

**FinEx Physically Backed Funds Plc**

**ANNUAL REPORT &  
AUDITED FINANCIAL STATEMENTS**

**For the financial year ended 30 September 2017**

**FinEx Physically Backed Funds Plc**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2017**

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**Company Information**

**Directors**

Simon Luhr (United Kingdom)  
Tom Murray (Ireland)\*  
Jeremy O’Sullivan (Ireland)\*

\*Independent Director

**Registered Office**

32 Molesworth Street  
Dublin 2  
Ireland  
D02 Y512

**Alternative Investment Fund Manager (“AIFM”)\*\***

FinEx Investment Management LLP  
4<sup>th</sup> Floor  
39 Dover Street  
London W1S 4NN  
United Kingdom

**Distributor**

FinEx ETF Limited  
c/o Trident Trust Company (Cayman) Limited  
4<sup>th</sup> Floor  
One Capital Place  
P.O. Box 847  
Grand Cayman KY1-1103  
Cayman Islands

**Depositary**

BNY Mellon Trust Company (Ireland) Limited  
One Dockland Central  
Guild Street  
International Financial Services Centre  
Dublin 1  
Ireland  
D01 E4X0

**Sub-Custodian**

Bank of New York Mellon SA/NV  
Rue Montoyer 46,  
Brussels, 1000  
Belgium

**Prime Broker**

UBS AG  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

**Administrator**

BNY Mellon Fund Services (Ireland) Designated Activity Company  
One Dockland Central  
Guild Street  
International Financial Services Centre  
Dublin 1  
Ireland  
D01 E4X0

**Independent Auditors**

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland  
D01 X9R7

**Irish Legal Advisers**

Maples and Calder  
75 St. Stephen’s Green  
Dublin 2  
Ireland  
D02 PR50

**Irish Sponsoring Broker**

Maples and Calder  
75 St. Stephen’s Green  
Dublin 2  
Ireland  
D02 PR50

**Registrar**

Computershare Investor Services (Ireland) Limited  
Heron House  
Corrig Road  
Sandyford Industrial Estate  
Dublin 18  
Ireland  
D18 Y2X6

**Secretary**

MFD Secretaries Limited  
32 Molesworth Street  
Dublin 2  
Ireland  
D02 Y512

\*\* Refer to note 18 for details.

Registered Number: 510154

**FinEx Physically Backed Funds Plc**  
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**Company Overview**

FinEx Physically Backed Funds Plc (the “Company”), is an open-ended umbrella investment company with variable capital and segregated liability between its sub-funds, incorporated in Ireland on 27 February 2012 under the Companies Act 2014 (the “Companies Act”) and authorised by the Central Bank of Ireland (the “Central Bank”) under Part 24 of the Companies Act. The Company is structured as an umbrella fund and additional sub-funds may be established from time to time by the Directors with the prior approval of the Central Bank. As at 30 September 2017 there was one sub-fund in existence; FinEx Gold ETF (the “Fund”). The Fund commenced operations on 3 September 2013. The Company was authorised as a Retail Investor Alternative Investment Fund (“AIF”) under Chapter 1 of the Central Bank’s AIF Rulebook (“AIF Rulebook”) and the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) on 22 July 2014.

The investment objective of the Fund is to deliver the performance of the London Bullion Market Association (“LBMA”) Gold Price AM (the “Benchmark Index”).

The Fund is an Exchange Traded Fund. The shares of the Fund are listed on the Irish Stock Exchange, the CJSC MICEX Stock Exchange and the NYSE Euronext Amsterdam Stock Exchange and are fully transferable by investors. It is envisaged that shares will be bought and sold by investors in the secondary market in the same way as the ordinary shares of a listed trading company.

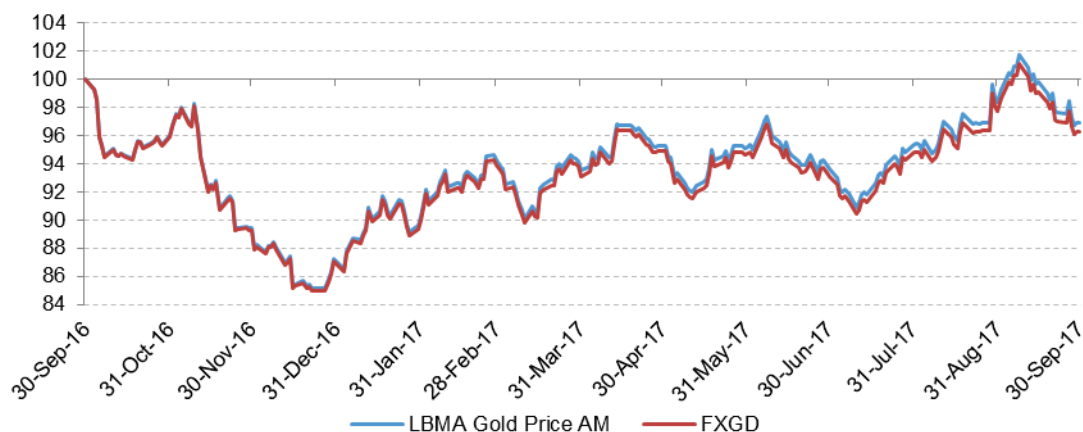
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**Alternative Investment Fund Manager's Report**

**FinEx Gold ETF** (the "Fund" or "FXGD") seeks to track the performance of the LBMA Gold Price AM (the "Benchmark") and the TER for the Fund is 0.45% per year.

The LBMA Gold Price AM provides a regulated benchmark price that is widely used across the globe by participants such as producers, consumers, investors and central banks. ICE Benchmark Administration (IBA) assumes the role of third party administrator for the LBMA Gold Price. The IBA provides the auction platform, methodology as well as overall independent administration and governance for the LBMA Gold Price.



For the period between 1 October 2016 and 30 September 2017 the total return for the Fund as measured by the net asset value ("NAV") was -3.73%, while the Benchmark performance was -3.08%, creating a tracking difference of -0.65%. The difference is due to expenses associated with managing the Fund.

The annualised tracking error over the period was 0.08%, while the volatility was 12.14%.

The Gold price fell off sharply in the 4<sup>th</sup> quarter of 2016 reaching a low of US\$1,130.55 per ounce on the 22<sup>nd</sup> December following the election of Donald Trump as US President and his conciliatory acceptance speech and was further impacted by FOMC interest rate rise in December. Since the New Year gold has trended upward on geopolitical tensions, a soft dollar and uncertainty surrounding Brexit and its impact on European economies. This upward trend has however been offset by future FOMC interest rate hikes.

**FinEx Investment Management LLP**  
**Date: 1 October 2017**

# **FinEx Physically Backed Funds Plc**

## **Annual Report and Audited Financial Statements**

### **For the financial year ended 30 September 2017**

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## **Directors' Report**

The Directors present herewith the Annual Report and Audited Financial Statements of FinEx Physically Backed Funds Plc (the "Company") for the financial year ended 30 September 2017.

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the Audited Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and which comply with the Companies Act, 2014 (the "Companies Act") and the Central Bank of Ireland's Alternative Investment Fund Rulebook ("AIF Rulebook").

Irish company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for that financial year.

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;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act; 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 confirm that they have complied with the above requirements in preparing these financial statements.

The Directors are responsible for keeping adequate accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company and enables them to ensure that its financial statements comply with the Companies Act and the AIF Rulebook. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The accounting records are maintained at the administrators office at One Dockland Central, Guild Street, International Financial Services Centre, Dublin 1, Ireland.

In fulfilment of these responsibilities BNY Mellon Fund Services (Ireland) Designated Activity Company (the "Administrator") has been appointed for the purpose of maintaining adequate accounting records and BNY Mellon Trust Company (Ireland) Limited (the "Depositary") has been appointed for the purpose of safeguarding the assets of the Company.

The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act. So far as each person who is a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of the information.

### **Directors' Compliance Statement**

The Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations as set out in section 225 of the Companies Act.

The Directors confirm that:

- 1) A compliance policy document has been drawn up that sets out policies, that in our opinion are appropriate to the Company, respecting compliance by the company with its relevant obligations; and
- 2) Appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the Company's relevant obligations; and
- 3) During the financial year, the arrangements or structures referred to in (2) have been reviewed.

The financial statements are published at [www.finexetf.com](http://www.finexetf.com). The Directors together with the AIFM are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website as far as it relates to FinEx Physically Backed Funds Plc. The work carried out by the auditors does not involve consideration of the maintenance and integrity of the website and accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements presented on the website. Legislation in the Republic of Ireland governing the presentation and dissemination of the financial statements may differ from legislation in other jurisdictions.

