

# **Interim report and unaudited financial statements**

iShares Physical Metals plc

# iSHARES PHYSICAL METALS PLC

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# iSHARES PHYSICAL METALS PLC

## GENERAL INFORMATION

### Board of Directors

Michael Griffin (Chairman) (Irish)\*

Kevin O'Brien (Irish)\*

Barry O'Dwyer (Irish)\*\*

### Administrator

State Street Bank and Trust Company

1 Lincoln Street

Boston MA 02111

USA

### Registrar

State Street Fund Services (Ireland) Limited

78 Sir John Rogerson's Quay

Dublin 2

Ireland

### Company Secretary

Sanne Corporate Administration Services Ireland Limited

Fourth Floor

76 Baggot Street Lower

Dublin 2

Ireland

### Arranger and Adviser

BlackRock Advisors (UK) Limited

12 Throgmorton Avenue

London EC2N 2DL

United Kingdom

### Trustee

State Street Custodial Services (Ireland) Limited

78 Sir John Rogerson's Quay

Dublin 2

Ireland

### Custodian

JPMorgan Chase Bank N.A., London Branch

125 London Wall

London EC2Y 5AJ

United Kingdom

\* Non-executive and independent

\*\* Non-executive

### Registered Office

iShares Physical Metals plc

200 Capital Dock

79 Sir Rogerson's Quay

Dublin 2

D02 RK57

Ireland

### Legal Adviser to the Company

in respect of Irish Law:

William Fry

2 Grand Canal Square

Dublin 2

Ireland

### Legal Adviser to the Arranger and Adviser

in respect of English Law:

Linklaters LLP

One Silk Street

London EC2Y 8HQ

United Kingdom

### Independent Auditor

Ernst & Young

Harcourt Centre

Harcourt Street

Dublin 2

Ireland

### Paying Agent

Citibank N.A., London Branch

Citigroup Centre

25 Canada Square

Canary Wharf

London E14 5LB

England

# ISHARES PHYSICAL METALS PLC

## BACKGROUND

iShares Physical Metals public limited company (the “Company”) was incorporated in Ireland under registration number 494646 on 7 February 2011 with limited liability and is organised under the laws of Ireland as a Public Limited Company (“plc”) pursuant to the Companies Act, 2014 (the “Companies Act”). It has been established as a special purpose vehicle for the purpose of issuing asset backed securities. The Company is taxable as a securitisation company pursuant to section 110 of the Taxes Consolidation Act 1997. Profits arising to the Company are taxable at a rate of 25 per cent.

### Principal activities

The Company has established a secured precious metal linked securities programme (the “Programme”) under which secured precious metal linked debt securities (“ETC Securities”), backed by physical holdings of the relevant precious metal, may be issued from time to time. The series of ETC Securities (the “Series”) which may be issued under the Programme are iShares Physical Gold ETC, iShares Physical Silver ETC, iShares Physical Platinum ETC and iShares Physical Palladium ETC. Each Series provides exposure to a different metal indicated by the name of that Series.

The ETC Securities constitute secured, limited recourse obligations of the Company, issued in the form of debt securities and are issued in Series. The ETC Securities are backed by fully-allocated physical holdings of the relevant precious metal custodied in secured vaults. The ETC Securities are undated (have no final maturity date) and are non-interest bearing. The prevailing market price at which the ETC securities trade on the secondary market may deviate from the daily value of the ETC securities and may not accurately reflect the price of the precious metal underlying the ETC securities. Each ETC Security of a Series has a metal entitlement (the “Metal Entitlement”) expressed as an amount in weight (in troy or fine troy ounces) of the relevant metal linked to such Series. This Metal Entitlement starts at a predetermined initial Metal Entitlement for the relevant Series and is reduced daily by the Total Expense Ratio (the “TER”) (in metal) for the Series.

Only registered broker-dealers “Authorised Participants” may subscribe and request buy-backs of ETC Securities with the Company and except in certain limited circumstances, these subscriptions and buy-backs can only be carried out in specie. During the life of the ETC Securities, Securityholders, who are not authorised, can buy and sell the ETC Securities on each exchange on which the ETC Securities are listed at the then prevailing market price, through financial intermediaries. References to a “Securityholder” or a “holder” of Securities shall, where the context requires or permits, be construed to mean a person in whose name such Securities are for the time being registered in the register of Securityholders in respect of the Series (or if joint holders appear in the register, the first named thereof) and a holder of beneficial or indirect interests in Securities (including those arising from holding CDIs), except where the references relate to (a) any right to receive payments or Metal in respect of the Securities, the right to which shall be vested, as against the Issuer, solely in the registered holder of such Securities whose name is registered in the Register, and (b) any right to attend, vote at and/or convene meetings of Securityholders.

The term “Arranger and Adviser” is used to represent BlackRock Advisors (UK) Limited.

### Changes to the Company

On 16 July 2021, iShares Physical Gold ETC first listed on Deutsche Börse Xetra.

On 11 October 2021, a new Prospectus was issued by the Company to reflect changes arising from the Article 8.1 of Regulation (EU) 2017/1129 as it forms part of “retained EU law”, as defined in the European Union Withdrawal Act 2018 (as amended) (the “EUWA”) (the “UK Prospectus Regulation”). The Prospectus was also updated to reflect the listing on Deutsche Börse Xetra, in Frankfurt, Germany.

There have been no other significant events that occurred during the financial period which in the opinion of the Board may have had a material impact on the financial statements for the financial period ended 31 October 2021.

### United Kingdom exit from the European Union

On 31 January 2020, the United Kingdom (the “UK”) formally withdrew and ceased being a member of the European Union (the “EU”). Following this, the UK entered into a transition period which lasted for the remainder of 2020, during which period the UK was subject to applicable EU laws and regulations. The transition period expired on 31 December 2020, and EU law no longer applies in the UK.

# iSHARES PHYSICAL METALS PLC

## BACKGROUND (continued)

### United Kingdom exit from the European Union (continued)

On 30 December 2020, the UK and the EU signed an EU-UK Trade and Cooperation Agreement (“UK/EU Trade Agreement”), which applies from 1 January 2021 and sets out the foundation of the economic and legal framework for trade between the UK and the EU. As the UK/EU Trade Agreement is a new legal framework, the implementation of the UK/EU Trade Agreement may result in uncertainty in its application and periods of volatility in both the UK and wider European markets throughout 2021 and beyond. The UK’s exit from the EU is expected to result in additional trade costs and disruptions in this trading relationship. While the UK/EU Trade Agreement provides for the free trade of goods, it provides only general commitments on market access in services together with a “most favoured nation” provision which is subject to many exceptions. Furthermore, there is the possibility that either party may impose tariffs on trade in the future in the event that regulatory standards between the EU and the UK diverge. The terms of the future relationship may cause continued uncertainty in the global financial markets, and adversely affect the performance of the Company.

### Outbreak of COVID-19

The infectious respiratory illness caused by a novel coronavirus known as COVID-19 has given rise to an extended global pandemic. The impact of this significant event on the Funds’ financial risk exposure is disclosed in Note 2.1.1.

The Manager has assessed the impact of market conditions arising from the COVID-19 outbreak on the Funds’ ability to meet their investment objectives. Based on the latest available information, the Funds continue to be managed in line with their investment objectives, with no disruption to the operations of the Funds and the publication of net asset values.

### ETC Securities details

The following Series of ETC Securities were in operation at 31 October 2021. The Series are priced daily, based on the metal reference price source in the table below:

Series	Metal reference price source
iShares Physical Gold ETC	London Bullion Market Association – Gold Price
iShares Physical Silver ETC	London Bullion Market Association – Silver Price
iShares Physical Platinum ETC	London Platinum and Palladium Market – Platinum Price
iShares Physical Palladium ETC	London Platinum and Palladium Market – Palladium Price

### Stock exchange listings

The Company maintains a standard debt listing on the London Stock Exchange (“LSE”). Each Series first listed on the LSE on 11 April 2011. iShares Physical Gold ETC first listed on Bolsa Mexicana de Valores on 23 November 2020 and on Deutsche Börse Xetra on 16 July 2021.

