



WisdomTree Foreign Exchange Limited

Registered No: 103518

Annual Report and Audited Financial Statements for the
Year ended 31 December 2023

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Directors

Christopher Foulds
Bryan Governey
Steven Ross
Peter Ziemba

Registered Office

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Manager

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Auditor

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Collateral Custodian

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Company Secretary

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Administrator

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Registrar

Computershare Investor Services (Jersey) Limited
13 Castle Street
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Trustee

The Law Debenture Trust Corporation plc
8th Floor
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Currency Transaction Counterparty

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Jersey Legal Advisers

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The directors of WisdomTree Foreign Exchange Limited (“FXL” or the “Company”) submit herewith the annual report and financial statements of the Company for the year ended 31 December 2023.

Directors

The names and particulars of the directors of the Company during and since the end of the financial year are:

Stuart Bell	(Resigned 24 May 2023)
Christopher Foulds	
Bryan Governey	(Appointed 24 May 2023)
Steven Ross	
Peter Ziembra	

Directors' Interests

No director has an interest in the Shares of the Company as at the date of this report.

Principal Activities

The Company's principal activity is the issue and listing of collateralised currency securities (“Currency Securities”). Currency Securities are undated secured limited recourse financial instruments designed to provide investors with long or short exposure to the daily foreign exchange performance of developed or emerging market currencies or baskets of developed market currencies measured against the US Dollar (“USD”), the Euro (“EUR”) or the British Pound (“GBP”), less applicable fees. This is achieved by the Currency Securities tracking published currency indices. The price of the Currency Securities is calculated on a daily basis to reflect the change in the relevant currency index and takes into account the payment of a management fee and a daily spread. The Currency Securities are denominated in USD, EUR or GBP.

Currency Securities are backed by unfunded currency transactions (“Currency Transactions”) with terms corresponding to the terms of Currency Securities. Each time Currency Securities are issued or redeemed, corresponding Currency Transactions between the Company and the Currency Transaction Counterparty are created or closed by the Company. Cash received by the Company linked to Currency Transactions entered into with a Currency Transaction Counterparty is used to enter into a USD, GBP or EUR denominated daily repurchase transaction with the Currency Transaction Counterparty in exchange for eligible collateral on the terms described in the Company's Prospectus (collectively the “Underlying Assets”). The company has entered into a Collateral Administration Master Agreement with the Bank of New York Mellon as the collateral custodian. On each day the Currency Transaction Counterparty is required to pay back the USD, GBP and EUR amounts in exchange for the eligible collateral held the previous day, which allows the Company to enter into new daily repurchase transactions in exchange for eligible collateral required on that day, however in accordance with the terms of a supplemental agreement to the Collateral Administration Master Agreement those new daily repurchase transactions can be paired with maturing deals on the previous daily repurchase transactions meaning that the net amounts (in each of USD, GBP and EUR) are transferred each day. This daily process ensures that eligible collateral (at fair market value) received from the Currency Transaction Counterparty represents at least 100% of the value of the cash paid for the daily repurchase transaction entered into. A daily payment amount will also be calculated in respect of each Currency Transaction on each day to reflect the movement in the relevant currency index and this amount will also be payable by either the Company or the Currency Transaction Counterparty. No trading or management of futures contracts is required by the Company.

The Company has entered into a facility agreement with Morgan Stanley & Co. International plc (“Morgan Stanley”), currently the only Currency Transaction Counterparty, enabling the Company to create and cancel Currency Transactions on an ongoing basis.

The Company earns a management fee based upon the contractual value of Currency Securities in issue, expressed as an annual percentage, calculated on a daily basis and reflected in the net asset value (“NAV”) of the securities on a daily basis, and paid monthly in arrears.

The Company has entered into a service agreement with WisdomTree Management Jersey Limited (“ManJer” or the “Manager”), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company (including marketing) as well as the payment of costs relating to the listing and issue of Currency Securities.

Principal Activities (continued)

In return for these services, the Company has an obligation to remunerate ManJer with an amount equal to the aggregate of the management fee and the creation and redemption fees, less any expenses directly incurred (the “ManJer Fee”). ManJer receives creation and redemption fees directly from the holders of Currency Securities who have entered into an authorised participant agreement with the Company (“Authorised Participants”), and accordingly, there are no related cash flows through the Company in respect of creation and redemption fees.

Review of Operations

The most recent Prospectus was issued on 13 November 2023. As at 31 December 2023 the Company had the following number of classes of Currency Securities in issue and with listings, in aggregate, admitted to trading on the following exchanges:

	London Stock Exchange	Borsa Italiana	Deutsche Börse	NYSE- Euronext Amsterdam
USD Currency Securities	14	-	2	-
EUR Currency Securities	-	26	11	6
GBP Currency Securities	12	-	-	-
Total Currency Securities	<u>26</u>	<u>26</u>	<u>13</u>	<u>6</u>

The Company continuously reviews its product set to ensure that it provides compelling and differentiated investment offerings within the current ETP landscape. As a result of a comprehensive review and after carefully evaluating factors like the investor’s best interests, market demand and competitive positioning, the Company decided to effect the compulsory redemption of certain of the Company’s products (WisdomTree Long EUR Short USD 5x, WisdomTree Short EUR Long USD 5x, WisdomTree Long EUR Short GBP 5x, WisdomTree Short EUR Long GBP 5x, WisdomTree Long USD Short GBP 5x, and WisdomTree Short USD Long GBP 5x (collectively the “Affected Securities”). The Company notified the Security Holders on 9 October 2023 that the Affected Securities would be Compulsorily Redeemed on 10 November 2023.

As at 31 December 2023, the fair value of assets under management amounted to USD 280.7 million (2022: USD 394.3 million).

The Company has entered into contractual obligations to issue and redeem Currency Securities at set prices on each trading day. These prices are based on agreed formulae published in the Prospectus, and are equal to the published NAV of each class of Currency Security.

IFRS 13 requires the Company to identify the principal market and to utilise the available price within that principal market. The directors consider the stock exchanges where the Currency Securities are listed to be the principal market and as a result the NAV of the Currency Securities is the on-exchange price as quoted on the stock exchange demonstrating active trading with the highest trading volume on each day that the price is obtained. As a result of the difference in valuation between Currency Transactions and Currency Securities there is a mis-match between the values recognised and the results of the Company reflect a gain or loss on the difference between the NAV of the Currency Transactions and the price of Currency Securities.

The Company recognises its financial assets (Currency Transactions) and financial liabilities (Currency Securities) at fair value in the Statement of Financial Position. The gain or loss on Currency Securities and the Currency Transactions is recognised through profit or loss in line with the Company’s accounting policy. This is presented in more detail in note 7 and 8 to these financial statements.

The Company’s exposure to risks is disclosed in note 12 to the financial statements.