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**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2017**

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**Directors' Report (continued)**

**Statement of Relevant Audit Information**

The Directors believe that they have complied with the requirements of Section 330 of the Companies Act as follows:

- So far as each person who is a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditors are unaware; and
- Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of the information.

**Corporate Governance Statement**

The Company is subject to corporate governance practices imposed by:

The Companies Act, which is available for inspection at the registered office of the Company, and may also be obtained at [www.irishstatutebook.ie](http://www.irishstatutebook.ie):

- (i). The Articles of Association of the Company which are available for inspection at the registered office of the Company at 32 Molesworth Street, Dublin 2, Ireland and at the Company's Registration Office in Ireland;
- (ii). The Central Bank in their AIF Rulebook and Guidance Notes which can be obtained from the Central Bank at [www.centralbank.ie](http://www.centralbank.ie) and are available for inspection at the registered office of the Company; and
- (iii). The Irish Stock Exchange ("ISE") through the ISE Code of Listing Requirements and Procedures which can be obtained from the ISE's website at [www.ise.ie](http://www.ise.ie).

The Directors have voluntarily adopted the Corporate Governance Code for Irish Domiciled Collective Investment Schemes as issued by Irish Funds which reflects existing corporate governance practices imposed on Irish authorised collective investment schemes and is available on request from the Company Secretary.

**Internal Control and Risk Management Systems**

The Directors are 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 error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. These include appointing the Administrator to maintain the adequate accounting records of the Company independently of the AIFM and the Depositary. The Administrator is authorised and regulated by the Central Bank of Ireland and complies with the rules imposed by the Central Bank.

The Directors have put procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including production of annual and semi-annual financial statements. The annual and semi-annual financial statements of the Company are required to be approved by the Board of Directors (the "Board") of the Company and filed with the Central Bank. The annual financial statements of the Company are required to be filed with the Irish Stock Exchange. The statutory financial statements are required to be audited by independent auditors who report annually to the Board on their findings. From time to time the Directors also examine and evaluate the Administrator's financial accounting and reporting routines and monitor and evaluate the independent auditor's performance, qualifications and independence. The Administrator has operating responsibility in respect of its internal controls in relation to the financial reporting process and the Administrator's report to the Directors.

The Directors receive regular presentations and review reports from the Depositary, the AIFM and the Administrator. The Directors also have an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditor.

**Operation of the Shareholder Meeting, the key powers of the Shareholder Meeting, Shareholder Rights and the Exercise of Such Rights**

The annual general meeting of the Company is held in Ireland. Notice convening the annual general meeting in each financial year at which the audited financial statements of the Company will be presented (together with the Director's and Auditor's reports) will be sent to the shareholders at their registered address.

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**Directors' Report (continued)**

**Operation of the Shareholder Meeting, the key powers of the Shareholder Meeting, Shareholder Rights and the Exercise of Such Rights (continued)**

The convening and conduct of shareholder meetings are governed by the Articles of Association of the Company and the Companies Act. Although the Directors may convene an extraordinary general meeting of the Company at any time, the Directors are required to convene an annual general meeting of the Company within fifteen months of the date of the previous annual general meeting. Shareholders representing not less than one-tenth of the paid up share capital of the Company may also request the Directors to convene a shareholder meeting. Not less than twenty one days notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to shareholders and fourteen days notice must be given in the case of any other general meeting unless the auditors of the Company and all the shareholders of the Company entitled to attend and vote agree to shorter notice.

Two members present either in person or by proxy constitutes a quorum at a general meeting provided that the quorum for a general meeting, convened to consider any alteration to the class rights of shares is two shareholders holding or representing by proxy at least one third of the issued shares of the relevant Fund or class.

Shareholders may resolve to sanction an ordinary resolution or special resolution at a shareholders' meeting. An ordinary resolution of the Company or of the shareholders of a particular fund or class requires a simple majority of the votes cast by the shareholders voting in person or by proxy at the meeting at which the resolution is proposed. A special resolution of the Company or of the shareholders of a particular Fund or class requires a majority of not less than 75% of the shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Articles of Association.

**Composition and Operation of the Board of Directors and the Committee of the Board of Directors**

Unless otherwise determined by an ordinary resolution of the Company in general meeting, the number of Directors may not be less than two. Currently the Board of Directors of the Company is composed of three Directors.

The business of the Company is managed by the Directors, who exercise all such powers of the Company which are not required by the Companies Act, or by the Articles of Association of the Company to be exercised by the Company in a general meeting. The Board of Directors meet on a quarterly basis or more frequently, if required.

A Director may, and the Company Secretary of the Company on the requisition of a Director will, at any time summon a meeting of the Directors. Questions arising at any meeting of the Directors are determined by a majority of votes. In the case of an equality of votes, the Chairman has a second or casting vote. The quorum necessary for the transaction of business at a meeting of the Directors is two.

**Principal Responsibilities**

The principal responsibility of the Directors is oversight of the business affairs of the Company and consistent with these oversight responsibilities the Directors have delegated management functions and responsibilities to duly qualified service providers. Such service providers are subject to ongoing oversight by the Directors.

**Directors and Secretary**

The Directors who held office during the financial year under review were Jeremy O'Sullivan (Ireland), Tom Murray (Ireland) and Simon Luhr (United Kingdom).

MFD Secretaries Limited acts as Secretary to the Company.

**Directors' Interests in Shares and Contracts**

None of the Directors had any interests in the shares of the Company as at 30 September 2017 and 30 September 2016 or at any time during the financial year.

Mr Simon Luhr is a partner of the AIFM, FinEx Investment Management LLP, and majority beneficial owner of the FinEx Group of Companies.

**Transactions Involving Directors**

There are no contracts or arrangements of any significance in relation to the business of the Company in which the Directors or the Company Secretary had any interest as defined in the Companies Act, at any time during the financial year.



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**Directors' Report (continued)**

**Connected Persons**

The Central Bank AIF Rulebook section on "Dealings by management company, general partner, depositary, AIFM or by delegates or group companies of these" states that the Retail Investor AIF shall only enter into a transaction with a management company, general partner, depositary, AIFM, investment manager or by delegates or group companies of these ("connected persons") where it is affected on normal commercial terms at arm's length. Transactions must be in the best interests of the shareholders.

The Board of Directors is satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out above are applied to all transactions with connected parties. All transactions with connected parties entered into during the financial year complied with the obligations set out in this paragraph.

**Principal Activities - Review of the Business and Future Developments**

The Company is authorised by the Central Bank of Ireland as an open-ended umbrella investment company with segregated liability between sub-funds.

The investment objective of the Fund is to deliver the performance of the London Bullion Market Association.

The AIFM Report on page 4 contains a review of the factors which contributed to the performance for the financial year.

The Portfolio Listing presented on page 32 outlines the investments held by the Company at the financial year end.

The Company will continue its investment objective of delivering the performance of the London Bullion Market Association.

**Risk Management Objectives and Policies**

The main risks arising from the Company's financial instruments are outlined in Note 2 to these financial statements.

**Significant Events During the Financial Year**

A new Prospectus was issued on 9 June 2017.

A new Supplement to the Prospectus was issued on 9 June 2017.

On 30 June 2017, the AIFM changed from FinEx Capital Management LLP to FinEx Investment Management LLP.

The Company's Registered Office changed address during the financial year.

There were no other significant events during the financial year that require disclosure in these financial statements.

**Significant Subsequent Events**

There have been no significant events after the financial year end that require disclosure in the financial statements.

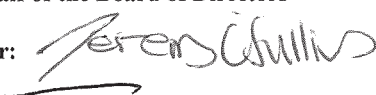
**Dividend Policy**

Under the Articles, the Directors are entitled to pay such dividends at such times as they think fit and as appear to be justified by the profits of the relevant Fund being the accumulated revenue (consisting of all revenue accrued including interest and dividends) and realised and unrealised capital gains on the disposal/valuation of investments and other funds less realised and unrealised accumulated capital losses of the relevant Fund. There are no dividend entitlements for the shares of the FinEx Gold ETF. Should there be any amendment to the Funds dividend policy, full details will be provided in an updated Supplement and will be notified to shareholders in advance.

**Independent Auditors**

PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, has been appointed auditors of the Company in accordance with the Companies Act.

**On behalf of the Board of Directors**

Director: 

Director: 

Date: 24 January 2018



## Depository's Report to the Shareholders

For the period from 1 October 2016 to 30 September 2017 (the "Period")

BNY Mellon Trust Company (Ireland) Limited (the "Depository", "us", "we", or "our"), in its capacity as depository to FinEx Physically Backed Funds Plc (the "AIF"), has enquired into the conduct of the management of FinEx Physically Backed Funds Plc as the internally managed AIF (the "AIFM") with respect to the AIF for the Period.