### Total Expense Ratio (“TER”)

Each Series pays an “all in one” operational fee to the Arranger and Adviser, which accrues at a rate per annum equal to the TER. The Arranger and Adviser uses this fee to pay the agreed fees of other service providers of the Company. The TER is the rate set out below for each Series and is applied to the Metal Entitlement on a daily basis to determine a daily deduction of an amount of metal from the Metal Entitlement.

# iSHARES PHYSICAL METALS PLC

## BACKGROUND (continued)

### Total Expense Ratio ("TER") (continued)

These rates are the maximum fee rates as at 31 October 2021:

Series	TER %
iShares Physical Gold ETC	0.15
iShares Physical Silver ETC	0.20
iShares Physical Platinum ETC	0.20
iShares Physical Palladium ETC	0.20

### Going concern

The financial statements of the Company have been prepared on a going concern basis. The Company is able to meet all of its liabilities from its assets. The performance, marketability and risks of the Series are reviewed on a regular basis throughout the financial period. Therefore the Board of Directors of the Company ("the Board") believes that the Company will continue in operational existence for a period not less than one year from the date of approval of the financial statements and is financially sound. The Board is satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements of the Company.

# iSHARES PHYSICAL METALS PLC

## HALF YEARLY MANAGEMENT REPORT ARRANGER AND ADVISER'S REPORT

### Objective

The objective of the Company is for the value of the ETC Securities to reflect, at any given time, the price of the Metal Entitlement underlying such ETC Securities at that time, less fees and expenses.

### Series performance\*

The performance of the Series for the financial period under review is shown below:

Series	Series* return for the financial period ended 31/10/2021 %	Benchmark return for the financial period ended 31/10/2021 %	Series* return for the financial year ended 30/04/2021 %	Benchmark return for the financial year ended 30/04/2021 %	Series* return for the financial period ended 31/10/2020 %	Benchmark return for the financial period ended 31/10/2020 %
iShares Physical Gold ETC	0.01	0.08	3.65	3.81	10.42	10.52
iShares Physical Silver ETC	(7.30)	(7.21)	68.24	68.73	53.77	54.06
iShares Physical Platinum ETC	(17.24)	(17.16)	58.40	58.80	10.91	11.08
iShares Physical Palladium ETC	(33.91)	(33.85)	49.72	50.10	12.02	12.19

\*Series performance returns are shown net of fees and expenses (TER).

### Arranger and Adviser's review

Interim review covering the financial period from 1 May 2021 to 31 October 2021.

### Market review

#### iShares Physical Gold ETC

Despite significant price fluctuations amid a global economic recovery and rising inflation, the price of physical gold ended the Company's six month review period with a relatively flat return, finishing at \$1,769.15/oz. The price of gold is driven by multiple forces, including supply from mining operations and recycling, demand from jewellery, investment, and technology, and the value of the United States (the "US") Dollar. Some investors perceive gold as a hedge against risk within the financial system, related to either inflationary growth or sudden, deflationary disruptions in growth.

Heavy investment demand amid economic uncertainty in 2020 was followed by a period of divestment as higher-risk stocks and bonds returned to favour, but investment demand returned during the Company's review period, coincident with persistently rising inflation. Global central banks continued to increase the money supply through low interest rates and bond purchases to stimulate the economy, which was generally supportive of gold prices. However, the US Dollar strengthened relative to most global currencies during the Company's review period amid rising expectations of more restrained monetary policy in light of persistent inflation. Gold is priced in US Dollars, so the rising value of the US Dollar generally led to a decline in the price of gold.

Prior to the Company's review period, gold prices reached an all-time high as the onset of the pandemic and the resulting economic uncertainty led to very strong investment demand. However, investment demand for gold stabilized during the Company's current review period. Although demand for bars and coins rose in Europe and China, exchange-traded physical gold funds, one of the largest and most volatile sources of investment demand, remained relatively stable during the Company's review period, albeit sharply lower than the prior year's high. However, late in the Company's review period, high and rising inflation drove an increase in investment demand, as some investors sought gold as a potential hedge against inflation. Jewellery demand also rebounded, with the lifting of pandemic-related restrictions in India and a return to the traditions of giving gold for weddings and festivals in both China and India. Consequently, the two countries accounted for more gold jewellery purchases than the rest of the world combined during the third quarter of 2021. Global central banks, which introduced bond purchasing programs while sharply curtailing gold purchases during the onset of the pandemic, continued to purchase gold at lower levels than prior to the pandemic. Gold used in technology and industrial products, which accounted for less than 10% of total gold demand in the last ten years, was relatively stable.

# ISHARES PHYSICAL METALS PLC

## HALF YEARLY MANAGEMENT REPORT ARRANGER AND ADVISER'S REPORT (continued)

### Arranger and Adviser's review (continued)

#### Market review (continued)

##### iShares Physical Gold ETC (continued)

From a supply perspective, gold production surged to a record high during the third quarter of 2021, as pandemic related supply disruptions eased. However, the largest gold mining companies, which typically account for a large portion of overall production, posted declines, while smaller gold miners increased production. Supply in the recycled gold market, which is typically a relatively small portion of total supply, declined with the price of gold.

##### iShares Physical Silver ETC

The price of silver declined during the Company's six month review period, ending at \$24.01/oz, representing a decrease of 7% for the period. Initially, precious metals continued a rally, rooted in robust demand for industrial applications and the maintenance of economic stimulus programs and low interest rates by central banks. As economies continued to recover from the effects of the coronavirus pandemic and inflation rose, concerns grew that central banks would reduce bond purchases and discontinue other supportive stimulus measures. Consequently, silver prices fell significantly, beginning in June 2021. Price reductions were exacerbated by lower-than-expected industrial demand as supply chain disruptions led to production slowdowns. Investors were also concerned about energy shortages in China and the potential impact on manufacturing, as Chinese manufacturing is a key source of demand for silver. Additionally, the US Dollar appreciated during the Company's review period, making US Dollar-priced precious metals less attractive to buyers using other currencies. The consequent decline in demand from foreign investors weighed on the price of silver.

Early in the Company's review period, demand for silver as a store of value rose as investors sought out assets perceived as relatively stable amid signs of a slowdown in US manufacturing activity and a weakening US Dollar. Similarly, the persistence of near-zero or negative interest rates in many countries increased the appeal of silver relative to interest-bearing stores of value, such as bonds, despite the metal's typically higher volatility and lack of income. However, following indications from the United States Federal Reserve Bank (the "Fed") in June 2021 that interest rates might increase sooner than anticipated, investor concern led silver prices to decline sharply. Expectations of higher inflation similarly reduced investor demand for precious metals, leading to modest investment outflows, particularly from institutional investors.

In addition to silver's allure as a precious metal, approximately half of all silver production is used for industrial applications, which means that silver prices are influenced by industrial demand. Persistent supply chain difficulties stemming from the pandemic led to manufacturing slowdowns, which in turn reduced demand for silver as an industrial input, further constraining prices. Despite these challenges, silver prices avoided steeper declines, supported by ongoing demand for particular industrial uses. Due to its favourable electrical properties, silver plays a key role in solar panels and electric vehicles — growing industries as countries shift towards renewable energy — as well as 5G devices and digital networking.

The majority of silver is produced as a by-product of the extraction of other metals such as tin, copper, and gold. Prior to the Company's review period, pandemic-related closures of a broad range of base and precious metals mines, especially in South and Central America, led to reductions in the supply of silver. Subsequently, as pandemic-related restrictions were lifted and safety concerns were addressed, mining resumed, leading to expectations of an increase in global silver supply. In response to a commodities price rally, companies also developed plans to reopen long-dormant mines that had been closed for years or even decades, which would further increase supply.