Review of Operations (continued)

The Company is entitled to a management fee which is calculated on a daily basis:

- 3* and 5* Leveraged Currency Securities have a management fee rate of 0.98% per annum;
- CNY Currency Securities have a management fee rate of 0.59% per annum; and
- All remaining classes of Currency Securities have a management fee rate of 0.39% per annum.

The Company is also entitled to apply creation and redemption fees on the issue and redemption of Currency Securities. During the year, the Company generated income from creation and redemption fees, management fees and bank interest as follows:

	2023	2022
	USD	USD
Management Fees	2,051,265	2,156,326
Bank Interest	13,658	3,409
Total Fee Income	2,064,922	2,159,735

Non-GAAP Performance Measures

Under the terms of the service agreement with ManJer, the Company accrued expenses equal to the management fee and creation and redemption fees, which, after taking into account other operating income and expenses, generated a result before fair value movements for the year of USD Nil (2022: USD Nil).

As the difference in the valuation of Currency Transactions (held to support the Currency Securities) and Currency Securities would be reversed on a subsequent redemption of the Currency Securities and closure of the corresponding Currency Transactions (as described further in note 8), the Company presents an adjusted Statement of Profit or Loss and Other Comprehensive Income and an adjusted Statement of Changes in Equity in note 15 of the financial statements.

Ukraine Invasion

Russia has continued military action in the sovereign territory of Ukraine throughout the year ended 31 December 2023 (the "Crisis"). The Crisis has resulted in the implementation of sanctions and further actions by governments. Whilst there are no Currency Transactions (and therefore no Currency Securities) with an exposure to Russian Roubles, Belarusian Rubles or Ukrainian Hryvnia, the board of directors (the "Board") will further assess the impact on the Company's portfolio operations and valuation and will take any potential actions needed, as facts and circumstances are subject to change and may be specific to investment strategies and jurisdictions.

As the Crisis continues, the Board also continues to closely monitor and assess the impact on the Company's portfolio operations and valuation and will take any further actions needed or as required under the terms of the Prospectus, as facts and circumstances are subject to change and may be specific to investment strategies and jurisdictions.

Future Developments

The Board are not aware of any other developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached financial statements.

Going Concern

The nature of the Company's business dictates that the outstanding Currency Securities may be redeemed at any time by Authorised Participants and in certain circumstances by individual holders and also, in certain circumstances, may be compulsorily redeemed by the Company. As the redemption of Currency Securities will always coincide with the closing of an equal amount of Currency Transactions, liquidity risk is mitigated through this process which is considered to minimize exposure to liquidity risk. All other expenses of the Company are met by ManJer. The directors closely monitor the financial position and performance of ManJer, its assets under management, and therefore its related revenue streams, in respect of fulfilling the obligations under the services agreement. The net reported position on balance sheet, including in instances where a deficit is reported, is not considered to impact the going concern position of the Company as this position results solely due to the unrealised gains or losses on Currency Transactions and Currency Securities due to the accounting measurement basis applied in accordance with IFRS. As Currency Transactions are held to support Currency Securities, any deficit or surplus reported on unrealised positions would be reversed on a subsequent redemption of the Currency Securities and the related transfer of Currency Transactions. A reported deficit is not considered indicative of any issues relating to solvency of the Company and the directors are satisfied that any obligations arising in respect of the Currency Securities can be managed in accordance with the terms of the applicable Prospectus. The directors consider the operations of the Company to be ongoing, with a reasonable expectation that the Company has adequate resources to continue in operational existence until at least 30 April 2025, and accordingly these financial statements have been prepared on the going concern basis.

Corporate Social Responsibility

Sustainability and corporate responsibility are embedded throughout the business of the of WisdomTree, Inc and its subsidiaries (the "WisdomTree group") as we believe this benefits shareholders and employees of the WisdomTree group, investors in WisdomTree's products as well as wider society.

Environmental, Social and Governance ("ESG") investing is guided at the WisdomTree group level by an ESG Steering Committee, which includes senior leaders from across the WisdomTree group business, and which included several sub-committees focused on particular ESG considerations, such as improving data and transparency into the ESG attributes of WisdomTree's products. Particular ESG considerations relevant to the Company's products are overseen by the directors, leveraging the work undertaken by the ESG Steering Committee. More information on WisdomTree's corporate social responsibility strategy can be found on the WisdomTree website (<https://www.wisdomtree.eu/en-gb/wisdomtree-corporate-responsibility>).

The Board acknowledges that climate change and its impact on the global economy is of increasing interest and focus for stakeholders and that, where relevant, stakeholders will seek information from companies regarding how climate change is expected to impact the operations of the business and how climate change risk has been considered in the context of reported results.

In acknowledging the above, the Board has considered the Company's exposure to climate change and determined that due to the nature of the Company and its operations there are no directly observed impacts of climate change on the business. As a result, the Board concluded that there is no basis on which to provide extended information of analysis relating to climate change, including as part of the basis of accounting or individual accounting policies adopted by the Company.

In the above determination, the Board has concluded specifically that climate change, including physical and transition risks, does not have a material impact on the recognition and separate measurement considerations of the assets and liabilities in these financial statements as at 31 December 2023.

This conclusion is based on the fact that assets are reported at fair value under IFRS, are short dated, and as set out in note 12 are categorised as level 2 due to the use of observable, verifiable inputs, including use of third party information sources within the agreed pricing formulae (set out in the Prospectus). The liabilities are valued utilising listed market prices at the period end. These observable inputs and market prices will reflect wider market sentiment, which inherently includes market perspectives relating to the impact of climate change.

The Board recognises that government and societal responses to climate change risks are still developing and the future impact cannot be predicted. Future valuations of assets and liabilities may therefore differ as the market responds to these changing impacts or assesses the impact of current requirements differently.

Dividends

There were no dividends declared or paid in the year (2022: USD nil). It is the Company's policy that dividends will only be declared when the directors are of the opinion that there are sufficient distributable reserves.

Directors' Remuneration

No director has a service contract with the Company. The directors of the Company who are employees within the WisdomTree, Inc group do not receive separate remuneration in their capacity as directors of the Company. The directors of the Company who are employees of R&H Fund Services (Jersey) Limited ("R&H" or the "Administrator") do not receive separate remuneration in their capacity as directors of the Company, however R&H receives a fee from ManJer which includes services in respect of the Company, including for the provision of directors who are employees of R&H.

Employees

The Company does not have any employees. It is the Company's policy to use the services of specialist subcontractors or consultants as far as possible.

Auditor

The Independent Auditor is Ernst & Young LLP. A resolution to re-appoint Ernst & Young LLP will be proposed at the next Board meeting.

Principal Risks and Uncertainties

The Currency Securities provides investors with long or short exposure to the daily foreign exchange performance of developed and emerging market currencies measured against USD, EUR or GBP. Movements in the value of the Underlying Assets, and thus the value of the Currency Securities, may vary widely which could have an impact on the demand for the Currency Securities issued by the Company.