This report, including the opinion, has been prepared solely for the shareholders in the AIF in accordance with the Central Bank's AIF Rulebook (the "AIF Rulebook") and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### Responsibilities of the Depository

Our duties and responsibilities are outlined in: (i) the AIF's constitutional documents; (ii) the investment funds legislation, as defined in the AIF Rulebook, and (iii) the European Union (Alternative Investment Fund Managers) Regulations 2013,<sup>1</sup> Directive 2011/61/EU, Commission Regulation No. 231 of 2013, and the AIF Rulebook. One of those duties is to enquire into the conduct of the AIFM/AIF in each annual accounting period and report thereon to the shareholders.

Our report must state whether, in our opinion, the AIF has been managed in the Period in accordance with specified requirements of investment funds legislation and the AIF Rulebook, as appropriate, and it is the overall responsibility of the AIFM/AIF to comply with these provisions. If the AIFM/AIF has not so complied, we, as Depository, must state why we consider this to be the case and detail the actions which we have undertaken to rectify matters.

### Basis of Depository Opinion

The Depository conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in the AIF's constitutional documents and the investment fund legislation, and to ensure that, in all material respects, the AIF has been managed:

- (a) in accordance with the limitations imposed on the investment and borrowing powers of the authorised AIF by the constitutional documents and by the Central Bank under the powers granted to the Central Bank by the investment fund legislation; and
- (b) otherwise in accordance with the provisions of the constitutional documents and the investment fund legislation.

### Opinion

In our opinion, the AIF has been managed during the Period in all material respects:

- (a) in accordance with the limitations imposed on the investment and borrowing powers of the authorised AIF by the constitutional documents and by the Central Bank under the powers granted to the Central Bank by the investment fund legislation; and
- (b) otherwise in accordance with the provisions of the constitutional documents and the investment fund legislation.

*David Kelly*

For and on behalf of BNY Mellon Trust Company (Ireland) Limited  
One Dockland Central, Guild Street  
International Financial Services Centre  
Dublin 1  
Ireland  
D01 E4X0

Date: 24 January 2018

<sup>1</sup> S.I. No. 257 of 2013.

Registered in Ireland, Company No. 223184, VAT No. IE8223184C  
Registered Office: One Dockland Central, Guild Street, IFSC, Dublin 1

Directors: Mark Fitzgerald (Chairman), Alan Flanagan, Paula Kelleher C Dir (Managing Director), Damien McShane, Antonia Smyth, Tom Young

BNY Mellon Trust Company (Ireland) Limited is regulated by the Central Bank of Ireland





## ***Independent auditors' report to the members of FinEx Physically Backed Funds Plc***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, FinEx Physically Backed Funds Plc's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 30 September 2017 and of their results and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRS') 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 Annual Report and Audited Financial Statements, which comprise:

- the Statement of Financial Position as at 30 September 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Net Assets Attributable to the Holders of Redeemable Participating Shares for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Portfolio Listing as at 30 September 2017; and;
- the notes to the financial statements for the company, which include a description of the significant accounting policies.

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

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#### **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.

We have provided no non-audit services to the company in the period from 1 October 2016 to 30 September 2017.

## Our audit approach

### Overview

	<p><b>Materiality</b></p> <ul style="list-style-type: none"> <li>Overall materiality: 50 basis points of Net Assets Value ("NAV") at 30 September 2017.</li> </ul>
	<p><b>Audit scope</b></p> <ul style="list-style-type: none"> <li>The company is an open-ended investment company with variable capital and engages FinEx Investment Management LLP (the "AIFM") 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 company, the involvement of the third parties referred to overleaf, the accounting processes and controls, and the industry in which the company operates.</li> </ul>
	<p><b>Key audit matters</b></p> <ul style="list-style-type: none"> <li>Existence of financial assets at fair value through profit or loss.</li> <li>Valuation of financial assets at fair value through profit or loss.</li> </ul>

### 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 the selection of pricing sources to value the investment portfolio. 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.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><i>Existence of financial assets at fair value through profit or loss</i></p> <p>The financial assets at fair value through profit or loss included in the Statement of Financial Position are held in the company's name at 30 September 2017.</p> <p>We focused on this area because it represents the principal element of the financial statements.</p>	<p>We obtained independent confirmation from the Depositary and counterparties of the investment portfolio held at 30 September 2017, agreeing the amounts held to the accounting records of the company.</p>
<p><i>Valuation of financial assets at fair value through profit or loss</i></p> <p>The financial assets at fair value through profit or loss included in the Statement of Financial Position at 30 September 2017 are valued at fair value in line with IFRS.</p> <p>We focused on this area because it represents the principal element of the financial statements.</p>	<p>We tested the valuation of the investment portfolio by independently agreeing the valuation of investments to third party vendor sources.</p>

### *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.

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 AIFM to manage certain duties and responsibilities with regards to the day to day management of the company. The AIFM has delegated certain responsibilities to BNY Mellon Services (Ireland) DAC (the 'Administrator'). The financial statements, which remain the responsibility of the directors, are prepared on their behalf by the Administrator. The company has appointed (the "Depositary") to act as Depositary of the company' assets. In establishing the overall approach to our audit we assessed the risk of material misstatement at a fund level, 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 for the Company's as follows:

<b><i>Overall materiality and how we determined it</i></b>	50 basis points (2016: 50 basis points) of Net Assets Value ("NAV") at 30 September 2017.
<b><i>Rationale for benchmark applied</i></b>	We have applied this benchmark because the main objective of the company is to provide investors with a total return, taking account of the capital and income returns.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above 5 basis points of NAV, for NAV per share impacting differences (2016: 5 basis points of NAV, for NAV per share impacting differences) 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 Annual 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 30 September 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 has been prepared in accordance with section 1373(2)(c) of the Companies Act 2014.
- 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.
- In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by section 1373(2)(a),(b),(e) and (f) is contained in the Corporate Governance Statement.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 5 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.

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

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](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.

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## Other required reporting

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### 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.

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### 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.


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### Appointment

We were appointed by the directors on 27 February 2013 to audit the financial statements for the year ended 30 September 2013 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ended 30 September 2013 to 30 September 2017.



Pat Candon  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
24 January 2018



**FinEx Physically Backed Funds Plc**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2017**

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**Statement of Comprehensive Income**

		FinEx Gold ETF	FinEx Gold ETF
		For the financial year ended 30 September 2017	For the financial year ended 30 September 2016
		USD	USD
	<b>Notes</b>		
<b>Income</b>			
Interest income	1 (h)	58,856	8,294
Net (loss)/gain on financial assets at fair value through profit or loss	1(b), 3	(60,995)	683,249
<b>Total investment (loss)/income</b>		<b>(2,139)</b>	<b>691,543</b>
<b>Expenses</b>			
Swap interest expense	1(o)	(73,342)	(19,089)
Management fees	11	(28,504)	(17,601)
<b>Total expenses</b>		<b>(101,846)</b>	<b>(36,690)</b>
<b>Net (loss)/income on financial assets and liabilities at fair value through profit or loss</b>		<b>(103,985)</b>	<b>654,853</b>
<b>(Decrease)/increase in net assets attributable to holders of redeemable participating shares from operations</b>		<b>(103,985)</b>	<b>654,853</b>

There were no gains or losses recognised during the financial year other than those noted above. All above amounts relate to continuing operations of the Company.

*The accompanying notes form an integral part of these financial statements*



**FinEx Physically Backed Funds Plc**  
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**Statement of Financial Position**

		FinEx Gold ETF	FinEx Gold ETF
		As at	As at
		30 September 2017	30 September 2016
		USD	USD
	Notes		
<b>Current assets</b>			
Cash collateral	1 (n), 4, 9	200,000	–
Interest income receivable	1 (h), 13	6,925	2,004
Financial assets at fair value through profit or loss	1, 2	7,864,102	5,092,088
<b>Total current assets</b>		<b>8,071,027</b>	<b>5,094,092</b>
<b>Current liabilities</b>			
Management fee payable	12	(8,548)	(5,320)
Swap interest payable	1(o)	(794)	(481)
Financial liabilities at fair value through profit or loss	10	(27,140)	(30,266)
<b>Total current liabilities</b>		<b>(36,482)</b>	<b>(36,067)</b>
<b>Net assets attributable to holders of redeemable participating shares</b>		<b>8,034,545</b>	<b>5,058,025</b>
<b>Redeemable participating shares in issue</b>			
USD Share Class	5	888,450	538,450
<b>Net asset value per redeemable participating share</b>			
USD Share Class	6	USD9.0433	USD9.3937

On behalf of the Board of Directors

Director: 

Director: 