##### iShares Physical Platinum ETC

Platinum declined approximately 17% during the Company's six month review period despite a modest rebound beginning in October 2021. Platinum, which is considered both a precious and industrial metal, declined amid ongoing pandemic-related supply chain challenges and the prospect of tighter monetary policy. At the start of the Company's review period, precious metals prices extended a rally driven by the global economic reopening. The reopening increased demand for commodities, particularly in China, a key consumer of metals used in manufacturing. However, concerns about emerging COVID-19 variants, potentially lower industrial demand, and declining investment demand, began to weigh on platinum prices. Continued COVID-19 outbreaks and semiconductor shortages weighed on manufacturers, weakening demand. Because precious metals do not bear interest or pay dividends, their relative attractiveness as stores of value generally increases when interest rates are low, as other stores of value, like bonds, yield less. Rising inflation late in the Company's review period prompted investor concern that central banks would raise



# ISHARES PHYSICAL METALS PLC

## HALF YEARLY MANAGEMENT REPORT ARRANGER AND ADVISER'S REPORT (continued)

### Arranger and Adviser's review (continued)

#### Market review (continued)

#### iShares Physical Platinum ETC (continued)

interest rates, pressuring on the price of platinum. Additionally, the value of the US Dollar strengthened relative to many currencies, making precious metals like platinum, which are priced in US Dollars, less attractive.

Demand for physical platinum, which has a relatively diverse variety of industrial uses, is primarily driven by the automobile industry. Carmakers use platinum in exhaust systems to control harmful emissions, accounting for approximately 40% of total demand. Early in the Company's review period, demand from the automotive industry appeared robust, bolstered by increasingly stringent emissions standards. A global shortage of microchips subsequently led automobile manufacturers to reduce production, leading to sharply lower expectations of platinum demand. In addition, the spread of the novel Delta variant of COVID-19 led to concerns about the global manufacturing recovery. Slightly offsetting this demand reduction, manufacturers began substituting platinum for costlier palladium in some models of automobiles. In addition, sales of platinum for jewellery were strong, due to pent-up demand in Europe and the US from postponed events, such as weddings, and rising consumer confidence as economies recovered. Investment demand for both physical assets and exchange-traded funds declined relative to previous years amid investor concerns surrounding a slowing recovery and the possibility that the Fed would reduce bond purchases.

Turning to supply, production in South Africa, which produces approximately two-thirds of the world's platinum, continued to rebound from pandemic-related disruptions. Although the country's significant political unrest in July 2021 initially raised supply concerns, it ultimately appeared to have little impact on production. Supply from mining was further bolstered by the rapid processing of backlogged materials stemming from earlier plant outages, as well as strong production in Zimbabwe. In addition, Russian mines resumed operation, recovering from previous flooding. The combined supply increases created a platinum surplus. However, as mining production levels began to normalize in the second half of the Company's review period, industry experts anticipated the surplus would decline or reverse amid rising demand from the automotive industry and increased use of platinum instead of palladium in manufacturing.

#### iShares Physical Palladium ETC

After reaching a record high in May 2021, the price of palladium dropped sharply, leading to a decline of 34% by the end of the Company's six month review period. The price of palladium depends strongly on the automobile industry, which accounts for more than 80% of the world's demand for palladium. Along with platinum, palladium is used for the manufacturing of catalytic converters, which use precious metals to convert toxic substances from engine exhaust into carbon dioxide and water vapor.

At the beginning of the Company's review period, demand for the metal was robust amid expectations of a strong, global economic rebound and, specifically, rising demand from automobile manufacturers. More stringent government regulations for emissions standards by some of the world's largest consumers of palladium, most notably in Europe, North America, and China, continued to drive demand for the metal. For example, investors expected regulations in Europe and China, which mandate lower emissions, to support palladium demand. These regulations drove consumers away from diesel vehicles, which use platinum to limit pollutants and tend to have higher emissions, towards gasoline-powered vehicles, which use palladium. At the same time, supply constraints due to coronavirus pandemic-related disruptions to mining operations and flooding at Russian mines, drove prices to record-high levels.

Subsequently, the global semiconductor shortage weighed heavily on demand for palladium. Because microchips are required for multiple components in automobile production, manufacturers were forced to reduce production steeply, leading to sharp reductions in demand for palladium and driving the price lower. In addition, the spread of the novel Delta variant of COVID-19 led to concerns about the pace of the global manufacturing recovery. Investors turned away from the metal, concerned that the chip shortage and automobile production reductions would continue. Additionally, because precious metals do not bear interest or pay dividends, their relative attractiveness as stores of value generally increases when interest rates are low, as other stores of value, like bonds, yield less. Thus, the price of palladium weakened as investors grew concerned that central banks, especially the Fed, might raise interest rates and reduce bond purchases in response to rising inflation. Precious metals like palladium, which are priced in US Dollars, also became less attractive to foreign investors as the value of the US Dollar strengthened relative to many other currencies.

# **iSHARES PHYSICAL METALS PLC**

## **HALF YEARLY MANAGEMENT REPORT ARRANGER AND ADVISER'S REPORT (continued)**

### **Arranger and Adviser's review (continued)**

#### **Market review (continued)**

##### **iShares Physical Palladium ETC (continued)**

Palladium, the majority of which is produced in Russia and South Africa, is a by-product of platinum and nickel mining, so its supply depends on the production levels of those metals. Prior to the Company's review period, supply was challenged by production deficits over the last ten years, exacerbated by the flooding of Russian mines and pandemic-related mine closures. Russian mines subsequently resumed operation, bolstering supply. In South Africa, despite continued pandemic-related slowdowns and the threat of additional disruptions due to political unrest, mining production increased. Although increased production from both mines and scrap raised hopes for supply growth, industry experts nevertheless expected the palladium market to finish 2021 in deficit.

**BlackRock Advisors (UK) Limited**

**November 2021**

# iSHARES PHYSICAL METALS PLC

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE UNAUDITED FINANCIAL STATEMENTS

### Responsibility Statement, in accordance with the Transparency Directive

Each of the Directors, whose names are listed on page 1 of this report confirm that, to the best of their knowledge and belief:

- the unaudited financial statements, prepared in accordance with the International Accounting Standards 34, Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB") adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (i.e. International Accounting Standards 34), give a true and fair view of the assets, liabilities and financial position of the Company at 31 October 2021 and its statement of comprehensive income for the period then ended;
- the Arranger and Adviser's Report contained in the interim report includes a fair review of the development and performance of the business and the position of the Company. A description of the principal risks and uncertainties that the Company faces is provided in the Arranger and Adviser's Report and note 2 of the unaudited financial statements;
- the related party transactions are as disclosed in note 15 of these financial statements.

On behalf of the Board of Directors

**Michael Griffin**  
Director

8 December 2021

**Kevin O'Brien**  
Director

8 December 2021

# ISHARES PHYSICAL METALS PLC

## STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) For the financial period ended 31 October 2021

	Notes	Financial period ended 31 October 2021 \$	Financial year ended 30 April 2021 \$	Financial period ended 31 October 2020 \$
Other income	4,5	-	500	-
Net (losses)/gains on physical metals at fair value	5	(96,441,100)	669,872,454	1,474,344,425
Net gains/(losses) on ETC Securities at fair value	5	107,208,711	(645,940,999)	(1,461,443,585)
<b>Net operating income</b>		<b>10,767,611</b>	<b>23,931,955</b>	<b>12,900,840</b>
Operating expenses	5	(10,767,611)	(23,931,455)	(12,900,840)
<b>Net profit for the financial period/year before tax</b>		<b>-</b>	<b>500</b>	<b>-</b>
Taxation	7	-	(125)	-
<b>Total comprehensive income for the financial period/year</b>		<b>-</b>	<b>375</b>	<b>-</b>

There are no recognised gains or losses arising in the financial period/year other than those dealt with in the statement of comprehensive income. In arriving at the results of the financial period/year, all amounts relate to continuing operations. The accompanying notes form an integral part of these unaudited financial statements.