Any movements in value of those Underlying Assets backing the Currency Securities are wholly attributable to the holders of the Currency Securities, therefore the Company has no residual exposure to movements in the value of the Underlying Assets. From a commercial perspective the Company does not retain any net gains or losses or net risk exposures, as (with the exception of the impact of management fees) the gains or losses on the liability represented by the Currency Securities are matched economically by corresponding losses or gains attributable to the Underlying Assets backing the Currency Securities (see detail on page 3 regarding the accounting mis-match). Furthermore, the Company is obligated to remunerate ManJer with the ManJer Fee, which results in the Company recognising a result before fair value movements of nil for each period. As a result, the principal risks and uncertainties to which the Company is exposed has not materially changed during the year ended 31 December 2023.

There is an inherent risk from the point of view of investors as the values of currencies, and thus the value of the Currency Securities, may vary widely due to, amongst other things, changing supply and demand for a particular currency, government and monetary policy or intervention, interest rate levels and global or regional political, economic or financial events. The market price of Currency Securities is (and will remain) a function of supply and demand amongst investors wishing to buy and sell Currency Securities and the bid or offer spread that the market makers are willing to quote.

Movements in exchange rates can be so significant that they lead to the level of a currency index for any class falling to zero. Since leveraged currency indices provide leveraged exposure to daily changes in foreign exchange rates calculated against a base value determined on the second previous business day, it is possible that in certain highly volatile markets a leveraged currency index may fall to zero where the foreign exchange rate moves by a large amount over the course of two trading days or even where a particular exchange rate moves by a very large amount over the course of one day. In these circumstances the Currency Securities for that class may become subject to compulsory redemption at a zero price. In such situations, the Currency Securities may be redeemed for no value and a security holder will receive no payment on that redemption.

Principal Risks and Uncertainties (continued)

The contractual value (at NAV) of the Currency Securities as at 31 December, and the movement over the period amounted to:

	2023			2022			Movement in NAV
	Securities	NAV	USD	Securities	NAV	USD	
WisdomTree 3x Long EUR Short GBP	10,427	29.79	310,599	14,527	31.00	450,274	(3.90%)
WisdomTree 3x Long USD Short GBP	27,846	83.62	2,328,621	23,246	92.45	2,149,197	(9.55%)
WisdomTree 3x Short EUR Long GBP	9,271	43.51	403,391	22,771	36.50	831,060	19.22%
WisdomTree 3x Short USD Long GBP	155,311	10.70	1,662,337	201,161	8.78	1,767,026	21.85%
WisdomTree Long CHF Short GBP	22,029	76.16	1,677,728	56,929	69.49	3,956,001	9.60%
WisdomTree Long EUR Short GBP	9,682	54.68	529,399	24,532	51.94	1,274,115	5.28%
WisdomTree Long JPY Short GBP	143,159	38.11	5,455,686	121,859	41.50	5,057,170	(8.17%)
WisdomTree Long USD Short GBP	27,232	70.45	1,918,537	125,032	67.98	8,500,192	3.63%
WisdomTree Short CHF Long GBP	1,682	37.77	63,524	1,682	34.82	58,566	8.47%
WisdomTree Short EUR Long GBP	76,289	56.46	4,307,407	111,339	49.91	5,557,385	13.12%
WisdomTree Short JPY Long GBP	2,849	72.20	205,701	3,349	56.00	187,528	28.94%
WisdomTree Short USD Long GBP	24,570	42.22	1,037,272	118,770	36.89	4,381,486	14.44%
WisdomTree 5x Long EUR Short GBP*	-	-	-	17,513	75.08	1,314,853	(100.00%)
WisdomTree 5x Long USD Short GBP*	-	-	-	18,260	98.23	1,793,613	(100.00%)
WisdomTree 5x Short EUR Long GBP*	-	-	-	27,066	10.30	278,715	(100.00%)
WisdomTree 5x Short USD Long GBP*	-	-	-	600,627	2.99	1,794,659	(100.00%)
WisdomTree 3x Long EUR Short USD	88,778	10.69	949,221	139,878	10.02	1,401,615	6.70%
WisdomTree 3x Long GBP Short USD	96,048	13.41	1,287,775	191,048	11.30	2,159,668	18.61%
WisdomTree 3x Long JPY Short USD	888,983	3.64	3,236,679	261,504	5.22	1,365,860	(30.29%)
WisdomTree 3x Short EUR Long USD	32,138	79.74	2,562,573	36,538	83.58	3,053,904	(4.60%)
WisdomTree 3x Short GBP Long USD	15,101	50.80	767,101	20,920	60.21	1,259,509	(15.63%)
WisdomTree 3x Short JPY Long USD	3,406	200.60	683,245	5,506	144.33	794,698	38.98%

Principal Risks and Uncertainties (continued)

	2023			2022			Movement in NAV
	Securities	NAV	USD	Securities	NAV	USD	
WisdomTree Long EUR Short USD	12,303	31.69	389,831	10,703	29.92	320,267	5.89%
WisdomTree Long GBP Short USD	66,434	36.17	2,403,009	71,934	32.91	2,367,633	9.90%
WisdomTree Long JPY Short USD	558,257	26.27	14,666,202	148,447	28.44	4,221,104	(7.61%)
WisdomTree Short EUR Long USD	20,017	68.79	1,377,036	39,567	67.43	2,667,955	2.02%
WisdomTree Short GBP Long USD	21,680	58.93	1,277,531	34,306	60.06	2,060,333	(1.88%)
WisdomTree Short JPY Long USD	2,865	81.59	233,745	13,965	70.16	979,747	16.29%
WisdomTree 5x Long EUR Short USD*	-	-	-	36,719	16.70	613,172	(100.00%)
WisdomTree 5x Short EUR Long USD*	-	-	-	12,890	44.87	578,357	(100.00%)
WisdomTree 3x Long CHF Short EUR	5,991	75.54	452,587	12,671	64.61	818,652	16.93%
WisdomTree 3x Long GBP Short EUR	18,121	43.10	781,033	27,221	37.18	1,012,028	15.93%
WisdomTree 3x Long JPY Short EUR	814,034	9.80	7,979,391	368,484	14.48	5,334,819	(32.29%)
WisdomTree 3x Long USD Short EUR	40,161	98.14	3,941,497	53,761	100.03	5,377,868	(1.89%)
WisdomTree 3x Short CHF Long EUR	102,954	10.68	1,099,713	145,254	11.75	1,706,978	(9.11%)
WisdomTree 3x Short GBP Long EUR	8,699	20.93	182,038	18,099	22.75	411,753	(8.02%)
WisdomTree 3x Short JPY Long EUR	2,077	56.12	116,558	24,177	37.44	905,294	49.87%
WisdomTree 3x Short USD Long EUR	8,471,682	8.36	70,817,685	9,340,232	7.87	73,466,933	6.28%
WisdomTree Long AUD Short EUR	6,861	55.79	382,795	9,261	54.13	501,343	3.06%
WisdomTree Long CHF Short EUR	26,841	69.01	1,852,410	62,291	62.88	3,916,992	9.75%
WisdomTree Long GBP Short EUR	137,861	54.39	7,498,672	182,661	49.71	9,079,882	9.42%
WisdomTree Long JPY Short EUR	1,477,184	35.45	52,361,787	2,649,579	38.54	102,110,153	(8.02%)
WisdomTree Long NOK Short EUR	202,143	40.12	8,109,738	243,673	40.50	9,868,441	(0.94%)
WisdomTree Long SEK Short EUR	157,958	43.35	6,848,129	245,358	41.18	10,102,654	5.29%
WisdomTree Long USD Short EUR	69,941	61.12	4,274,821	114,341	58.90	6,734,459	3.77%