Date: 24 January 2018

*The accompanying notes form an integral part of these financial statements*

**FinEx Physically Backed Funds Plc**  
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**Statement of Changes in Net Assets Attributable to Holders of Redeemable  
Participating Shares**

	<b>FinEx Gold ETF</b>	<b>FinEx Gold ETF</b>
	<b>For the financial year ended 30 September 2017</b>	<b>For the financial year ended 30 September 2016</b>
	<b>USD</b>	<b>USD</b>
<b>Net assets attributable to holders of redeemable participating shares at beginning of the financial year</b>	5,058,025	3,504,163
(Decrease)/Increase in net assets resulting from operations	(103,985)	654,853
Amounts received on issue of redeemable participating shares	3,080,505	1,339,239
Amounts paid on redemption of redeemable participating shares	—	(440,230)
Increase in net assets resulting from share transactions	3,080,505	899,009
<b>Net assets attributable to holders of redeemable participating shares at end of the financial year</b>	<b>8,034,545</b>	<b>5,058,025</b>

*The accompanying notes form an integral part of these financial statements*

**FinEx Physically Backed Funds Plc**  
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**Statement of Cash Flows**

	<b>FinEx Gold ETF</b>	<b>FinEx Gold ETF</b>
	<b>For the</b>	<b>For the</b>
	<b>financial year</b>	<b>financial year</b>
	<b>ended</b>	<b>ended</b>
	<b>30 September 2017</b>	<b>30 September 2016</b>
	<b>USD</b>	<b>USD</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of investments (including realised gains)	4,134,025	12,482,801
Purchase of investments	(7,170,160)	(13,631,826)
Interest income received	53,935	6,312
Swap interest paid	(73,029)	(18,731)
Management fees paid	(25,276)	(16,270)
<b>Net cash outflow from operating activities</b>	<b>(3,080,505)</b>	<b>(1,177,714)</b>
<b>Share transactions</b>		
Amount received on issue of redeemable participating shares	3,080,505	1,339,239
Cost of participating redeemable units redeemed	–	(440,230)
<b>Net cash inflow from financing activities</b>	<b>3,080,505</b>	<b>899,009</b>
<b>Net decrease in cash and cash equivalents</b>	<b>–</b>	<b>(278,705)</b>
Cash and cash equivalents at beginning of financial year	–	278,705
<b>Cash and cash equivalents at end of financial year</b>	<b>–</b>	<b>–</b>

*The accompanying notes form an integral part of these financial statements*

**FinEx Physically Backed Funds Plc**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2017**

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**Notes to the Financial Statements**

**1. Significant Accounting Policies**

**(a) Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and comply with the Companies Act 2014 (the "Companies Act"), and the Central Bank of Ireland's Alternative Investment Fund Rulebook ("AIF Rulebook"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The significant accounting policies are set out below.

**Critical accounting estimates and assumptions**

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Board of Directors makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. As at 30 September 2017 and 30 September 2016, there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

**International financial reporting standards**

*Standards and amendments to existing standards effective 1 October, 2016*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 October 2016, that would be expected to have a material impact on the Company.

*New standards, amendments and interpretations effective after 1 October, 2016 and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October, 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company except the following set out below:

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of International Accounting Standard ("IAS") 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the Statement of Comprehensive Income, unless this creates an accounting mismatch. The Company's management is currently assessing the impact of IFRS 9 but it is not expected to have a material impact. The Company intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 October, 2018. The Company is also considering the impact of the remaining phases of IFRS 9 when completed.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

**(b) Financial assets and liabilities at fair value through profit or loss**

**(i) Classification and recognition**

IAS 39 sets out the requirements for recognition and measurement of all financial assets and financial liabilities including derivative instruments. The Company has classified all financial instruments as financial assets or financial liabilities at fair value through profit or loss in accordance with IAS 39.

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

Financial instruments held for trading: A financial asset or a financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

**FinEx Physically Backed Funds Plc**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2017**

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**Notes to the Financial Statements (continued)**

**1. Significant Accounting Policies (continued)**

**(b) Financial assets and liabilities at fair value through profit or loss (continued)**

**(i) Classification and recognition (continued)**

- Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold.

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument, and all significant rights and access to the benefits from the assets, and the exposure to the risks inherent in those benefits, are transferred to the Company.

A regular way purchase of financial assets is recognised using trade date accounting. From this date, any gains and losses, arising from changes in fair value of the financial assets or financial liabilities, are recorded.

**(ii) Measurement**

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss, are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

Financial liabilities, arising from the redeemable shares issued by the Company, are carried at the redemption amount representing the shareholders' right to a residual interest in the Company's assets.

**(iii) The estimation of fair value, after initial recognition, is determined as follows:**

The Company's financial instruments are carried at fair value on the Statement of Financial Position. The fair value of instruments traded in active markets is based on quoted market prices at the financial year end date.

The Company primarily invests in treasury bill sovereign bonds, money market instruments, total return swaps, cash or cash equivalents and over the counter ("OTC") derivative instruments.

**(iv) Derecognition**

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired or the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when the obligation specified in the contract has been discharged, cancelled or expired.

**(c) Interest income and interest expense**

Interest income and interest expense are recognised on an effective yield basis in line with the contractual terms. Interest is accrued daily.

**(d) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the United States Dollar ("USD").

The Company has adopted the USD as the presentation currency for the Company as a whole, based on the economic environment in which the Company itself operates.

**(ii) Transactions and balances**

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the closing rate of exchange at each financial period end date. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Translation differences on non-monetary items, held at fair value through profit or loss are reported as part of the fair value gain or loss. Reported net realised and unrealised gains and losses arising from foreign currency transactions are reflected in the Statement of Comprehensive Income.

**FinEx Physically Backed Funds Plc**  
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**Notes to the Financial Statements (continued)**

**1. Significant Accounting Policies (continued)**

**(e) Redeemable participating shares**

Redeemable participating shares are redeemable at the shareholder's option; refer to Note 5 for details of subscriber shares.

**(f) Fees and charges**

In accordance with the Prospectus, management fees are charged to the Statement of Comprehensive Income on an accruals basis.

**(g) Cash flows**

The Company has prepared a Statement of Cash Flows using the direct method, whereby major classes of cash receipts and payments related to operating activities are disclosed.

**(h) Interest income and interest receivable**

Interest income is credited to the Statement of Comprehensive Income and is shown gross of any non-recoverable withholding tax, which is disclosed separately in the Statement of Comprehensive Income, and net of any tax credits. Interest income receivable is recognised in the Statement of Financial Position and represents the contractual amounts due to the Fund at the financial year end.

**(i) Dividend policy**

Under the Articles, the Directors are entitled to pay such dividends at such times as they think fit and as appear to be justified by the profits of the relevant Fund being the accumulated revenue (consisting of all revenue accrued including interest and dividends) and realised and unrealised capital gains on the disposal/valuation of investments and other funds less realised and unrealised accumulated capital losses of the relevant Fund. There are no dividend entitlements for the shares of the FinEx Gold ETF. Should there be any amendment to the Fund's dividend policy, full details will be provided in an updated Supplement and will be notified to Shareholders in advance.

**(j) Transfers between levels of the fair value hierarchy**

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year.

**(k) Withholding tax**

Interest income received by the Company may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes.

**(l) Offsetting**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. As at 30 September 2017 and 30 September 2016 the Fund did not offset any positions on the Statement of Financial Position.

**(m) Money Market Instruments**

The Fund invests in Money Market Instruments which are subject to daily dealing and which have and maintain a credit rating of AAA or equivalent. Where the Fund invests in Money Market Instruments, those instruments may be valued at nominal values plus any accrued interest or on an amortised cost basis which approximates their fair market value.

**(n) Cash Collateral**

Cash collateral provided by/payable to the Company in relation to futures contracts is identified in the Statement of Financial Position as Cash Collateral and is not included as a component of cash and cash equivalents.

**FinEx Physically Backed Funds Plc**  
**Annual Report and Audited Financial Statements**  
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**Notes to the Financial Statements (continued)**

**1. Significant Accounting Policies (continued)**

**(o) Total return swaps**

The Fund aims to track the performance of the Benchmark Index via swap contracts (“A swap contract is a derivative contract through which two parties exchange financial instruments”). The purpose of the swap contract is to gain indirect exposure to the performance of the Benchmark Index. The Fund may enter into swap contracts with any eligible entity (being the “Approved Counterparty”) pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the Benchmark Index in exchange for the payment to the Approved Counterparty of a set rate agreed between the parties. The valuation of the swaps will reflect the relative movements in the performance of the Benchmark Index. Depending on the value of the swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from cash holdings and/or the proceeds from the disposal of the Funds’ assets.