## STATEMENT OF CHANGES IN EQUITY (UNAUDITED) For the financial period ended 31 October 2021

	Share Capital \$	Revenue Reserves \$	Total Equity \$
<b>Balance as at 30 April 2020</b>	<b>56,413</b>	<b>1,293</b>	<b>57,706</b>
Total comprehensive income for the financial period	-	-	-
Distribution*	-	(1,188)	(1,188)
<b>Balance as at 31 October 2020</b>	<b>56,413</b>	<b>105</b>	<b>56,518</b>
Total comprehensive income for the financial year	-	375	375
Distribution*	-	(296)	(296)
<b>Balance as at 30 April 2021</b>	<b>56,413</b>	<b>184</b>	<b>56,597</b>
Total comprehensive income for the financial period	-	-	-
<b>Balance as at 31 October 2021</b>	<b>56,413</b>	<b>184</b>	<b>56,597</b>

\*Relates to a charity payment made to Wilmington Trust, the Share Trustee.

The accompanying notes form an integral part of these unaudited financial statements.

# iSHARES PHYSICAL METALS PLC

## STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 October 2021

	Notes	31 October 2021 \$	30 April 2021 \$	31 October 2020 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		56,722	56,722	56,643
Physical metals at fair value	9	13,060,163,753	13,788,606,057	15,918,615,725
<b>Total current assets</b>		<b>13,060,220,475</b>	<b>13,788,662,779</b>	<b>15,918,672,368</b>
<b>EQUITY</b>				
Share Capital	8	(56,413)	(56,413)	(56,413)
Revenue reserves		(184)	(184)	(105)
<b>Total equity</b>		<b>(56,597)</b>	<b>(56,597)</b>	<b>(56,518)</b>
<b>CURRENT LIABILITIES</b>				
Payables	11	(1,618,122)	(1,730,815)	(1,999,190)
Corporation tax payable	7	(125)	(125)	(125)
ETC Securities at fair value	10	(13,058,545,631)	(13,786,875,242)	(15,916,616,535)
<b>Total current liabilities</b>		<b>(13,060,163,878)</b>	<b>(13,788,606,182)</b>	<b>(15,918,615,850)</b>
<b>Total equity and liabilities</b>		<b>(13,060,220,475)</b>	<b>(13,788,662,779)</b>	<b>(15,918,672,368)</b>

The accompanying notes form an integral part of these unaudited financial statements.

# iSHARES PHYSICAL METALS PLC

STATEMENT OF CASH FLOWS (UNAUDITED)  
For the financial period ended 31 October 2021

	Financial period ended 31 October 2021 \$	Financial year ended 30 April 2021 \$	Financial period ended 31 October 2020 \$
<b>Cash flows from operating activities</b>			
Total comprehensive income for the financial period/year	-	375	-
<b>Adjustments to reconcile total comprehensive income to net cash from operating activities:</b>			
Net losses/(gains) on physical metals at fair value	96,441,100	(669,872,454)	(1,474,344,425)
Net (gains)/losses on ETC securities at fair value	(107,208,711)	645,940,999	1,461,443,585
	<b>(10,767,611)</b>	<b>(23,931,455)</b>	<b>(12,900,840)</b>
<b>(Decrease)/Increase in Payables</b>	<b>(112,693)</b>	<b>(39,740)</b>	<b>228,635</b>
<b>Cash generated from operating activities</b>	<b>(10,880,304)</b>	<b>(23,971,195)</b>	<b>(12,672,205)</b>
<b>Proceeds from disposal of Physical Metals</b>	<b>10,880,304</b>	<b>23,971,195</b>	<b>12,672,205</b>
<b>Net cash from operating activities</b>	<b>-</b>	<b>375</b>	<b>-</b>
<b>Cash flows from financing activities:</b>			
Issue of share capital	-	-	-
Distribution*	-	(1,484)	(1,188)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(1,484)</b>	<b>(1,188)</b>
Net decrease in cash and cash equivalents	-	(1,109)	(1,188)
Cash and cash equivalents, beginning of the financial period/year	56,722	57,831	57,831
<b>Cash and cash equivalents, end of the financial period/year</b>	<b>56,722</b>	<b>56,722</b>	<b>56,643</b>

**Non-cash transactions during the period/year include:**

Physical Metals Additions	(2,251,571,222)	(9,505,531,067)	(6,302,092,373)
Physical Metals Disposals	2,872,692,122	7,698,610,242	3,180,932,840
ETC Securities issued	2,251,571,222	9,505,531,067	6,302,092,373
ETC Securities redeemed	(2,872,692,122)	(7,698,610,242)	(3,180,932,840)

\*Relates to a charity payment made to Wilmington Trust, the Share Trustee.

The accompanying notes form an integral part of these unaudited financial statements.

# ISHARES PHYSICAL METALS PLC

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY

For the financial period ended 31 October 2021

### 1. Accounting policies

The principal accounting policies and estimation techniques are consistent with those applied to the previous annual financial statements.

#### Statement of compliance

The financial statements are prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB").

These interim financial statements are unaudited. The statutory auditor's report in the Company's annual audited financial statements for the financial year ended 30 April 2021 was unqualified.

#### Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results.

#### New standards, amendments and interpretations effective for the financial period

There are no new standards, amendments or interpretations issued and effective for the financial period beginning 1 May 2021 that have a significant impact on the Company's financial position, performance or disclosures in its financial statements.

#### New standards and amendments to standards that are relevant to the Company but are not yet effective and have not been early adopted by the Company

There are no new standards and amendments to standards, that are relevant to the Company but are not yet effective and have not yet been early adopted by the Company which are considered to be applicable to the financial statements of the Company.

#### Change in presentation – statement of cash flows

In order to ensure compliance with IAS 7 Cash and Cash Equivalents, certain financial period ended 2020 comparative amounts in the Statement of Cash Flows have been reclassified as supplemental non-cash flow disclosures as they relate to non-cash transactions, specifically in-specie trades. This correction in presentation has resulted in an increase in cash flows from operating activities and a decrease in cash flows from financing activities of \$4.0 billion for the period ended 31 October 2020, and a corresponding disclosure of these amounts in the supplemental information. There has been no change to the cash and cash equivalents balance at the end of the financial period as a result of this reclassification.

### 2. Financial instruments and risks

The Company's activities expose it to the various types of risk which are associated with the relevant precious metal, ETC Securities and the markets in which it operates. The following information is not intended to be a comprehensive summary of all risks and investors should refer to the prospectus for a more detailed discussion of the risks inherent in investing in the Company.

The Board review half yearly investment performance reports and receive half yearly presentations from the Arranger and Adviser covering the Company's performance and risk profile during the financial period. The Board has appointed the Arranger and Adviser to act on behalf of the Company under the terms and conditions of the ETC Securities and the Company's transaction documents.

# ISHARES PHYSICAL METALS PLC

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Financial instruments and risks (continued)

The Board consider the following risks to be the principal risks and uncertainties facing the Company for the forthcoming six months:

#### 2.1 Market price of the ETC Securities and physical metals

Market risk arises mainly from uncertainty about future values of the relevant precious metal which is influenced by price movements. It represents the potential loss that each Series may suffer through holding market positions in the face of market movements. The market price at which the ETC Securities trade on any stock exchange on which the Securities are listed may not reflect accurately the price of the Metal underlying the ETC Securities.