Principal Risks and Uncertainties (continued)

	2023			2022			Movement in NAV
	Securities	NAV	USD	Securities	NAV	USD	
WisdomTree Short AUD Long EUR	2,745	35.60	97,723	3,645	33.20	121,027	7.22%
WisdomTree Short CHF Long EUR	9,099	29.30	266,604	21,689	29.03	629,717	0.92%
WisdomTree Short GBP Long EUR	15,564	37.64	585,886	20,164	37.16	749,275	1.30%
WisdomTree Short JPY Long EUR	1,934	53.96	104,359	4,434	45.03	199,649	19.84%
WisdomTree Short NOK Long EUR	533	49.72	26,503	1,433	44.87	64,296	10.82%
WisdomTree Short SEK Long EUR	1,637	48.36	79,172	5,237	46.19	241,875	4.72%
WisdomTree Short USD Long EUR	1,317,406	33.39	43,986,859	2,233,856	31.33	69,989,786	6.57%
WisdomTree 5x Long GBP Short EUR	8,411	23.02	193,605	21,186	18.79	398,048	22.51%
WisdomTree 5x Long USD Short EUR	24,832	106.67	2,648,723	34,054	116.55	3,968,942	(8.48%)
WisdomTree 5x Short GBP Long EUR	8,442	18.83	158,968	70,435	22.61	1,592,647	(16.72%)
WisdomTree 5x Short USD Long EUR	3,374,336	4.02	13,549,517	4,165,431	3.84	15,982,625	4.65%
WisdomTree Long CNY Short USD	5,786	52.39	303,149	5,586	52.15	291,284	0.48%
WisdomTree Short CNY Long USD	7,191	36.12	259,754	17,191	34.08	585,913	5.98%
			278,693,826			389,358,995	

* As noted under 'Review of Operations' above, these securities were compulsory redeemed on 10 November 2023.

Whilst the table above reflects the NAV at 31 December 2023 and 31 December 2022, together with the movement, this does not reflect the recommended holding period for Currency Securities, which in some cases is one day. Further information on the contractual value (at NAV) of the Currency Securities on a daily basis can be found on the WisdomTree website (<https://www.wisdomtree.eu/en-gb/products>).

Additional information on other financial and operational risks and uncertainties faced by the Company, including further details surrounding the value of Currency Securities and the Currency Transactions are disclosed in note 12 to the financial statements.

Principal Risks and Uncertainties (continued)

Each Currency Security is a debt instrument whose redemption price is linked to the performance of the underlying currency index. Each class of Currency Security is issued under limited recourse arrangements whereby the holders have recourse only to the relevant Underlying Assets held to support the Currency Securities and not to the Underlying Assets of any other class of Currency Security or the Company.

The cash flows of the Company relate to:

- the receipt and payment of amounts on the creation and redemption of Currency Securities;
- the receipt and payment of the Daily Payment Amounts transferred between the Company and the Currency Transaction Counterparty; and
- the receipt and payment of the net movements on the daily repurchase transactions (arising from creation and redemption activity, the impact of Interest charges and the Management Fees as well as the reinvestment of the daily payment amount).

As a result, those cash flows are impacted by both the movements in the levels of the underlying currency indices (the daily payment amount) as well as the demand amongst investors wishing to buy and sell Currency Securities (resulting in creation and redemption activity), which itself may be also be driven by movements in the underlying currency indices.

Corporate Governance

There is no standard code of corporate governance in Jersey. The operations, as previously described in the Directors' Report, are such that the directors have determined that the Company is not required to apply, and has elected not to voluntarily apply, the UK Corporate Governance Code.

As the Board is small there is no nomination committee and appointments of new directors are considered by the Board as a whole. The Board does not consider it appropriate that directors should be appointed for a specific term. Furthermore, the corporate governance framework implemented and constitution of the Board is such that it is considered unnecessary to identify a senior non-executive director.

The constitution of the Board is disclosed on page 1. The Board meets regularly as required by the operations of the Company, but at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its review.

Internal Control

During the year the Company did not have any employees or subsidiaries, and there is no intention that this will change. The Company, being a special purpose company established for the purpose of issuing Currency Securities, has not undertaken any business, save for issuing and redeeming Currency Securities, entering into the required documents and performing the obligations and exercising its rights in relation thereto, since its incorporation. The Company does not intend to undertake any business other than issuing and redeeming Currency Securities and performing the obligations and exercising its rights in relation thereto.

The Company is dependent upon ManJer to provide management and administration services to it. ManJer is licensed under the Financial Services (Jersey) Law 1998 to conduct classes U and Z of Fund Services Business. ManJer outsources the administration services in respect of the Company to the Administrator. Documented contractual arrangements are in place with the Administrator which define the areas where the authority is delegated to them. The performance of the Manager and Administrator are reviewed on an ongoing basis by the Board through their review of periodic reports.

ManJer provides management and other services to both the Company and other related party companies issuing exchange-traded products.

The Board having reviewed the effectiveness of the internal control systems of the Manager and the Administrator, does not consider that there is a need for the Company to establish its own internal audit function.

Audit Committee

The Board has not established a separate audit committee; instead the Board meets to consider the financial reporting by the Company, the internal controls, and relations with the external auditor. In addition, the Board reviews the independence and objectivity of the auditor.



Christopher Foulds

Director

Jersey

17 April 2024

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

With regard to Directive 2004/109/EC, amended by Directive 2013/50/EU (collectively the Transparency Directive), the Central Bank (Investment Market Conduct) Rules of the Central Bank of Ireland and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the directors confirm that to the best of their knowledge that:

- the financial statements for the year ended 31 December 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by law and in accordance with IFRS as issued by the IASB; and
- the Directors' Report gives a fair view of the development and performance of the Company's business, including financial position and the important events that have occurred during the year, and their impact on these financial statements, together with a description of the principal risks and uncertainties they face.