The net realised gain/(loss) on total return swaps and the net change in unrealised gain/(loss) on total return swaps for the financial year are disclosed under financial assets at fair value through profit or loss in the income section of the Statement of Comprehensive Income. The unrealised depreciation on total return swaps as at the financial year end date is disclosed in the current liabilities section of the Statement of Financial Position.

The total return swap is carried at fair value and the value is based on an exchange listed price. The total return swap price is listed and compared between Bloomberg and the LBMA.

**2. Financial Risk Management**

**Investment strategy**

FinEx Investment Management LLP acts as the AIFM to the Fund pursuant to the Alternative Investment Fund Management Agreement.

The detailed investment objectives and policies of the Fund are set out in the Company Overview on page 3.

The Fund may invest directly in gold bullion which would be held by the Depositary (through its Sub-Custodian). The bullion would be held in the Allocated Precious Metals Account where it would be held in “allocated” form. A portion may be held in unallocated form on a short term basis in the Unallocated Precious Metals Account when gold bullion is in the process of being allocated or de-allocated for a subscription or redemption. The Fund may also invest in swap contracts. The purpose of the swap contracts shall be to gain indirect exposure to the performance of the LBMA Gold Price AM. If in extreme eventualities it is not possible to invest directly in gold bullion, the Fund may invest in cash, cash equivalent or money market type instruments such as treasury bills and cash deposits until such time as gold bullion becomes available for investment.

In pursuing its investment objective, the Company is exposed to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk that could result in a reduction in the Company's net assets. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

As at 30 September 2017 and 30 September 2016, FinEx Physically Backed Funds Plc had one sub-fund, FinEx Gold ETF whose investment objective is to provide investors with exposure to gold bullion by tracking the performance of the Benchmark Index.

The risk management policies employed by the Company are discussed below and on the following pages.

**(a) Market risk**

As at 30 September 2017 and 30 September 2016, the Company's market risk was affected by three main components: changes in actual market prices, interest rates and foreign currency movements. Interest rate and foreign currency movements are covered in the sections below.

**(i) Market price risk**

Market price risk is the risk that the fair value or future cash flows of an asset will fluctuate because of changes in market prices. The Fund's swap contract is susceptible to market price risk arising from uncertainties about the future price of gold bullion. The maximum risk resulting from swap contracts is determined by the fair value of the swap contract.

**FinEx Physically Backed Funds Plc**  
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**Notes to the Financial Statements (continued)**

**2. Financial Risk Management (continued)**

**Investment strategy (continued)**

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

**(i) Market price risk (continued)**

The Fund may be fully invested in gold bullion or swap contracts. This would result in the Fund not being diversified into other asset classes. The price of gold can be volatile and might be influenced by currency, interest rate and other market changes. Also political, legal and regulatory risks and developments may have an unpredictable impact on the price of gold. Central banks may sell or purchase significant quantities of gold to move the price in unfavourable directions.

If the Company's underlying investments as at 30 September 2017 had increased or decreased by 5% with all other variables held constant (5% is considered to be a reasonably possible change in market price), this would have increased or reduced net assets attributable to holders of redeemable participating shares of the FinEx Gold ETF by USD401,727 (2016: USD252,901).

The limitation of sensitivity analysis is that it is a statistical measure and does not guarantee a perfect match and result. The sensitivity analysis may not necessarily indicate the total effect on the Portfolio's equity attributable to holders of redeemable participating shares.

**(ii) Interest rate risk**

The use of financial derivative instruments provides exposure to cover of the Fund's investments on 1:1 bases. The Company on behalf of the Fund may borrow up to 10% of its Net Asset Value at any time for temporary purpose and may charge or pledge its assets as security for any such borrowings. The Fund did not borrow for liquidity purposes during the financial years ended 30 September 2017 or 30 September 2016 and no interest was payable during the financial years. The Fund was, therefore, not exposed to interest rate risk from unfavourable fluctuations in interest rates payable.

Excess cash is invested in instantly accessible accounts at prevailing interest rates. The Fund had no material direct exposure to interest rate risks.

The Fund could be exposed to interest rate fluctuations in respect of the monthly mark-to-market settlement of swap interest expense.

**(iii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of an asset will fluctuate because of changes in foreign exchange rates. The Fund may invest in assets and enter into transactions denominated in currencies other than its base currency (USD). There was no foreign currency exposure as at 30 September 2017 or 30 September 2016.

**(b) Credit risk**

Credit risk is the risk that a counterparty or issuer will be unable to meet a commitment it has entered into with the Fund.

BNY Mellon Trust Company (Ireland) Limited (the "Depository") acts as the Depository to the Company. Depending on the requirements of the jurisdictions in which the investments of the sub-funds are issued, the Depository may use the services of one or more sub-custodians. Bankruptcy or insolvency of the Depository may cause the Company's rights with respect to securities held to be delayed. As at 30 September 2017, the Depository held a credit rating of AA- (30 September 2016: AA-) with Standard and Poor's, AA+ (30 September 2016: AA+) with Fitch and Aa1 (30 September 2016: Aa1) with Moody's.

The Depository is liable to the Fund for the loss of financial instruments of the Fund which are held in custody as part of the Depository's safekeeping function (irrespective of whether or not the Depository has delegated its safekeeping function in respect of such financial instruments) and shall be responsible for the return of identical financial instruments or a corresponding amount to the Company without undue delay, where this liability has been lawfully discharged to a delegate in accordance with Article 21(13) or (14) of Alternative Investment Fund Managers Directive ("AIFMD") or where the loss of financial instruments arises as a result of an external event beyond reasonable control as provided for under AIFMD. The Depository will not be indemnified out of the assets of a Fund for the loss of financial instruments where it is so liable. For the avoidance of doubt gold is not a financial instrument under AIFMD. The Depository shall also be liable to the Company and to Shareholders for any loss arising from the Depository's negligence or its intentional failure to fulfil its obligations pursuant to the AIFMD.



**FinEx Physically Backed Funds Plc**  
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**Notes to the Financial Statements (continued)**

**2. Financial Risk Management (continued)**

**(b) Credit risk (continued)**

The Depository has appointed Bank of New York Mellon SA/NV as sub-custodian (the “Sub-Custodian”) to the Company pursuant to an agreement dated 22 July 2014. As at 30 September 2017, Bank of New York Mellon SA/NV held a credit rating of AA- (30 September 2016: AA-) with Standard and Poor’s, AA- (30 September 2016: AA) with Fitch and Aa1 (30 September 2016: Aa2) with Moody’s. The Company on behalf of the Fund may invest directly in gold bullion which would be held by the Depository (through its sub-custodian). The gold bullion would be held in the Allocated Precious Metals Account where it would be held in “allocated” form. A portion may be held in unallocated form on a short term basis in the Unallocated Precious Metals Account when gold bullion is in the process of being allocated or de-allocated for a subscription or redemption. As at 30 September 2017 and 30 September 2016 there was no gold held by the Fund. In accordance with the terms of the Depository agreement any liability of the Depository shall not be affected by the fact that it has entrusted some or all of the assets in its safekeeping to any third party.

An Allocated Precious Metals Account allows the Fund to trade and the Depository (through its sub-custodian) to take physical delivery of gold on a physical or allocated basis. Once the Fund enters into a contract with a counterparty to purchase or sell gold a trade ticket will be sent to the Depository setting out the relevant details to permit the transaction to be settled. The gold will be delivered into or out of the Depository’s account with its sub-custodians together with a certificate detailing the manufacturer, the serial number and the quality of the metal. The same information is stamped into the gold itself and will be verified upon receipt of delivery. As at 30 September 2017 and 30 September 2016 there was no gold held by the Fund.

An Unallocated Precious Metal Account allows the Fund to trade and the Depository to maintain custody of gold on a book-entry or unallocated basis similar to a cash deposit. The Depository, on behalf of the Fund, will not be able to hold or take physical delivery of the gold bullion. This does not constitute a physical holding of the gold in question. As at 30 September 2017 and 30 September 2016 there was no gold held by the Fund.

Bankruptcy or insolvency of the Depository or Sub-Custodian would result in the Company's rights with respect of gold bullion to be delayed or limited. To mitigate the Company's exposure to the Depository and Sub-Custodian, management would need to ensure that the Depository is a reputable institution and that the credit risk is acceptable to the Company. The Company only transacts with Depositories that are regulated entities subject to prudent supervision, or with high credit-ratings assigned by international credit-rating agencies. Where there is a risk that the gold bullion could be lost, stolen or damaged, the Company would not be able to satisfy its obligations. There were no past due or impaired assets as at 30 September 2017 and 30 September 2016.

The return payable under the swap contract with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the swap contract (the “Calculation Agent”) and perform those duties agreed in the International Swap and Derivative Association (“ISDA”) Master Agreements and confirmation for the relevant swap. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty appointed by the Directors and approved by the Depository.