Physical metals are generally more volatile than most other asset classes, making investments in physical metals riskier and more complex than other investments. The performance of a physical metal is dependent upon various factors, including (without limitation) supply and demand, liquidity, natural disasters, direct investment costs, location, changes in tax rates, financial markets and changes in laws, regulations and the activities of governmental or regulatory bodies.

##### 2.1.1 Market risk arising from market price of the ETC Securities and physical metals

Other price risk is the risk that the fair value of physical metals or ETC Securities will fluctuate because of changes in market prices whether those changes are caused by factors specific to the metals, the individual ETC Securities or its issuer, or factors affecting similar assets or ETC Securities traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Company and market prices of its investments.

The infectious respiratory illness caused by a novel coronavirus known as COVID-19 has given rise to an extended global pandemic. This coronavirus has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, supply chain disruptions, and lower consumer demand, as well as general concern and uncertainty. While developments are being made with a view to ameliorating the effects of the pandemic, including the adoption in many countries of widescale vaccination programmes, the impact of COVID-19 continues to adversely affect the economies of many nations across the entire global economy, individual issuers and capital markets. It is not yet possible to predict with any accuracy how long this impact will continue to be felt. In addition, the impact of infectious illnesses in emerging market countries may be greater in impact, and more prolonged in duration, due to generally less established healthcare systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

Securityholders are exposed to market risk arising from market price of the ETC Securities and physical metals arising from its holding of physical metals. The movements in the prices of these holdings result in movements in the performance of the ETC Securities. The value of ETC Securities will be affected by movements in the market price of the metal to which a particular Series is linked.

The market price of each Series of ETC Securities will be affected by a number of factors, including, but not limited to:

- (i) the value and volatility of the physical metal referenced by the relevant Series of ETC Securities;
- (ii) the value and volatility of metals in general;
- (iii) market perception, interest rates, yields and foreign exchange rates;
- (iv) the creditworthiness of, among others, the Custodian, any applicable Sub-Custodian, the Administrator, the Registrar, the Authorised Participants and each Metal Counterparty (JPMorgan Chase Bank N.A.); and
- (v) liquidity in the ETC Securities on the secondary market.

The Company does not consider market risk to be a significant risk to the Company as any fluctuation in the value of the physical metal will ultimately be borne by the Securityholders of the relevant Series. Therefore, assuming all other variables remain constant any increase/(decrease) in the market price of the physical metals would have an equal increase/(decrease) on the value of the ETC Securities issued in the relevant Series. A



# ISHARES PHYSICAL METALS PLC

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Financial instruments and risks (continued)

#### 2.1 Market price of the ETC Securities and physical metals (continued)

##### 2.1.1 Market risk arising from market price of the ETC Securities and physical metals (continued)

hypothetical 1% increase in the market price of the physical metals would have an increase of \$130,601,638 (30 April 2021: \$137,886,061, 31 October 2020: \$159,186,157) on the value of the ETC Securities issued. A hypothetical 1% decrease in the market price of the physical metals would have an equal but opposite impact on the value of the ETC Securities issued in the relevant Series.

The Series offer investors instant, easily-accessible and flexible exposure to the movement in spot prices of the relevant physical metal. Each Series' performance is correlated to its benchmark. The correlation of the Series' performance against the benchmark is a metric monitored by key management personnel.

##### 2.1.2 Market risk arising from foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of assets will fluctuate because of changes in foreign exchange rates.

The Company does not have significant exposure to foreign currency risk as subscriptions and buy-backs are predominantly carried out by transfers of physical metal. The Company maintains an amount of foreign currency in relation to the equity share capital of the Company, held in a Euro denominated account, however the associated risk is insignificant.

##### 2.1.3 Market risk arising from interest rate risk

Interest rate risk is the risk that the fair value of the ETC Securities will fluctuate because of changes in market interest rates.

Changes in exchange rates and interest rates may have a positive or negative impact on the price, demand, production costs, direct investment costs of precious metals and the returns from investments in precious metals are therefore influenced by and may be correlated to these factors. The Company has deemed the effect of these valuation fluctuations insignificant. As a result, the Company is not subject to significant interest rate risk.

### 2.2 Counterparty credit risk

Counterparty credit risk is the risk that the counterparty to a transaction will fail to fulfil an obligation or commitment that it has entered into with the Company.

The Company is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default from transactions involving its holdings of physical metals, its transactions with Metal Counterparties (such metal counterparties which, from time to time, are party to a Metal Sale Agreement with the Issuer providing for the purchase of Metal from the Issuer in respect of a Series of Securities, and any successor or replacement thereto) in order to meet its monthly TER and any potential buy-back requests.

The Company's Custodian is JPMorgan Chase Bank N.A., London Branch (the "Custodian"). The Company's ability to meet its obligations with respect to the ETC Securities is dependent upon the performance of the Custodian of its obligations under the relevant Custody Agreement (means the custody agreement dated on or about 22 March 2011 entered into by the Issuer, the Custodian and the Adviser and any other parties thereto as amended, supplemented, novated or replaced from time to time). Secured Property (metal held in allocated accounts in the Custodial network) in respect of each Series is held by the Custodian and/or with a Sub-Custodian who has entered into a Sub-Custodian Agreement (means an agreement between the Custodian and a Sub-Custodian pursuant to which the Sub-Custodian is appointed to act as sub-custodian in connection with the duties and obligations of the Custodian under the Custody Agreement as amended, supplemented, novated or replaced from time to time) with the Custodian. Consequently, the Securityholders are relying on the creditworthiness of the Custodian and/or any relevant Sub-Custodian. The physical metals are segregated from the assets of the Custodian and Sub-Custodian into allocated accounts, with ownership rights remaining with the Company.

The Custodian has engaged the services of Malca Amit UK Limited as a Sub-Custodian in relation to silver.

# ISHARES PHYSICAL METALS PLC

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Financial instruments and risks (continued)

#### 2.2 Counterparty credit risk (continued)

Securityholders will be at risk if the Custodian or any relevant Sub-Custodian does not, in practice, maintain such a segregation. In order to mitigate the risk of the Custodian and/or any Sub-Custodian not segregating and/or allocating underlying metal, the Custody Agreement provides that the Custodian will maintain a list setting out the vault location and serial identification numbers of all bars, plates or ingots of underlying metal held by the Custodian and any Sub-Custodian for the benefit of the Company in the allocated account(s) and will update this list on at least a daily basis.

Furthermore the Company's risk exposure to the Custodian and Sub-Custodian is reduced as it issues ETC Securities only after the metal representing the subscription settlement amount has been deposited to the allocated accounts. While the Company has put in place an arrangement to minimise the holding of metal in unallocated accounts, there may be short periods of time during which underlying metal may pass through unallocated accounts. Bankruptcy or insolvency of the Custodian or Sub-Custodian may cause the Company's rights with respect to its physical metals to be delayed or limited.

To mitigate the Company's exposure to the Custodian and Sub-Custodian, the Arranger and Adviser employs specific procedures to ensure that the Custodian is a reputable institution and that the counterparty credit risk is acceptable to the Company. The Company only transacts with Custodians that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies.

The physical metals are held by the Custodian or relevant Sub-Custodian in its vault premises. The Custodian and Sub-Custodian have no obligation to maintain insurance specific to the Company or specific only to the physical metal held for the Company against theft, damage or loss, however insurance is maintained in connection with the Custodian's business including in support of its obligations to the Company under the Custodian Agreement.

There is a risk that the physical metal could be lost, stolen or damaged and the Company would not be able to satisfy its obligations in respect of the ETC Securities. In such an event the Company may, with the consent of the Trustee and the Arranger and Adviser, adjust the Metal Entitlement of each Security of the relevant Series to the extent necessary to reflect such damage or loss.

The long term credit rating of the Custodian is A+ (30 April 2021: A+, 31 October 2020: A+) (Standard and Poor's rating).