By order of the Board



Christopher Foulds
Director
Jersey
17 April 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISDOMTREE FOREIGN EXCHANGE LIMITED

Opinion

We have audited the financial statements of WisdomTree Foreign Exchange Limited (the "company") for the year ended 31 December 2023 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with IFRS;
- ▶ have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- ▶ We obtained an understanding of management's rationale for using the going concern basis of accounting and confirmed our understanding of management's Going Concern assessment process including the process they adopted to capture all key factors in their assessment;
- ▶ We obtained management's board approved going concern assessment covering the period of assessment from the date of signing to 30 April 2025. Management's assessment has focussed on a combination of:
 - ▶ Assessing the ongoing viability of the company through continued involvement of its Currency Transaction Counterparty and Authorised Participants;
 - ▶ Assessing the ongoing ability of WisdomTree Management Jersey Limited ("ManJer") to continue to meet its obligations as manager and pay all expenses of the company. This includes consideration of the assets under management of all managed issuer entities ("Issuer Platform") which includes this company. In assessing this ability management considered the fixed and variable operating costs that could be supported under varying levels of total assets under management for the Issuer Platform.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISDOMTREE FOREIGN EXCHANGE LIMITED (continued)

- ▶ Using our understanding of the business, we evaluated whether the considerations and method adopted by management in assessing going concern was appropriate.
- ▶ We performed reverse stress testing on the forecasts to understand how severe the downside scenarios would have to be, and the reduction in platform assets under management, to result in the platform generating insufficient management fees to cover operating costs. We observed significant headroom in management fee income, at current Assets Under Management ("AUM") levels, in excess of fixed and AUM based costs which supports management's assumption that the Issuer Platform is able to absorb heightened levels of volatility in AUM.
- ▶ We considered whether management's disclosures, in the Annual Report and financial statements, sufficiently and appropriately discloses information required in respect of the going concern assumption applied through consideration of relevant disclosure standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 April 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> ▶ Valuation of Financial Assets at fair value through profit and loss – Currency Transactions ▶ Valuation of Financial Liabilities at fair value through profit and loss – Currency Securities
Materiality	▶ Overall materiality of US\$2.81m which represents 1% of total assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, changes in the business environment and the potential impact of climate change when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

There were no scoping changes compared to the prior year.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE FOREIGN EXCHANGE LIMITED (continued)**

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The company has determined that there are no directly observed impacts of climate change on the business due to the nature of the company and its operations. This is explained on page 5 in the corporate social responsibility section, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk, physical and transition, the adequacy of the company's disclosures in the financial statements as set out in note 2 and conclusion that there was no further impact of climate change to be taken into account as the material assets and liabilities are valued based on market pricing as required by IFRS.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Board
<p>Valuation of Financial Assets at fair value through profit and loss – Currency Transactions USD 278,693,826 (2022: USD 389,358,995)</p> <p><i>Refer to the Accounting policies (pages 28); and Note 7 of the Financial Statements (pages 32-33)</i></p> <p>Risk that investment values are misstated or that valuations are incorrectly calculated, including as a result of management override of internal controls.</p> <p>The Currency Transactions held comprise a range of currency derivatives that are used by the company to provide holders of issued securities with exposure that is designed to track currency movements.</p>	<p>Our response to the risk comprised:</p> <p>We walked through the company's systems, controls and process implemented in respect of the valuation of Currency Transactions.</p> <p>We assessed the design of the company's systems and controls implemented in respect of Currency Transactions valuation.</p> <p>In executing our strategy, we adopted a fully substantive approach.</p> <p>We obtained independent confirmation, from the currency transactions counterparty, of the contractual value of contracts as at the reporting date.</p>	<p>There were no matters identified during our audit work on valuation of Currency Transactions that we brought to the attention of the Board of Directors of the company.</p> <p>Based on our testing we are satisfied that the valuation of the Currency Transactions is not materially misstated.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE FOREIGN EXCHANGE LIMITED (continued)**

Risk	Our response to the risk	Key observations communicated to the Board
<p>The Currency Transactions are carried at fair value as a Financial Asset.</p> <p>The risk comprises the risk of errors in both the valuation methodology applied (including the risk that the valuation methodology has not been determined in accordance with the terms of the applicable prospectus) and in the source and timing of valuation inputs utilised.</p> <p>The balance of Currency Transactions represents in excess of 99% of the company's total assets as at 31 December 2023 (2022: 99%) and therefore any error in valuation approach could be significant.</p> <p>The risk has remained consistent with that observed in the prior year.</p>	<p>We agreed the valuation methodology applied to the definition set out in the prospectus and validation of key inputs used to derive the value of the Currency Transactions. This included agreement on a sample basis of the price of the referenced currency indices to external pricing sources as at 31 December 2023 against relevant IFRS requirements.</p> <p>We recalculated the value of a sample of Currency Transactions held at 31 December 2023, representing 95% of the total value of Currency Transactions held.</p> <p>Specifically, in addressing the risks of management override of controls, we assessed the Currency Transactions valuation for evidence of management bias, considered whether any significant unusual transactions arose based on our understanding of the Company and its activities and tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</p>	
<p>Valuation of Financial Liabilities at fair value through profit or loss – Currency Securities</p> <p>USD 278,154,615 (2022: USD 390,109,498)</p> <p><i>Refer to the Accounting policies (pages 28-29); and Note 8 of the Financial Statements (pages 33-35)</i></p> <p>Risk that values of securities in issue are misstated or that valuations are incorrectly captured.</p>	<p>Our response to the risk comprised:</p> <p>We walked through the company's systems, controls and process implemented in respect of the valuation of Currency Securities.</p> <p>We assessed the design of the company's systems and controls implemented in respect of Currency Securities valuation.</p> <p>In executing our strategy, we adopted a fully substantive approach.</p>	<p>There were no matters identified during our audit work on valuation of Currency Securities that we brought to the attention of the Board of Directors of the company.</p> <p>Based on our testing we are satisfied that the valuation of Currency Securities is not materially misstated.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE FOREIGN EXCHANGE LIMITED (continued)**

Risk	Our response to the risk	Key observations communicated to the Board
<p>The Currency Securities in issue comprise a range of financial instruments that provide holders of issued securities with exposure to movements in prices of foreign currency.</p> <p>The Currency Securities are carried at fair value as a Financial Liability.</p> <p>The risk comprises the risk of errors in both the valuation methodology applied and, in the source, and timing of valuation inputs utilised.</p> <p>The balance of Currency Securities represents in excess of 99% of the company's total liabilities as at 31 December 2023 (2022: 99%) and therefore any error in valuation approach could be significant.</p> <p>The risk has remained consistent with that observed in the prior year.</p>	<p>We assessed the appropriateness of the valuation methodology applied, comprising the use of traded security prices to value the Currency Securities, against relevant IFRS requirements.</p> <p>We independently obtained security prices using external pricing sources at the balance sheet date.</p> <p>We recalculated the value of Currency Securities held at 31 December 2023, by multiplying the security price by the confirmed security balance in issue. This represented 100% of the total value of Currency Securities in issue.</p>	

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be US\$2.81 million (2022: US\$3.94 million), which is 1% (2022: 1%) of Total Assets. We believe that Total Assets provides us with an appropriate basis for audit materiality as Total Assets reflects the relevant exposure of holders of issued securities to the underlying asset base.