The total return swap is held with UBS AG, which has a credit rating of A+ (30 September 2016: A+) with Standard & Poor’s, Aa3 (30 September 2016: Aa3) with Moody’s and AA- (30 September 2016: A+) with Fitch.

All counterparties are approved before the Fund’s AIFM may deal with them.

In addition to the above, the AIFM monitors the credit risk on a daily basis and provides the Directors with an update each quarter. Any credit risk issues are discussed quarterly with Directors and monitored thereafter.

For these reasons, the AIFM considers that the risk that counterparties would fail to discharge their obligations to the Fund is low.

Other than as outlined above, there are no significant concentrations of credit risk to counterparties as at 30 September 2017 or 30 September 2016.

**(c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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**Notes to the Financial Statements (continued)**

**2. Financial Risk Management (continued)**

**(c) Liquidity risk (continued)**

The Fund is exposed to daily cash redemptions of redeemable participating shares. The Fund invests the majority of its assets in US Treasury Bills, Money Market Funds and swap contracts. The Company is entitled to limit the number of shares of the Fund redeemed on any Dealing Day to shares representing not more than 10% of the Net Asset Value of the Fund on that Dealing Day.

The AIFM monitors the Fund's liquidity position on a daily basis. The AIFM reviews the current and future forecasted liquidity position of the Fund on a daily basis and ensures that any liquidity required to meet the settlement of redemption requests is generated as appropriate.

The Fund has the ability to borrow in the short term to ensure settlement. The Company on behalf of the Fund may borrow up to 10% of its Net Asset Value at any time for temporary purposes and may charge or pledge its assets as security for any such borrowings.

For these reasons, the AIFM has assessed the risk of the Fund being affected by the lack of liquidity as low.

The following table analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at financial year end to the contractual maturity date.

<b>FinEx Gold ETF</b> <b>As at 30 September 2017</b>	<b>Less than</b> <b>1 month</b> <b>USD</b>	<b>3 months to</b> <b>1 year</b> <b>USD</b>	<b>Total</b> <b>USD</b>
Management fee payable	(8,548)	–	(8,548)
Swap interest payable	(794)	–	(794)
Unrealised depreciation on total return swaps	(27,140)	–	(27,140)
<b>Total financial liabilities</b>	<b>(36,482)</b>	<b>–</b>	<b>(36,482)</b>
<b>FinEx Gold ETF</b> <b>As at 30 September 2016</b>	<b>Less than</b> <b>1 month</b> <b>USD</b>	<b>3 months to</b> <b>1 year</b> <b>USD</b>	<b>Total</b> <b>USD</b>
Management fee payable	(5,320)	–	(5,320)
Swap interest payable	(481)	–	(481)
Unrealised depreciation on total return swaps	(30,266)	–	(30,266)
<b>Total financial liabilities</b>	<b>(36,067)</b>	<b>–</b>	<b>(36,067)</b>

**(d) Fair Value**

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted closing mid prices at the close of trading on the financial year end date in accordance with IFRS 13, 'Fair value measurement'.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Listed prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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**Notes to the Financial Statements (continued)**

**2. Financial Risk Management (continued)**

**(d) Fair Value (continued)**

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below analyses within the fair value hierarchy the Company’s financial assets and liabilities (by class) measured at fair value as at 30 September 2017:

<b>As at 30 September 2017</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
<b>Financial assets</b>				
Money Market Instruments	7,464,780	–	–	7,464,780
US Treasury Bills	–	399,322	–	399,322
<b>Total</b>	<b>7,464,780</b>	<b>399,322</b>	<b>–</b>	<b>7,864,102</b>
<b>Financial liabilities</b>				
Total return swap	–	(27,140)	–	(27,140)
<b>Total</b>	<b>–</b>	<b>(27,140)</b>	<b>–</b>	<b>(27,140)</b>

The table below analyses within the fair value hierarchy the Company’s financial assets and liabilities (by class) measured at fair value as at 30 September 2016:

<b>As at 30 September 2016</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
<b>Financial assets</b>				
Money Market Instruments	4,842,136	–	–	4,842,136
US Treasury Bills	–	249,952	–	249,952
<b>Total</b>	<b>4,842,136</b>	<b>249,952</b>	<b>–</b>	<b>5,092,088</b>
<b>Financial liabilities</b>				
Total return swap	–	(30,266)	–	(30,266)
<b>Total</b>	<b>–</b>	<b>(30,266)</b>	<b>–</b>	<b>(30,266)</b>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1. The Company does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

During the financial year ended 30 September 2017 and financial year ended 30 September 2016 there were no transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and financial liabilities which were recorded at fair value. There were also no transfers between Level 2 and Level 3 or between Level 1 and Level 3.

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**Notes to the Financial Statements (continued)**

**3. Net (Losses)/Gains on Financial Assets at Fair Value through Profit or Loss**

	<b>FinEx Gold ETF</b>	<b>FinEx Gold ETF</b>
	<b>For the financial year ended 30 September 2017</b>	<b>For the financial year ended 30 September 2016</b>
	<b>USD</b>	<b>USD</b>
<b>Held for trading:</b>		
Net realised gain on investments	15,548	3,868
Net realised loss on investments	(36,971)	(11,100)
Net realised gain on total return swaps	1,048,772	1,068,678
Net realised loss on total return swaps	(1,091,428)	(419,429)
Net change in unrealised loss on investments	(42)	(193)
Net change in unrealised gain on total return swaps	3,126	41,425
	(60,995)	683,249

**4. Cash and cash equivalents and Cash collateral**

	<b>FinEx Gold ETF</b>	<b>FinEx Gold ETF</b>
	<b>As at 30 September 2017</b>	<b>As at 30 September 2016</b>
	<b>USD</b>	<b>USD</b>
BNY Mellon Trust Company (Ireland) Ltd	–	–

As at 30 September 2017, there were Cash and cash equivalents of USD Nil (2016: USD Nil) held with the Depository.  
As at 30 September 2017, Cash collateral of USD 200,000 (30 September 2016: USD Nil) was held with UBS AG.

**5. Share Capital**

The authorised share capital of the Company is 1,000,000,000,000 shares of no par value initially designated as unclassified shares. The minimum issued share capital is 2 subscriber shares of €1 each (or its equivalent in any other currency) and the maximum issued share capital is €1,000,000,000,000 (or its equivalent in any other currency).

**Shares in Issue**

	<b>FinEx Gold ETF</b>	<b>FinEx Gold ETF</b>
	<b>As at 30 September 2017</b>	<b>As at 30 September 2016</b>
<b>Number of redeemable participating shares issued and fully paid</b>		
Balance at the beginning of financial year	538,450	438,450
Issued during the financial year	350,000	150,000
Redeemed during the financial year	–	(50,000)
Total number of redeemable participating shares in issue at the end of the financial year	888,450	538,450

**FinEx Physically Backed Funds Plc**  
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**Notes to the Financial Statements (continued)**

**6. Net Asset Attributable to Holders of Redeemable Participating Shares**

	FinEx Gold ETF	FinEx Gold ETF	FinEx Gold ETF
	As at 30 September 2017 USD	As at 30 September 2016 USD	As at 30 September 2015 USD
<b>Total Net Asset Value</b>			
USD Share Class	8,034,545	5,058,025	3,504,163
<b>Dealing Net Asset Value per Share</b>			
USD Share Class	USD9.04	USD9.39	USD7.99

**7. Financial Instruments at Fair Value Through Profit or Loss**

**Assets and liabilities not carried at fair value but for which fair value is disclosed**

The following table analyses within the fair value hierarchy the Company's assets and liabilities (by class) not measured at fair value as at 30 September 2017 and 30 September 2016 but for which fair value is disclosed:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>As at 30 September 2017</b>				
<b>Assets</b>				
Cash collateral	200,000	–	–	200,000
Interest income	6,925	–	–	6,925
<b>Total</b>	<b>206,925</b>	<b>–</b>	<b>–</b>	<b>206,925</b>
<b>Liabilities</b>				
Management fees payable	–	(8,548)	–	(8,548)
Swap interest payable	–	(794)	–	(794)
<b>Total</b>	<b>–</b>	<b>(9,342)</b>	<b>–</b>	<b>(9,342)</b>
<b>As at 30 September 2016</b>				
<b>Assets</b>				
Interest income	2,004	–	–	2,004
<b>Total</b>	<b>2,004</b>	<b>–</b>	<b>–</b>	<b>2,004</b>
<b>Liabilities</b>				
Management fees payable	–	(5,320)	–	(5,320)
Swap interest payable	–	(481)	–	(481)
<b>Total</b>	<b>–</b>	<b>(5,801)</b>	<b>–</b>	<b>(5,801)</b>

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

**8. Efficient Portfolio Management**

The Company may utilise techniques and instruments relating to transferable securities and/or other financial instruments in which it invests for the purposes of efficient portfolio management and under the conditions and within the limits applicable to Retail AIFs laid down by the Central Bank in the AIF Rulebook. The Company shall not enter into efficient portfolio management transactions if such transactions would result in change to the relevant Fund's declared investment objective or add substantial supplementary risks in comparison to the general risk policy.