Counterparty credit risk is monitored and managed by BlackRock Risk and Quantitative Analysis ("RQA") Counterparty & Concentration Risk Team. The team is headed by BlackRock's Chief Counterparty Credit Officer who reports to the Global Head of RQA. Credit authority resides with the Chief Counterparty Credit Officer and selected team members to whom specific credit authority has been delegated.

As such, counterparty approvals may be granted by the Chief Counterparty Credit Officer, or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Counterparty Credit Officer as deemed appropriate.

The BlackRock RQA Counterparty & Concentration Risk Team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures.

The Company has appointed State Street Bank and Trust Company to provide services relating to the establishment and operation of a cash account in respect of each Series of ETC Securities and the Company cash account which will hold the share capital and any potential profit of the Company. The Company will be exposed to the counterparty credit risk of State Street Bank and Trust Company in respect of the cash held by same. In the event of the insolvency or bankruptcy of State Street Bank and Trust Company, the Company will be treated as a general creditor.

The long term credit rating of the parent company of State Street Bank and Trust Company, State Street Corporation is A (30 April 2021: A, 31 October 2020: A) (Standard and Poor's rating).

There were no past due or impaired assets as of 31 October 2021, 30 April 2021 or 31 October 2020.

# ISHARES PHYSICAL METALS PLC

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Financial instruments and risks (continued)

#### 2.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with its ETC Securities.

The Company does not have a significant exposure to liquidity risk due to the buy-back of ETC Securities being settled in transfers of physical metal except in certain limited circumstances. The additions and disposals of physical metals are primarily non-cash transactions of the Company as they are carried out in-specie, excluding the disposal of physical metals in relation to the payment of the TER for each Series.

The Authorised Participant of a Series may request that the Company buy-back ETC Securities of a Series. ETC Securities bought back from Authorised Participants may be subject to a buy-back fee and will be settled by physical delivery of an amount of the relevant metal equal to the product of the Metal Entitlement as at the relevant buy-back trade date and the aggregate number of ETC Securities to be repurchased.

In limited circumstances (such as when there are no Authorised Participants in respect of a Series), the Company may, in its sole discretion, by issuing a Non-Authorised Participant Buy-Back Notice, allow Securityholders who are not Authorised Participants to request that the Company buy-back ETC Securities in respect of the relevant Series.

ETC Securities bought back from each Non-Authorised Participant Securityholder may be subject to a buy-back fee and will be for a cash amount in US Dollars equal to the sale proceeds of the Metal Entitlement as at the relevant buy-back trade date. The Company will be exposed to the liquidity risk of meeting these buy-backs and will need to sell the metal at prevailing market prices to meet liquidity demands.

Not all markets in physical metals are liquid and able to quickly and adequately react to changes in supply and demand. The fact that there are only a few market participants in the physical metals markets means that speculative investments can have negative consequences and may distort prices and market liquidity.

The Company may not be able to sell the full Metal Entitlement for the ETC Securities in one day and may need to sell such metal over a series of days. For these reasons, buy-back proceeds (in cash) for cash buy-backs are likely to take longer to be paid out than buy-back proceeds (in metal) for physical metal buy-backs.

The Company's liquidity risk is managed by the Arranger and Adviser in accordance with established policies and procedures in place.

### 3. Fair value hierarchy

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1 – Quoted market price in an active market for an identical instrument.

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.

Level 2 – Valuation techniques used to price securities based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Valuation techniques used for non-standardised financial instruments include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on Company-specific inputs.

# ISHARES PHYSICAL METALS PLC

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Fair value hierarchy (continued)

Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market.

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 Arranger and Adviser. The Arranger and Adviser 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.

#### 3.1 Fair value of physical metals

Physical metals are deemed to be classified as level 1, as they are valued using a listed price. The fair value of physical metal as at the reporting date is determined by reference to prices published by London Bullion Market Association ("LBMA"), for Gold and Silver and the London Platinum and Palladium Market ("LPPM"), in respect of Platinum and Palladium.

#### 3.2 Fair value of ETC securities and valuation techniques used

ETC Securities issued by the Company in relation to each Series are classified within level 2. The fair value of the ETC Securities issued is determined by reference to the exchange quoted value of the underlying secured physical metal holdings and adjusted for the TER payable to the Arranger and Adviser. This valuation technique represents the price of the ETC Securities at which Authorised Participants subscribe and request buy-backs of ETC Securities directly with the Company. There are no significant unobservable inputs to this valuation technique.

#### 3.3 Transfers between level 2 and level 3 and changes in valuation techniques

There were no transfers between levels for ETC Securities during the financial period. The Company did not hold any Level 3 securities throughout the financial period or at 31 October 2021, 30 April 2021 or 31 October 2020. There were also no changes made to any of the valuation techniques applied as at 31 October 2021.

Transfers between levels are deemed to have occurred when the pricing source for a particular security has changed which triggers a change in level as defined under IFRS 13 'Fair Value Measurement'.

### 4. Other income

	Financial period ended 31 October 2021 \$	Financial year ended 30 April 2021 \$	Financial period ended 31 October 2020 \$
Other income	-	500	-
Total	-	500	-

# iSHARES PHYSICAL METALS PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

## 5. Gains and losses per Series Financial period ended 31 October 2021

	iShares Physical Gold ETC \$	iShares Physical Silver ETC \$	iShares Physical Platinum ETC \$	iShares Physical Palladium ETC \$	Company Total \$
Other income	-	-	-	-	-
Net gains/(losses) on physical metal at fair value	2,934,355	(56,937,834)	(32,501,535)	(9,936,086)	(96,441,100)
Net gains on ETC securities at fair value	6,977,899	57,616,179	32,654,785	9,959,848	107,208,711
<b>Total gains</b>	<b>9,912,254</b>	<b>678,345</b>	<b>153,250</b>	<b>23,762</b>	<b>10,767,611</b>
<b>Operating expenses:</b>					
TER	(9,912,254)	(678,345)	(153,250)	(23,762)	(10,767,611)
<b>Net profit for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Financial year ended 30 April 2021

	iShares Physical Gold ETC \$	iShares Physical Silver ETC \$	iShares Physical Platinum ETC \$	iShares Physical Palladium ETC \$	Company Total \$
Other income	125	125	125	125	500
Net gains on physical metal at fair value	418,416,843	195,283,338	46,212,018	9,960,255	669,872,454
Net losses on ETC securities at fair value	(396,260,345)	(193,841,759)	(45,966,668)	(9,872,227)	(645,940,999)
<b>Total gains</b>	<b>22,156,623</b>	<b>1,441,704</b>	<b>245,475</b>	<b>88,153</b>	<b>23,931,955</b>
<b>Operating expenses:</b>					
TER	(22,156,498)	(1,441,579)	(245,350)	(88,028)	(23,931,455)
<b>Net profit for the financial year before tax</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>500</b>

## Financial period ended 31 October 2020

	iShares Physical Gold ETC \$	iShares Physical Silver ETC \$	iShares Physical Platinum ETC \$	iShares Physical Palladium ETC \$	Company Total \$
Other income	-	-	-	-	-
Net gains on physical metal at fair value	1,314,076,896	153,695,836	5,206,779	1,364,914	1,474,344,425
Net losses on ETC securities at fair value	(1,302,122,175)	(152,897,404)	(5,100,272)	(1,323,734)	(1,461,443,585)
<b>Total gains</b>	<b>11,954,721</b>	<b>798,432</b>	<b>106,507</b>	<b>41,180</b>	<b>12,900,840</b>
<b>Operating expenses:</b>					
TER	(11,954,721)	(798,432)	(106,507)	(41,180)	(12,900,840)
<b>Net profit for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 6. Total Expense Ratio

Fees earned by the Arranger and Adviser during the financial period and balances outstanding as at 31 October 2021 are disclosed in note 5 and note 11 respectively.

