - Secured Palladium-Linked Certificates due 2100	47,844	102.87	4,921,530	89,105	66.11	5,890,470
			4,779,019,396			**3,286,872,187**

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

Maturity Analysis	31 December 2017 USD	31 December 2016 USD
Less than 1 year	4,779,019,396	3,286,872,187
1-2 years	-	-
2-5 years	-	-
Over 5 years	-	-
	4,779,019,396	**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 12.

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. Other payables

	31 December 2017 USD	31 December 2016 USD
Investment payables*	6,830,089	86,889,994
Fees payable to arranger	1,131,208	823,205
Certificates payables**	822,930	2,606,932
Other payables	222,407	222,407
	9,006,634	**90,542,538**

* As at 31 December 2017, the acquisition of 5,268 units of Gold @ USD 1,296.50 each (31 December 2016: the acquisition of 75,827 units of Gold @ USD 1,145.90 each) remained unsettled.

** As at 31 December 2017, the redemption of 8,000 Certificates @ USD 102.87 each for Series 4 - Secured Palladium-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.

Refer to note 18 for currency risk disclosures relating to other payables.

15. Share capital

	31 December 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

	31 December 2017 EUR	31 December 2016 EUR
Deutsche International Finance (Ireland) Limited	39,994	39,994
Eimir McGrath	1	1
David McGuinness	1	1
Elizabeth Kelly	1	1
Michael Carroll	1	1
Bronagh Hardiman	1	-
Niall Vaughan	1	-
Adrian Bailie	-	1
Rhys Owens	-	1
	40,000	**40,000**

16. 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.

17. 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 year, the Company incurred a fee of EUR 22,500 (2016: EUR 22,500) 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 12,863,147 during the financial year (2016: USD 10,455,392).

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 year ended 31 December 2017
(31 December 2016: Nil).

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

18. 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 31 December 2017. As at 31 December 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.

The maximum exposure to the credit risk at the reporting date was:

	31 December 2017 USD	31 December 2016 USD
Cash and cash equivalents	233,467	233,601
Other receivables	7,700,971	89,544,376
Financial assets designated at fair value through profit or loss	4,780,150,479	3,287,695,260
	4,788,084,917	**3,377,473,237**

Credit quality of financial assets
The financial assets consist of physical holding of Precious Metals which are held by JP Morgan. The Standard & Poor's credit rating of JP Morgan is A+ (2016: A+). As the financial assets are linked to the physical Precious Metals, the Company has a minimum credit risk attached to the assets in the allocated account. However JP Morgan has no obligation to insure the Precious Metals credited to the unallocated account against any risks. At 31 December 2017, the balances on the unallocated accounts were as follows:

	31 December 2017 USD	31 December 2016 USD
Gold unallocated account	79,746	259,570
Silver unallocated account	7,640	15,339
Platinum unallocated account	29,075	34,917
Palladium unallocated account	39,194	63,576
	155,655	**373,402**

The Precious Metals is secured in favour of Deutsche Trustee Company Limited for the benefit of itself and the Certificate holders.

18. Financial risk management (continued)

Credit risk (continued)

Concentration risk
The financial instruments held by the Company and concentration risk of each is outlined below:

- Collateral: Financial assets held by the Company relates to Precious Metals.
- Liabilities: Financial liabilities held by the Company represent Secured Limited Recourse Certificates.

	31 December 2017 USD	31 December 2016 USD
Financial assets designated at fair value through profit or loss	4,780,150,479	3,287,695,260
Financial liabilities designated at fair value through profit or loss	(4,779,019,396)	(3,286,872,187)

Other receivables
Other receivables mainly include certificate receivables and investment receivables.