**FinEx Physically Backed Funds Plc**  
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**Notes to the Financial Statements (continued)**

**8. Efficient Portfolio Management (continued)**

Efficient portfolio management techniques may only be affected in accordance with normal market prices. All assets received in the context of efficient portfolio management techniques should be considered as collateral. All revenues arising from efficient portfolio management techniques employed shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising.

The Fund may enter into total return swaps with any eligible entity (the 'Approved Counterparty') pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the Benchmark Index. The Approved Counterparty to the swaps and the Company on behalf of the Fund have entered into International Swaps and Derivatives Association Master Agreement (the "ISDA Master Agreements"), and will enter confirmation for each total return swap transaction. The valuation of the swaps will reflect the relative movements in the performance of the Benchmark Index. Depending on the value of the total return swaps, the Fund will have to make payment to the Approved Counterparty or will receive such a payment. Refer to Note 9 for details of open swap positions as at 30 September 2017 and 30 September 2016.

**9 Swap Transactions**

The following open swap positions were held as at 30 September 2017 and 30 September 2016:

**30 September 2017**

**FinEx Gold ETF**

Underlying Description	Counterparty	Ccy	Protection Buyer/Seller	Fixed Rate	Maturity	Notional Amount	Unrealised gains/(losses) USD
Iagoldubs Gold Total Return Swap	UBS AG	USD	Sell	1.80%	31/12/2049	6,239	(27,140)
<b>Total unrealised losses from swap transactions</b>							<b>(27,140)</b>

**30 September 2016**

**FinEx Gold ETF**

Underlying Description	Counterparty	Ccy	Protection Buyer/Seller	Fixed Rate	Maturity	Notional Amount	Unrealised gains/(losses) USD
Iagoldubs Gold Total Return Swap	UBS AG	USD	Sell	0.25%	31/12/2049	3,807	(30,266)
<b>Total unrealised losses from swap transactions</b>							<b>(30,266)</b>

The swap is valued on a mark-to-market basis. The valuation of the swaps will reflect the daily movements in the performance of the Benchmark Index. Upon reaching the minimum threshold limit of USD100,000; the Fund will have to make payment to UBS AG or will receive such a payment in settlement for the position. The minimum threshold of USD100,000 was not exceeded during the financial year. The minimum threshold of USD100,000 was not exceeded during the financial year ended 30 September 2017 and no forced mark-to-market resets were required. The total net monthly mark-to-market settlement for the financial year ended 30 September 2017 was USD(73,028). The minimum threshold of USD100,000 was exceeded during the financial year ended 30 September 2016 and the total net mark-to-market settlement for the financial year ended 30 September 2016 was USD299,615. As at 30 September 2017 and 30 September 2016, there was no Cash collateral held by UBS AG. As at 30 September 2017 and 30 September 2016, there were no investments pledged as collateral with UBS AG. As at 30 September 2017, Cash collateral of USD 200,000 (30 September 2016: USD Nil) was held with UBS AG.

**10. Connected Persons and Related Parties**

Parties are considered related if one party has the authority to control the other party or exercise significant influence over the other party in making financial or operating decisions.

The Central Bank of Ireland AIF Rulebook section on "Dealings by management company, general partner, depository, Alternative Investment Fund Manager or by delegates or group companies of these" states that the Qualifying Investor AIF shall only enter into a transaction with a management company, general partner, depository, AIFM, investment manager or by delegates or group companies of these ("connected persons") where it is affected on normal commercial terms at arm's length. Transactions must be in the best interests of the shareholders.

Mr. Simon Luhr is a partner of the AIFM, FinEx Investment Management LLP and majority beneficial owner of the FinEx Group of Companies, and does not receive a fee for his service to the Company. Mr. Tom Murray is entitled to receive a fee of USD11,047 (EUR 10,000) (30 September 2016: USD 11,238 (EUR 10,000)) and Mr. Jeremy O'Sullivan received a fee of USD13,809 (EUR 12,500) (30 September 2016: USD 14,048 (EUR 12,500)), for the financial year ended 30 September 2017, which is paid by FinEx ETF Limited (the "Distributor").

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**Notes to the Financial Statements (continued)**

**10. Connected Persons and Related Parties (continued)**

FinEx Investment Management LLP held no shares in the Company as at 30 September 2017 (30 September 2016: Nil).

During the financial year ended 30 September 2017, FinEx ETF Limited (the “Distributor”) earned fees of USD28,504 (30 September 2016: USD17,601) of which USD8,548 (30 September 2016: USD5,320) was payable at the financial year end.

Asset Management Company FinEx Plus LLC is a related party and authorised participant of the Company.

As at 30 September 2017, AMC FinEx Plus LLC (Asset Management Company FinEx Plus LLC), a related party to the Company and an authorised participant, held Nil (30 September 2016: 17,687) shares in the USD Class.

**11. Fees and Expenses**

The Company may pay the fees and expenses of the Fund, which shall be expressed in the Supplement for each sub-fund as a single flat fee, the Total Expense Ratio (“TER”). The TER for the Fund's USD, EUR Hedged and GBP Hedged share classes are capped at 0.45% per annum and RUB Hedged and USD Ruble Hedged share classes are capped at 0.95% per annum.

The amount charged in respect of management fees during the financial year was USD28,504 (30 September 2016: USD17,601) and the management fees payable at the financial year end was USD8,548 (30 September 2016: USD5,320).

All other expenses are paid out of the TER by FinEx ETF Limited (the “Distributor”). These expenses included Directors fees of USD24,856 (30 September 2016: USD28,799) and audit fees of USD12,229 (30 September 2016: USD12,441). The audit fees for the current and preceding financial years were incurred solely in relation to the audit of the financial statements. Audit fees exclusive of VAT for the financial year ended 30 September 2017 was USD9,943 (EUR9,000) (30 September 2016: USD 10,115 (EUR9,000)).

**12. Exchange Rates**

The following exchange rates were used to convert investments, assets and liabilities to the presentation currency of the Company.

One US Dollar equates to the following foreign currency amounts as at financial year end date:

	<b>30 September 2017</b>	<b>30 September 2016</b>
Euro	0.8459	0.8898

The average exchange rates of One US Dollar during the financial year were as follows:

	<b>30 September 2017</b>	<b>30 September 2016</b>
Euro	0.9052	0.9006

**13. Taxation**

The Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997. Therefore, the Company will not be liable to Irish tax in respect of its income and gains, other than on the occurrence of a chargeable event. Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation, transfer of shares or the ending of a “Relevant Period”. A “Relevant Period” is an eight year period beginning with the acquisition of the shares by the shareholder and each subsequent period of eight years beginning immediately after the preceding Relevant Period.

A gain on a chargeable event does not arise in respect of:

- (i) any transactions in relation to shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland;
- (ii) an exchange of shares arising on a qualifying amalgamation or reconstruction of the Company with another fund;
- (iii) certain exchanges of shares between spouses and former spouses;
- (iv) an exchange by a shareholder, effected by way of an arm’s length bargain where no payment is made to the shareholder of shares in the Company for other shares in the Company; and

**FinEx Physically Backed Funds Plc**  
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**Notes to the Financial Statements (continued)**

**13. Taxation (continued)**

- (v) a shareholder who is not an Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the Company;
- (vi) certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed statutory declarations.

In the absence of an appropriate declaration, the Company will be liable for Irish tax on the occurrence of a chargeable event.

Capital gains and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its Shareholders.

**14. Soft Commission**

No soft commission arrangements were entered into during the financial years ended 30 September 2017 or 30 September 2016.

**15. Contingent Liabilities and Commitments**

There were no contingent liabilities or commitments as at 30 September 2017 or 30 September 2016.

**16. Segregation of Liability**

Under the provisions of the Companies Act, the Directors shall maintain for each Fund a separate portfolio of assets. As between shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Fund. The shareholders shall only be entitled to the assets and profits of that Fund in which they participate. The Company shall be considered one single legal entity. With regard to third parties, in particular towards the Company's creditors, the Company shall be responsible for all liabilities incurred by a Fund exclusively based on the assets of this relevant Fund. Among the Shareholders, the liabilities of each Fund shall only be incurred to the Fund. While the provisions of the Companies Act, provide for segregated liability between Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims. Accordingly, it is not free from doubt that the assets of the Fund of the Company may not be exposed to the liabilities of other Funds of the Company.