# ISHARES PHYSICAL METALS PLC

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 6. Total Expense Ratio (continued)

Each Series pays an “all in one” operational fee to the Arranger and Adviser, which accrues at a rate per annum equal to the TER. The Arranger and Adviser uses this fee to pay the agreed fees of other service providers of the Company.

The TER is applied to the Metal Entitlement on a daily basis to determine a daily deduction of an amount of metal from the Metal Entitlement.

Fees and expenses payable on a monthly basis by the Company to the Arranger and Adviser will be paid out of the relevant Series of ETC Securities by way of the sale of metal. The amount of metal to be sold is a predetermined amount based on the Metal Entitlements of the ETC Securities of each Series.

The TER may be varied by the Company at the request of the Arranger and Adviser and in the case of an increase, 30 calendar days notice will be given to Securityholders of such series in accordance with Condition 18 (Terms and Conditions of the Securities section of the prospectus).

Save as disclosed above, no commissions, discounts, brokerages or other special terms have been granted or are payable by the Company in connection with the issue of ETC Securities or sale of any metal of the Company.

### 7. Taxation

The Company will be taxable as a securitisation company pursuant to Section 110 of the Taxes Consolidation Act 1997 (the “TCA”). All expenses that are not capital in nature and are for the purposes of the Company’s activities will be deductible from income in order to determine taxable profits.

The Company is a qualifying company within the meaning of Section 110 of the TCA. As such, the profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25%.

	Financial period ended 31 October 2021 \$	Financial year ended 30 April 2021 \$	Financial period ended 31 October 2020 \$
Net profit for the financial period/year before tax	-	500	-
Corporation tax rate 25%	-	(125)	-
<b>Taxation charge</b>	-	<b>(125)</b>	-

There was no corporation tax charged during the financial period ended 31 October 2021 or 31 October 2020 as there was no profit for these financial periods. Corporation tax payable of \$125 relating to year end 30 April 2021 remains payable as at 31 October 2021.

### 8. Share capital

The authorised share capital of the Company is €100,000 divided into 100,000 ordinary shares of €1 each, of which €40,000 divided into 40,000 ordinary shares of €1 each have been issued. All of the issued shares are fully paid up and are held by or to the order of Wilmington Trust SP Services (Dublin) Limited (the “Share Trustee”). The Share Trustee holds them on trust for charitable purposes to the value of €40,000 (\$56,413) (30 April 2021: €40,000 (\$56,413), 31 October 2020: €40,000 (\$56,413)).

# iSHARES PHYSICAL METALS PLC

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 9. Physical metals at fair value

The following tables summarise the activity in metal bullion during the financial period/year:

#### 31 October 2021

	Gold Fine Troy Ounces*	Silver Troy Ounces	Platinum Troy Ounces	Palladium Troy Ounces
Balance at the beginning of financial period	7,310,834	25,654,778	144,047	8,838
Metal Contributed**	1,151,493	5,418,762	20,375	2,509
Metal Distributed***	(1,516,742)	(5,070,137)	(27,014)	(735)
Metal Sold****	(5,529)	(26,982)	(146)	(10)
<b>Balance at the end of financial period</b>	<b>6,940,056</b>	<b>25,976,421</b>	<b>137,262</b>	<b>10,602</b>

\* All metal amounts are measured in troy ounces except for gold which is measured in fine troy ounces. Metal amounts are rounded to whole numbers. Valuations disclosed are based on the unrounded metal amounts.

\*\* Subscriptions in-specie

\*\*\* Redemptions in-specie

\*\*\*\* Metal sold in relation to settlement of TER

#### 31 October 2021

Physical metals at fair value	Troy Ounces*	Price per Troy Ounce \$	Fair Value \$
Gold	6,940,056	1,769.15	12,277,066,166
Silver	25,976,421	24.01	623,693,873
Platinum	137,262	1,009.00	138,497,252
Palladium	10,602	1,972.00	20,906,462
<b>Total</b>			<b>13,060,163,753</b>

\* All metal amounts are measured in troy ounces except for gold which is measured in fine troy ounces. Metal amounts are rounded to whole numbers. Valuations disclosed are based on the unrounded metal amounts.

#### 30 April 2021

	Gold Fine Troy Ounces*	Silver Troy Ounces	Platinum Troy Ounces	Palladium Troy Ounces
Balance at the beginning of financial year	6,525,206	9,872,639	72,517	9,050
Metal Contributed**	4,628,952	39,468,563	92,511	32,520
Metal Distributed***	(3,831,176)	(23,628,879)	(20,742)	(32,692)
Metal Sold****	(12,148)	(57,545)	(239)	(40)
<b>Balance at the end of financial year</b>	<b>7,310,834</b>	<b>25,654,778</b>	<b>144,047</b>	<b>8,838</b>

\* All metal amounts are measured in troy ounces except for gold which is measured in fine troy ounces. Metal amounts are rounded to whole numbers. Valuations disclosed are based on the unrounded metal amounts.

\*\* Subscriptions in-specie

\*\*\* Redemptions in-specie

\*\*\*\* Metal sold in relation to settlement of TER

# iSHARES PHYSICAL METALS PLC

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 9. Physical metals at fair value (continued)

30 April 2021

Physical metals at fair value	Troy Ounces*	Price per Troy Ounce \$	Fair Value \$
Gold	7,310,834	1,767.65	12,922,994,965
Silver	25,654,778	25.88	663,817,376
Platinum	144,047	1,218.00	175,449,695
Palladium	8,838	2,981.00	26,344,021
<b>Total</b>			<b>13,788,606,057</b>

\* All metal amounts are measured in troy ounces except for gold which is measured in fine troy ounces. Metal amounts are rounded to whole numbers. Valuations disclosed are based on the unrounded metal amounts.

31 October 2020

	Gold Fine Troy Ounces*	Silver Troy Ounces	Platinum Troy Ounces	Palladium Troy Ounces
Balance at the beginning of financial period	6,525,206	9,872,639	72,517	9,050
Metal Contributed**	3,102,646	24,779,378	43,354	32,103
Metal Distributed***	(1,519,384)	(12,363,770)	(15,178)	(14,071)
Metal Sold****	(6,419)	(32,497)	(125)	(18)
<b>Balance at the end of financial period</b>	<b>8,102,049</b>	<b>22,255,750</b>	<b>100,568</b>	<b>27,064</b>

\* All metal amounts are measured in troy ounces except for gold which is measured in fine troy ounces. Metal amounts are rounded to whole numbers. Valuations disclosed are based on the unrounded metal amounts.

\*\* Subscriptions in-specie

\*\*\* Redemptions in-specie

\*\*\*\* Metal sold in relation to settlement of TER

31 October 2020

Physical metals at fair value	Troy Ounces*	Price per Troy Ounce \$	Fair Value \$
Gold	8,102,049	1,881.85	15,246,840,143
Silver	22,255,750	23.63	525,792,103
Platinum	100,568	852.00	85,683,813
Palladium	27,064	2,228.00	60,299,666
<b>Total</b>			<b>15,918,615,725</b>

\* All metal amounts are measured in troy ounces except for gold which is measured in fine troy ounces. Metal amounts are rounded to whole numbers. Valuations disclosed are based on the unrounded metal amounts.