There has been no change in the basis of materiality used compared to the prior year.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISDOMTREE FOREIGN EXCHANGE LIMITED (continued)

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% (2022: 50%) of our planning materiality, namely US\$1.41m (2022: US\$1.97m). We have set performance materiality in both periods at this percentage in response to the value of errors identified and corrected in the financial statement close process.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board that we would report to them all uncorrected audit differences in excess of US\$0.14m (2022: US\$0.20m), which is set at 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 12, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- ▶ proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the company's accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISDOMTREE FOREIGN EXCHANGE LIMITED (continued)

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.

Auditor's 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 auditor's 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, comprising IFRS and the Companies (Jersey) Law 1991. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the presentation and disclosure of the financial statements being the applicable Listing Rules of the Central Bank of Ireland (Investment Market Conduct) and UK Listing Authority Rules;
- ▶ We understood how WisdomTree Foreign Exchange Limited is complying with those frameworks by making enquiries of the directors and key management of the administrative service provider. We corroborated our enquiries through our review of minutes of Board meetings, papers provided to the board and correspondence received from regulatory bodies and noted no contradictory evidence;
- ▶ We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the investment objectives of the Company and discussing with management to understand where reporting was considered susceptible to fraud. Where this risk was considered to be higher, we performed audit procedures in response to the identified fraud risk. These procedures included testing of transactions to supporting documentation, testing of specific accounting journal entries, and focussed testing, including that referred to in the key audit matters section above. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error;
- ▶ Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations, a review of any associated reporting submitted to the board on compliance with laws and regulations and enquiries of members of management of the appointed administrative service provider;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISDOMTREE FOREIGN EXCHANGE LIMITED (continued)

- ▶ As the Company operates in the asset management industry the Audit Partner assessed the experience of the engagement team and concluded that the team had the appropriate competence and capabilities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address


- ▶ Following the recommendation from those charged with governance, we were appointed by the company on 3 December 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 5 years, covering the years ending 31 December 2019 to 31 December 2023.

- ▶ The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit. The audit opinion is consistent with the additional report to those charged with governance.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Christopher David Gordon Barry, FCA
for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
Date: 17 April 2024

	Notes	Year ended 31 December	
		2023 USD	2022 USD
Income	3	2,064,922	2,159,735
Expenses	3	(2,064,922)	(2,159,735)
Result Before Fair Value Movements	3	-	-
Change in Contractual and Fair Value of Currency Transactions	7	4,749,740	(63,173,751)
Change in Fair Value of Currency Securities	8	(3,460,026)	60,127,660
Profit / (Loss) for the Year^{1, 2}	8	1,289,714	(3,046,091)

The directors consider the Company's activities as continuing.

¹ A non-statutory and non-GAAP Statement of Profit or Loss and Other Comprehensive Income reflecting adjustments representing the movement in the difference between the value of the Currency Transactions and the price of Currency Securities is set out in note 15.

² There are no items of Other Comprehensive Income, therefore the Profit / (Loss) for the Year also represented the Total Comprehensive Income for the Year.

The notes on pages 25 to 44 form part of these financial statements

	Notes	As at 31 December	
		2023 USD	2022 USD
Assets			
Cash and Cash Equivalents	5	164,054	201,440
Cash held for Currency Securities due for settlement	5	1,043,463	4,775,942
Amounts Receivable on Currency Transactions Awaiting Settlement	7	445,176	-
Currency Transactions	7	278,693,826	389,358,995
Amounts Receivable on Currency Securities Awaiting Settlement	8	390,818	-
Trade and Other Receivables	6	1,784	1,784
Total Assets		280,739,121	394,338,161
Liabilities			
Currency Securities	8	278,154,615	390,109,498
Amounts Payable on Currency Securities Awaiting Settlement	8	1,488,639	4,775,942
Amounts Payable on Currency Transactions Awaiting Settlement	7	390,818	-
Trade and Other Payables	9	164,054	201,440
Total Liabilities		280,198,126	395,086,880
Equity			
Stated Capital	10	3	3
Retained Earnings		1,781	1,781
Revaluation Reserve		539,211	(750,503)
Total Equity		540,995	(748,719)
Total Assets		280,739,121	394,338,161

The assets and liabilities in the above Statement of Financial Position are presented in order of liquidity from most to least liquid.

The financial statements on pages 21 to 44 were approved and authorised for issue by the board of directors and signed on its behalf on 17 April 2024.



Christopher Foulds
Director

The notes on pages 25 to 44 form part of these financial statements

	Year ended 31 December	
	2023 USD	2022 USD
Fees and Expenses Paid	(2,102,309)	(1,921,738)
Bank Interest	13,658	3,409
Cash used in Operating Activities	<u>(2,088,651)</u>	<u>(1,918,329)</u>
<i>Cash Flows from Investing Activities</i>		
Net Daily Payment Amounts	6,639,526	(62,000,559)
Net Movement on Currency Transactions	109,166,201	(60,594,454)
Net Cash Flows from / (used in) Investing Activities	<u>115,805,727</u>	<u>(122,595,013)</u>
<i>Cash Flows from Financing Activities</i>		
Issue of Currency Securities	239,763,220	446,392,341
Redemption of Currency Securities	(357,250,161)	(316,865,061)
Net Cash Flows (used in) / from Financing Activities	<u>(117,486,941)</u>	<u>129,527,280</u>
Net Movement in Cash and Cash Equivalents	<u>(3,769,865)</u>	<u>5,013,938</u>
Cash and Cash Equivalents at the Beginning of the Year	4,977,382	(36,556)
Net Movement in Cash and Cash Equivalents	(3,769,865)	5,013,938
Cash and Cash Equivalents at the End of the Year	<u>1,207,517</u>	<u>4,977,382</u>
Cash and Cash Equivalents at the End of the Year is represented by:		
Cash and Cash Equivalents	164,054	201,440
Cash held for Currency Securities due for settlement	1,043,463	4,775,942
	<u>1,207,517</u>	<u>4,977,382</u>

Cash Flows from Investing Activities represent amounts linked to Currency Transactions entered into with a Currency Transaction Counterparty, and which are used to enter into USD, GBP or EUR denominated daily repurchase transactions with the Currency Transaction Counterparty in exchange for eligible collateral on the terms described in the Company's Prospectus (collectively the "Underlying Assets"). On each day the Currency Transaction Counterparty is required to pay back the USD, GBP and EUR amounts in exchange for the eligible collateral held the previous day, which allows the Company to enter into new daily repurchase transactions in exchange for eligible collateral required on that day, however in accordance with the terms of a supplemental agreement to the Collateral Administration Master Agreement those new daily repurchase transactions can be paired with maturing deals on the previous daily repurchase transactions meaning that the net amounts (in each of USD, GBP and EUR) are transferred each day. A daily payment amount will also be calculated in respect of each Currency Transaction on each day to reflect the movement in the relevant currency index and this amount will also be payable by either the Company or the Currency Transaction Counterparty. The cash flows are reported on a net basis because the cash receipts and payments relates to items in which the turnover is quick, the amounts are large, and the maturities are short.