Cash and cash equivalents
The Company held cash and cash equivalents of USD 233,467 as at 31 December 2017 (2016: USD 233,601) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held, on an unsecured basis, with bank and financial institution counterparties, which are rated by Standard & Poor as follows:

Rating	31 December 2017	31 December 2016
Wells Fargo Bank, NA	AA-	AA-
Bank of Ireland Corporate Banking	-	A-3

The maximum exposure to credit risk for investments at the reporting date by geographic region was:

	31 December 2017 USD	31 December 2016 USD
United Kingdom	4,780,150,479	3,287,695,260
	4,780,150,479	**3,287,695,260**

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.

Sensitivity analysis
Given the Company is not exposed to significant interest rate risk, no sensitivity analysis has been performed.

(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.

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

Sensitivity analysis
The Directors confirm that any movement in foreign exchange currency will not have a material impact on the assets and liabilities of the Company. Therefore no sensitivity analysis has been included.

The following significant exchange rates have been applied during the financial year:

	31 December 2017	31 December 2016
EUR - USD	1.2005	1.0517

18. Financial risk management (continued)

Market risk (continued)

(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.

Sensitivity analysis
Any fluctuation in the price of Precious Metals will impact on the value attributable to the Certificate holders.

However any changes in the quoted prices of the financial assets at fair value through profit or loss would not have any effect on the equity or net profit or loss of the Company as any fair value fluctuations in Precious Metals prices are ultimately borne by the Certificate holders.

Hence, assuming all other items to be constant, any increase/(decrease) in the market price of Precious Metals at 31 December 2017 would have an equal % increase/(decrease) in the value of Certificates issued.

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.

The contractual maturity profile of financial liabilities as 31 December 2017 is as follows:

	Carrying amount USD	Gross contractual cash flows USD	Less than 1 year USD	1 to 2 years USD	2 to 5 years USD	More than 5 years USD
Financial liabilities designated at fair value through profit or loss	(4,779,019,396)	(4,779,019,396)	(4,779,019,396)	-	-	-
Other payables	(9,006,634)	(9,006,634)	(9,006,634)	-	-	-
	(4,788,026,030)	**(4,788,026,030)**	**(4,788,026,030)**	**-**	**-**	**-**

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.

The contractual maturity profile of financial liabilities as 31 December 2016 is as follows:

	Carrying amount USD	Gross contractual cash flows USD	Less than 1 year USD	1 to 2 years USD	2 to 5 years USD	More than 5 years USD
Financial liabilities designated at fair value through profit or loss	(3,286,872,187)	(3,286,872,187)	(3,286,872,187)	-	-	-
Other payables	(90,542,538)	(90,542,538)	(90,542,538)	-	-	-
	(3,377,414,725)	**(3,377,414,725)**	**(3,377,414,725)**	**-**	**-**	**-**

18. Financial risk management (continued)

Accounting classifications and fair values

Fair values versus carrying amounts
The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of financial position, are shown as follows:

	At amortised cost 31 December 2017 USD	At fair value through profit or loss 31 December 2017 USD	Designated at fair value through profit or loss 31 December 2017 USD	Total Fair value 31 December 2017 USD
Assets				
Cash and cash equivalents	–	233,467	–	233,467
Other receivables	7,700,971	–	–	7,700,971
Financial assets designated at fair value through profit or loss	–	–	4,780,150,479	4,780,150,479
	7,700,971	**233,467**	**4,780,150,479**	**4,788,084,917**
Liabilities				
Other payables	9,006,634	–	–	9,006,634
Financial liabilities designated at fair value through profit or loss	–	–	4,779,019,396	4,779,019,396
	9,006,634	**–**	**4,779,019,396**	**4,788,026,030**

	At amortised cost 31 December 2016 USD	At fair value through profit or loss 31 December 2016 USD	Designated at fair value through profit or loss 31 December 2016 USD	Total Fair value 31 December 2016 USD
Assets				
Cash and cash equivalents	–	233,601	–	233,601
Other receivables	89,544,376	–	–	89,544,376
Financial assets designated at fair value through profit or loss	–	–	3,287,695,260	3,287,695,260
	89,544,376	**233,601**	**3,287,695,260**	**3,377,473,237**
Liabilities				
Other payables	90,542,538	–	–	90,542,538
Financial liabilities designated at fair value through profit or loss	–	–	3,286,872,187	3,286,872,187
	90,542,538	**–**	**3,286,872,187**	**3,377,414,725**

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).