# ISHARES PHYSICAL METALS PLC

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 10. ETC securities at fair value

The following table summarises activity in the ETC Securities of each Series during the financial period/year:

#### 31 October 2021

	iShares Physical Gold No. of Securities	iShares Physical Silver No. of Securities	iShares Physical Platinum No. of Securities	iShares Physical Palladium No. of Securities
Balance at the beginning of financial period	374,423,667	26,676,853	9,981,973	306,196
ETC Securities issued*	58,997,202	5,638,200	1,412,800	87,000
ETC Securities redeemed*	(77,719,837)	(5,276,774)	(1,873,500)	(25,500)
<b>Balance at the end of financial period</b>	<b>355,701,032</b>	<b>27,038,279</b>	<b>9,521,273</b>	<b>367,696</b>

\*ETC Securities trades are carried out in specie

	No. of Securities	Price per Security* \$	Fair Value* \$
iShares Physical Gold ETC	355,701,032	34.5136	(12,275,574,670)
iShares Physical Silver ETC	27,038,279	23.0633	(623,592,085)
iShares Physical Platinum ETC	9,521,273	14.5438	(138,475,661)
iShares Physical Palladium ETC	367,696	56.8492	(20,903,215)
<b>Total</b>			<b>(13,058,545,631)</b>

\*Price per security is rounded to 4 decimal places. Valuations disclosed are based on the unrounded price per security.

#### 30 April 2021

	iShares Physical Gold No. of Securities	iShares Physical Silver No. of Securities	iShares Physical Platinum No. of Securities	iShares Physical Palladium No. of Securities
Balance at the beginning of financial year	333,642,994	10,234,779	5,012,073	312,722
ETC Securities issued*	236,878,487	40,985,822	6,405,300	1,125,500
ETC Securities redeemed*	(196,097,814)	(24,543,748)	(1,435,400)	(1,132,026)
<b>Balance at the end of financial year</b>	<b>374,423,667</b>	<b>26,676,853</b>	<b>9,981,973</b>	<b>306,196</b>

\*ETC Securities trades are carried out in specie

	No. of Securities	Price per Security* \$	Fair Value* \$
iShares Physical Gold ETC	374,423,667	34.5101	(12,921,404,007)
iShares Physical Silver ETC	26,676,853	24.8796	(663,709,268)
iShares Physical Platinum ETC	9,981,973	17.5739	(175,422,178)
iShares Physical Palladium ETC	306,196	86.0226	(26,339,789)
<b>Total</b>			<b>(13,786,875,242)</b>

\*Price per security is rounded to 4 decimal places. Valuations disclosed are based on the unrounded price per security.

# iSHARES PHYSICAL METALS PLC

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 10. ETC securities at fair value (continued)

31 October 2020

	iShares Physical Gold No. of Securities	iShares Physical Silver No. of Securities	iShares Physical Platinum No. of Securities	iShares Physical Palladium No. of Securities
Balance at the beginning of financial period	333,642,994	10,234,779	5,012,073	312,722
ETC Securities issued*	158,731,446	25,720,341	3,000,000	1,111,100
ETC Securities redeemed*	(77,738,657)	(12,836,846)	(1,050,000)	(487,028)
<b>Balance at the end of financial period</b>	<b>414,635,783</b>	<b>23,118,274</b>	<b>6,962,073</b>	<b>936,794</b>

\*ETC Securities trades are carried out in specie

	No. of Securities	Price per Security* \$	Fair Value* \$
iShares Physical Gold ETC	414,635,783	36.7671	(15,244,973,935)
iShares Physical Silver ETC	23,118,274	22.7388	(525,682,221)
iShares Physical Platinum ETC	6,962,073	12.3053	(85,670,661)
iShares Physical Palladium ETC	936,794	64.3575	(60,289,718)
<b>Total</b>			<b>(15,916,616,535)</b>

\*Price per security is rounded to 4 decimal places. Valuations disclosed are based on the unrounded price per security.

### 11. Payables

	31 October 2021 \$	30 April 2021 \$	31 October 2020 \$
iShares Physical Gold ETC	(1,491,496)	(1,590,958)	(1,866,208)
iShares Physical Silver ETC	(101,788)	(108,107)	(109,882)
iShares Physical Platinum ETC	(21,591)	(27,517)	(13,152)
iShares Physical Palladium ETC	(3,247)	(4,233)	(9,948)
<b>Total</b>	<b>(1,618,122)</b>	<b>(1,730,815)</b>	<b>(1,999,190)</b>

### 12. Commitments and contingent liabilities

There were no significant commitments or contingent liabilities at the financial period ended 31 October 2021 (30 April 2021: Nil, 31 October 2020: Nil).

### 13. Exchange rates

The rates of exchange as at 31 October 2021, 30 April 2021 and 31 October 2020 were:

	31 October 2021	30 April 2021	31 October 2020
EUR1 = USD	1.1572	1.2038	1.1648

### 14. Employees of the Company

The Company had no employees during the financial periods ended 31 October 2021 or 31 October 2020 or the financial year ended 30 April 2021. The Directors are all non-executive.

# iSHARES PHYSICAL METALS PLC

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 15. Related parties

Parties are considered to be related if one party has the ability to control the other party or is able to exercise significant influence over the other party, in making financial or operational decisions.

The following entities are disclosed as related parties to the Company during the financial period ended 31 October 2021:

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Board of Directors of the Company

Arranger and Adviser:

*BlackRock Advisors (UK) Limited*

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The ultimate holding Company of the Arranger and Adviser is BlackRock, Inc. a company incorporated in Delaware USA.

Barry O'Dwyer is a non-executive Director of the Company, an employee of the BlackRock group and also serves on the boards of Directors of a number of BlackRock Companies.

Fees earned by the Arranger and Adviser during the financial period and balances outstanding as at 31 October 2021 are disclosed in note 5 and note 11 respectively.

### Significant holdings

All of the issued shares of the Company are fully paid up and are held by or to the order of Wilmington Trust SP Services (Dublin) Limited (the "Share Trustee"). The Share Trustee holds them on trust for charitable purposes.

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the ETC investments were no more favourable than those received by other investors investing into the same share class.

No provisions have been recognised by the Company against amounts due from related parties at the financial period end date (30 April 2021: Nil, 31 October 2020: Nil).

No amounts have been written off in the financial period in respect of amounts due to or from related parties (30 April 2021: Nil, 31 October 2020: Nil).

No commitments secured or unsecured or guarantees have been entered into with related parties during the financial period (30 April 2021: Nil, 31 October 2020: Nil).

### 16. Subsequent events

On 15 November 2021, the TER for iShares Physical Gold ETC changed from 0.15% to 0.12%.

Other than the above, there have been no events subsequent to the financial period end, which, in the opinion of the Directors of the Company, may have had a material impact on the financial statements for the financial period ended 31 October 2021.

### 17. Approval date

The financial statements were approved by the Board on 8 December 2021.

# iSHARES PHYSICAL METALS PLC

## DISCLAIMERS

### Regulatory Information

BlackRock Advisors (UK) Limited, which is authorised and regulated by the Financial Conduct Authority ('FCA'), registered office at 12 Throgmorton Avenue, London, EC2N 2DL, England, Tel +44 (0)20 7743 3000. For your protection, calls are usually recorded. iShares Physical Metals public limited company (the "Company") was incorporated in Ireland under registration number 494646 on 7 February 2011 with limited liability and is organised under the laws of Ireland as a Public Limited Company ("plc") pursuant to the Companies Act. It has been established as a special purpose vehicle for the purpose of issuing asset backed securities. The Prospectus has been drawn up in accordance with the Prospectus Regulation (EU) 2017/1129/EC and approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive.

### Risk Warnings

Investment in the products mentioned in this document may not be suitable for all investors and involve a significant degree of risk. Investors should read carefully and ensure they understand the Risk Factors in the Prospectus. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product. The price of the investments may go up or down and the investor may not get back the amount invested. Your income is not fixed and may fluctuate. The securities are priced in US Dollars and the value of the investment in other currencies will be affected by exchange rate movements. We remind you that the levels and bases of, and reliefs from, taxation can change.

The ETC Securities are limited recourse obligations which are payable solely out of the underlying secured property. If the secured property is insufficient any outstanding claims will remain unpaid.

Precious metal prices are generally more volatile than most other asset classes, making investments riskier and more complex than other investments.

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