The Company has entered into a service agreement with WisdomTree Management Jersey Limited ("ManJer" or the "Manager"), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company (including marketing), as well as the payment of costs relating to the listing and issue of Currency Securities. In return for these services, the Company has an obligation to remunerate ManJer with an amount equal to the aggregate of the management fee, licence allowance and the creation and redemption fees (the "ManJer Fee"). ManJer receives creation and redemption fees directly from the holders of Currency Securities who have entered into an authorised participant agreement with the Company ("Authorised Participants"), and accordingly, there are no related cash flows through the Company in respect of creation and redemption fees. These fees are disclosed in note 3.

The notes on pages 25 to 44 form part of these financial statements

	Notes	Stated Capital USD	Retained Earnings USD	Revaluation Reserve USD	Total Equity USD
Opening Balance at 1 January 2022		3	1,781	2,295,588	2,297,372
Result and Total Comprehensive Expense for the Year		-	(3,046,091)	-	(3,046,091)
Transfer to Revaluation Reserve	15	-	3,046,091	(3,046,091)	-
Balance at 31 December 2022³		3	1,781	(750,503)	(748,719)
Opening Balance at 1 January 2023		3	1,781	(750,503)	(748,719)
Result and Total Comprehensive Income for the Year		-	1,289,714	-	1,289,714
Transfer to Revaluation Reserve	15	-	(1,289,714)	1,289,714	-
Balance at 31 December 2023³		3	1,781	539,211	540,995

³ A non-statutory and non-GAAP Statement of Changes in Equity reflecting adjustments representing the difference between the value of Currency Transactions and the price of Currency Securities is set out in note 15.

The notes on pages 25 to 44 form part of these financial statements

1. General Information

WisdomTree Foreign Exchange Limited (the “Company”) is a company incorporated and domiciled in Jersey. The address of the registered office is Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW.

The Company’s principal activity is the issue and listing of collateralised currency securities (“Currency Securities”). Currency Securities are undated secured limited recourse financial instruments designed to provide investors with long or short exposure to the daily foreign exchange performance of developed or emerging market currencies or baskets of developed market currencies measured against the US Dollar (“USD”), the Euro (“EUR”) or the British Pound (“GBP”), less applicable fees. This is achieved by the Currency Securities tracking published currency indices. The price of the Currency Securities is calculated on a daily basis to reflect the change in the relevant currency index and takes into account the payment of a management fee and a daily spread. The Currency Securities are denominated in USD, EUR or GBP.

Each time Currency Securities are issued or redeemed, corresponding Currency Transactions between the Company and the Currency Transaction Counterparty are created or closed by the Company. Cash received by the Company linked to Currency Transactions entered into with a Currency Transaction Counterparty is used to enter into a USD, GBP or EUR denominated daily repurchase transaction with the Currency Transaction Counterparty in exchange for eligible collateral on the terms described in the Company’s Prospectus (collectively the “Underlying Assets”). On each day the Currency Transaction Counterparty is required to pay back the USD, GBP and EUR amounts in exchange for the eligible collateral held the previous day, which allows the Company to enter into new daily repurchase transactions in exchange for eligible collateral required on that day, however in accordance with the terms of a supplemental agreement to the Collateral Administration Master Agreement those new daily repurchase transactions can be paired with maturing deals on the previous daily repurchase transactions meaning that the net amounts (in each of USD, GBP and EUR) are transferred each day. This daily process therefore ensures that eligible collateral (at market fair value) received from the Currency Transaction Counterparty represents at least 100% of the exposure of the daily repurchase transaction receivable on a daily basis. A daily payment amount will also be calculated in respect of each Currency Transaction on each day to reflect the movement in the relevant currency index and this amount will also be payable by either the Company or the Currency Transaction Counterparty.

Each class of Currency Security is issued under limited recourse arrangements whereby the holders have recourse only to the relevant Underlying Assets held to support the Currency Securities and not to the Underlying Assets of any other class of Currency Security or to the Company. The Company does not make gains from trading in the Underlying Assets. As a result, (and with the exception of the impact of management fees), from a commercial perspective gains and losses in respect of Currency Transactions will always be offset by a corresponding loss or gain on the Currency Securities and therefore, commercially the Company does not retain any net gains or losses or net risk exposures. However, the difference in valuation between Currency Transactions and Currency Securities creates a mis-match between accounting values reported within these financial statements. This difference in valuation would be reversed on a subsequent redemption of the Currency Securities and cancellation of the corresponding Currency Transactions. Further details are disclosed within the Accounting Policies and in note 15 with additional information regarding the risks of the Company disclosed in note 12. Furthermore, the Company presents an adjusted Statement of Profit or Loss and Other Comprehensive Income and an adjusted Statement of Changes in Equity in note 15 of the financial statements to reflect the economic results of the Company through the reversal of the difference in valuation between Currency Transactions and Currency Securities given the gain or loss would be reversed on a subsequent redemption of the Currency Securities and cancellation of the corresponding Currency Transactions, and therefore will not be realised.

Exchange-traded products are not typically actively managed, are significantly lower in cost when compared to actively managed mutual funds and are easily accessible to investors. No trading or management of futures contracts is required of the Company because the Company has entered into arrangements to acquire an equivalent asset exposure from a third party which fully hedges the exposure of the Company.

The Company is entitled to:

- (1) a management fee which is calculated by applying a fixed percentage to the Contractual Value of Securities in issue on a daily basis, less any expenses directly incurred (the “Management Fee”); and
- (2) apply creation and redemption fees on the issue and redemption of the Securities.

No creation or redemption fees are payable to the Company when investors trade in the Securities on a listed market such as the London Stock Exchange.

1. General Information (continued)

The Company has entered into a service agreement with WisdomTree Management Jersey Limited (“ManJer” or the “Manager”), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company (including marketing) as well as the payment of costs relating to the listing and issuance of Currency Securities. In return for these services, the Company pays ManJer an amount equal to the management fee and the creation and redemption fees earned, less any expenses directly incurred (the “ManJer Fee”). As a result, the Company recognises a result before fair value movements of nil for each period.

2. Accounting Policies

The material accounting policies of the Company are described below.

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The financial statements have been prepared under the historical cost convention, except for Daily Payment Amounts of Currency Transactions and financial liabilities held at fair value through profit or loss.