18. Financial risk management (continued)

Accounting classifications and fair values (continued)

Fair values hierarchy (continued)
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Fair values of financial assets and financial liabilities that are traded in active markets, Level 1, are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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 uses widely recognised valuation models for determining the fair value of common and more simple financial instruments such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives, e.g. interest rate swaps. 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.

For more complex Level 3 instruments proprietary valuation models are used which usually are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain over the counter derivatives and certain securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and selection of appropriate discount rates.

As at the financial year end, the carrying amounts of financial assets and financial liabilities issued by the Company which fair values were determined directly, in full or in part, by reference to published price quotations and determined using valuation techniques are as follows:

	31 December 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Financial assets designated at fair value through profit or loss	4,780,150,479	-	-	4,780,150,479
Financial liabilities designated at fair value through profit or loss	-	(4,779,019,396)	-	(4,779,019,396)
	4,780,150,479	**(4,779,019,396)**	**-**	**1,131,083**

	31 December 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Financial assets designated at fair value through profit or loss	3,287,695,260	-	-	3,287,695,260
Financial liabilities designated at fair value through profit or loss	-	(3,286,872,187)	-	(3,286,872,187)
	3,287,695,260	**(3,286,872,187)**	**-**	**823,073**

18. Financial risk management (continued)

Accounting classifications and fair values (continued)

Fair values hierarchy (continued)
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.

19. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values. The fair value hierarchy of these financial assets and liabilities are as follows:

	Level 1 USD 31 December 2017	Level 2 USD 31 December 2017	Level 3 USD 31 December 2017	Total USD 31 December 2017
Financial assets				
Cash and cash equivalents	233,467	-	-	233,467
Other receivables	-	7,700,971	-	7,700,971
Financial liabilities				
Other payables	-	(9,006,634)	-	(9,006,634)
	233,467	**(1,305,663)**	**-**	**(1,072,196)**

	Level 1 USD 31 December 2016	Level 2 USD 31 December 2016	Level 3 USD 31 December 2016	Total USD 31 December 2016
Financial assets				
Cash and cash equivalents	233,601	-	-	233,601
Other receivables	**-**	**89,544,376**	**-**	**89,544,376**
Financial liabilities				
Other payables	-	(90,542,538)	-	(90,542,538)
	233,601	**(998,162)**	**-**	**(764,561)**

20. Capital risk management

The Company is a special purpose vehicle set up to issue Certificates for the purpose of making investments as defined under the programme memorandum.

Share capital of EUR 40,000 was issued in line with Irish 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.

21. Operating expenses

All costs associated with the Company are borne by Invesco UK Services Limited, London, including the corporate administration fee of EUR 22,500 (2016: EUR 22,500) and audit fees of USD 29,136 (2016: USD 25,137) respectively.

As at 31 December 2017, the amount payable to the Arranger is USD 1,353,615 (2016: USD 1,045,612).

Auditors' remuneration (excluding VAT)	Financial year ended 31 December 2017 USD	Financial year ended 31 December 2016 USD
Statutory audit	29,136	25,137
Tax advisory services	13,386	7,783
	42,522	**32,920**

There were no other assurance services or other non audit services performed by PricewaterhouseCoopers Ireland as auditor of the Company.

No director fees were paid during the financial year.

22. Subsequent events

Change of name
On 23 March 2018, the Company changed its name to Invesco Physical Markets plc.

There has been no other significant.events that requires disclosure since the financial year-end up to the date of signing of this report.

23. Approval of financial statements

The board of Directors approved these financial statements on ....18/4/2018....

Further information

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