**17. Valuation Date**

The financial statements have been prepared on the last Net Asset Value of the year which has been calculated on 29 September 2017 with a price of that date.

**18. Significant Events During the Financial Year**

A new Prospectus was issued on 9 June 2017.

A new Supplement to the Prospectus was issued on 9 June 2017.

On 30 June 2017, the AIFM changed from FinEx Capital Management LLP to FinEx Investment Management LLP.

The Company's Registered Office changed address during the financial year.

There were no other significant events during the financial year that require disclosure in the financial statements.

**19. Significant Subsequent Events**

There have been no significant events after the financial year end that requires disclosure in these financial statements.

**20. Approval of Financial Statements**

The Financial Statements were approved by the Board of Directors on 24 January 2018.



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**Portfolio Listing – FinEx Gold ETF**

As at 30 September 2017

Security Description	Nominal	Fair Value USD	% of Net Assets
<b>Transferable securities admitted to an official stock exchange listing or dealt in on another regulated market</b>			
<b>United States 4.97% (30 September 2016: 4.94%)</b>			
United States Treasury Bill 0.00% 30/11/2017	400,000	399,322	4.97
<b>Total United States</b>		<b>399,322</b>	<b>4.97</b>
<b>Total Transferable securities admitted to an official stock exchange listing or dealt in on another regulated market</b>		<b>399,322</b>	<b>4.97</b>
<b>Money Market Instruments 92.91% (30 September 2016: 95.73%)</b>			
Blackrock Institutional Cash USD Liquidity Fund	1,045,698	1,045,698	13.02
Deutsche Global Liquidity Managed USD Fund	1,045,699	1,045,698	13.01
Fidelity Institutional Liquidity USD Fund	1,041,206	1,041,206	12.96
Goldman Sachs USD Liquid Reserve Institutional Fund	1,045,698	1,045,698	13.02
Invesco Global USD Institutional Fund	1,045,698	1,045,698	13.02
Morgan Stanley USD Liquidity Fund Institutional	1,120,391	1,120,391	13.94
Western Asset USD Institutional Liquidity Fund	1,120,391	1,120,391	13.94
<b>Total Money Market Instruments</b>		<b>7,464,780</b>	<b>92.91</b>
<b>Total financial assets at fair value through profit or loss</b>		<b>7,864,102</b>	<b>97.88</b>
		<b>Unrealised</b>	
<b>Total Return Swap* (0.34)% (30 September 2016: (0.60)%)</b>	<b>Notional</b>	<b>Maturity</b>	<b>Loss</b>
	<b>Amount</b>	<b>Date</b>	<b>USD</b>
lagoldubs Gold Total Return Swap	USD 6,239	31/12/2049	(27,140)
			(0.34)
<b>Total financial liabilities at fair value through profit or loss</b>			<b>(27,140)</b>
<b>Other assets</b>			<b>197,583</b>
<b>Total net Assets attributable to holders of redeemable participating shares</b>			<b>8,034,545</b>

\*The counterparty for the Total Return Swap was UBS AG.

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Analysis of Total Assets	% of Total Assets
Financial Assets at fair value through profit or loss	97.44
Other Assets	2.56
	<b>100.00</b>

**FinEx Physically Backed Funds Plc**  
**Supplemental Information**  
**For the financial year ended 30 September 2017**

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**AIFM Remuneration Policy (Unaudited)**

The Alternative Investment Fund Manager, FinEx Investment Management LLP is licensed as a full scope Alternative Investment Fund Manager (“AIFM”) under the Alternative Investment Fund Managers Directive (“AIFMD”). Under the terms of the licence FinEx Investment Management LLP will be obliged to abide by the Article 13 AIFMD remuneration requirements (as supplemented by the European Securities and Markets Authority (“ESMA”) Guidance of 3 July 2013) both in respect of itself as an AIFM and any delegates it has appointed.

For the purposes of the AIFMD remuneration considerations, FinEx Investment Management LLP has no salaried staff. FinEx Investment Management LLP has a Board comprised of the senior partners of FinEx Investment Management LLP.

FinEx Physically Backed Funds plc has in place a remuneration policy which is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Fund. It is primarily the responsibility of the Company to assess its own characteristics and to develop and implement remuneration policies and practices which appropriately align the risks faced and provide adequate and effective incentives to its employees.

The Company’s remuneration policy is in line with the business strategy, objectives, values and interests of the Company and the Fund and contains measures to avoid conflicts of interest to ensure that they can be managed appropriately at all times.

The AIFM may, in the course of its business, have potential conflicts of interest with the Company. The AIFM will, however, have regard in such event to its obligations under the Alternative Investment Management Agreement and, in particular, to its obligations to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients when undertaking any investments where conflicts of interest may arise and will seek to resolve such conflicts fairly. In the event that a conflict of interest does arise the AIFM as the case may be will endeavour to ensure that such conflicts are resolved fairly.

The Director’s are the only employees of the Company. Each Director will be entitled to remuneration for his services as a director out of the assets of the Fund, provided however that the aggregate emoluments of each Director in respect of any twelve month accounting period out of the assets of the Company shall not exceed €20,000. Directors fees of USD24,856 were paid during the financial year ended 30 September 2017 (30 September 2016: USD28,799). All other responsibilities are outsourced to providers on an arms-length contractual basis.

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**Risk Disclosure (Unaudited)**

In accordance with Article 22 of the 2013 Law, the AIFM will provide to relevant authorities and investors the level of leverage both on a gross and on a commitment method basis in accordance with the Article 7 and the Article 8 of the AIFM Regulation.

The AIFM has set a maximum level of leverage which may be employed as indicated for the respective Sub-Funds hereafter.

In accordance with Article 23 of the 2013 Law, the AIFM monitors that the level of leverage complies with the set limit. Leverage is calculated in accordance with Article 7 and Article 8.

In accordance with Article 7 of the Directive 2011/31/EU (the gross method), the exposure of an AIF calculated shall be the sum of the absolute values of all positions valued in accordance with Article 19 of the Directive 2011/31/EU, and all delegated acts adopted pursuant to it.

In accordance with Article 8 of the Directive 2011/31/EU (the commitment method), the exposure of an AIF calculated shall be the sum of the absolute values of all positions valued in accordance with Article 19 of the Directive 2011/31/EU, and its corresponding delegated acts, subject to the criteria in paragraphs 2 to 9 of Article 8 of the Directive 2011/31/EU.

The below overview summarises the Fund indicating the legal leverage limit and the leverage level as per the commitment method and the gross method (including the maximum level of leverage) for the financial year ended 30 September 2017 and 30 September 2016:

FinEx Gold ETF	Internal Leverage limit	Gross Method Leverage	Maximum Gross Method Leverage	Commitment Method Leverage	Maximum Commitment Method Leverage
30 September 2017	100%	99.90%	100%	199.90%	200%
30 September 2016	100%	99.95%	100%	199.95%	200%

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**Securities Financing Transactions Regulations (Unaudited)**

**Securities Financing Transactions on Total Return Swaps**

The following table details the gross aggregate fair value for total return swaps, analysed by counterparty, as at the Statement of Financial Position date.

Counterparty	Counterparty's country of incorporation	Total return swaps USD
UBS AG	Switzerland	(27,140)

The gross aggregate fair value of total return swaps as a proportion of the Fund's NAV, as at the Statement of Financial Position date is (0.34)%.

The following table provides an analysis of the maturity tenor of open securities financing transactions on total return swaps as at the Statement of Financial Position date.

Maturity	OTC derivative transactions (net exposure) USD	Cash collateral received/ (provided) USD	Non-cash collateral received/ (provided) USD
1 day	-	-	-
2 to 7 days	-	-	-
Open	(27,140)	Nil	-
<b>Total</b>	<b>(27,140)</b>	Nil	-

The above maturity tenor analysis has been based on the contractual maturity date of the relevant securities financing transactions on total return swaps and, in case of non-cash collateral, the contractual maturity date of the security received/provided as collateral.

Securities financing transactions on total return swaps are entered into by the Fund under an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs securities financing transactions (including total return swaps) entered into by the parties. All securities financing transactions on total return swaps entered under an ISDA Master agreement are netted together for collateral purposes.

Total return swaps are marked to market using valuation sources/methods and the fair value is recorded in the Statement of Financial Position as financial liabilities at fair value through profit or loss. The change in unrealised gains and losses is shown in Net gain/(loss) on financial assets at fair value through profit or loss in the Statement of Comprehensive Income and is not subject to any returns sharing arrangements with the Fund's Alternative Investment Fund Manager or any other third parties.