The board of directors (the “Board”) has concluded specifically that climate change, including physical and transition risks, does not have a material impact on the recognition and separate measurement considerations of the assets and liabilities in these financial statements as at 31 December 2023. This conclusion is based on the fact that assets are reported at fair value under IFRS, are short dated, and as set out in note 12 are categorised as level 2 due to the use of observable, verifiable inputs, including use of third party information sources within the agreed pricing formulae (set out in the Prospectus). The liabilities are valued utilising listed market prices at the period end. These observable inputs and market prices will reflect wider market sentiment, which inherently includes market perspectives relating to the impact of climate change.

Material Accounting Estimates and Judgements

The presentation of financial statements in conformity with IFRSs 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 Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant Estimates

The directors do not consider that any significant estimates have been applied in the preparation of these financial statements.

Significant Judgements

The key accounting judgement required to prepare these financial statements is in respect of the presentation of non-statutory and non-GAAP adjustments to the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Changes in Equity, as disclosed in note 15.

Going Concern

The nature of the Company’s business dictates that the outstanding Currency Securities may be redeemed at any time by Authorised Participants and in certain circumstances by individual holders and also, in certain circumstances, may be compulsorily redeemed by the Company. As the redemption of Currency Securities will always coincide with the closing of an equal amount of Currency Transactions, liquidity risk is mitigated through this process which is considered to minimize exposure to liquidity risk. All other expenses of the Company are met by ManJer. The directors closely monitor the financial position and performance of ManJer, its assets under management, and therefore its related revenue streams, in respect of fulfilling the obligations under the services agreement.

2. Accounting Policies (continued)

Going Concern (continued)

The net reported position on balance sheet, including in instances where a deficit is reported, is not considered to impact the going concern position of the Company as this position results solely due to the unrealised gains or losses on Currency Transactions and Currency Securities due to the accounting measurement basis applied in accordance with IFRS. As Currency Transactions are held to support Currency Securities, any deficit or surplus reported on unrealised positions would be reversed on a subsequent redemption of the Currency Securities and the related transfer of Currency Transactions. A reported deficit is not considered indicative of any issues relating to solvency of the Company and the directors are satisfied that any obligations arising in respect of the Currency Securities can be managed in accordance with the terms of the applicable Prospectus. The directors consider the operations of the Company to be ongoing, with a reasonable expectation that the Company has adequate resources to continue in operational existence until at least 30 April 2025 (being the period of assessment), and accordingly these financial statements have been prepared on the going concern basis.

Accounting Standards

(a) Standards, amendments and interpretations adopted in the year:

The following standards that have been revised, issued and became effective but are not considered applicable to the Company:

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 12 Deferred Tax
- IFRS 17 Insurance Contracts

There were no other new standards, amendments and interpretations adopted in the current year that resulted in a significant effect on these financial statements.

(b) New and revised IFRSs in issue but not yet effective:

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2024)
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (effective for annual periods beginning on or after 1 January 2024)
- Amendments to IFRS 16 Lease Liability in Sale and Leaseback (effective for annual periods beginning on or after 1 January 2025)
- Lack of exchangeability - Amendments to IAS 21 (effective for annual periods beginning on or after 1 January 2025)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (effective for annual periods beginning on or after 1 January 2025)

The directors do not expect the adoption of the above standards, amendments and interpretations that are in issue but not yet effective will have a material impact on the financial statements of the Company in future periods.

2. Accounting Policies (continued)

Currency Transactions

The Currency Securities are backed Currency Transactions, which are unfunded currency transactions with terms corresponding to the terms of Currency Securities. The Currency Transactions are made up of two components on each day:

- **Daily Repurchase Transactions:** Cash received by the Company (linked to Currency Transactions entered into with a Currency Transaction Counterparty) which is used to enter into a USD, GBP or EUR denominated daily repurchase transaction with the Currency Transaction Counterparty in exchange for eligible collateral on the terms described in the Company's Prospectus. Each day the Currency Transaction Counterparty pays back the USD, GBP and EUR amounts in exchange for the eligible collateral held the previous day, allowing the Company to enter into new daily repurchase transactions in exchange for eligible collateral required on that day, however in accordance with the terms of a supplemental agreement to the Collateral Administration Master Agreement those new daily repurchase transactions can be paired with maturing deals on the previous daily repurchase transactions meaning that the net amounts (in each of USD, GBP and EUR) are transferred each day. This daily process ensures that eligible collateral (at market fair value) received from the Currency Transaction Counterparty represents at least 100% of the exposure of the daily repurchase transaction receivable on a daily basis.
- **Daily Payment Amount:** calculated in respect of each Currency Transaction on each day to reflect the movement in the relevant currency index and this amount will be payable by either the Company or the Currency Transaction Counterparty.

i) Issue and Redemption

Each time a Currency Security is issued or redeemed by the Company, a corresponding number and value of Currency Transactions are created or closed with Morgan Stanley & Co. International plc ("Morgan Stanley"), which represent financial assets of the Company. Upon initial recognition, the value is recorded using the price calculated based on the formula set out in the Prospectus.

Financial assets are recognised and de-recognised on the transaction (trade) date.

ii) Classification

Each Currency Transaction comprises two financial instruments whose aggregate cancellation price is linked to the performance of the relevant currency index. The Currency Transactions are classified as financial assets, and are recognised as follows:

- the amount receivable from the Currency Transaction Counterparty in respect of the Daily Repurchase Transactions is recognised at amortised cost; and
- the Daily Payment Amount is recognised at fair value through profit or loss under IFRS 9 due to this being a derivative financial instrument.

iii) Pricing

The fair value of the Daily Payment Amount component of the Currency Transactions is calculated based on the movement in the performance of the relevant MSFXsm Currency Indices. The MSFXsm Currency Indices are total return indices and are calculated and published by Morgan Stanley and are calculated in accordance with the MSFXsm Indices Manual.

The combination of the value of the Daily Repurchase Transactions and the fair value of the Daily Payment Amount represents the fair value of the Currency Transactions. This valuation methodology is consistent with the formula set out in the Prospectus whereby a single price is established for each Currency Transaction as at the end of each Pricing Day (the Contractual Value).

Currency Securities

i) Issue and Redemption

Each time a Currency Security is issued or redeemed by the Company a corresponding number and value of Currency Transactions are created or closed with Morgan Stanley. The Currency Securities give rise to the financial liabilities. Upon initial recognition, the fair value is recorded using the price calculated based on the formula set out in the Prospectus, referred to as the "Contractual Value" (see on next page).

Financial liabilities are recognised and de-recognised on the transaction (trade) date.

2. Accounting Policies (continued)

Currency Securities (continued)

ii) *Classification at fair value through Profit or Loss*

Each Currency Security comprises a financial instrument whose redemption price is linked to the performance of the relevant currency index adjusted by the applicable fees and expenses.

The Currency Securities are classified as financial liabilities measured at fair value through profit or loss under IFRS 9 due to an embedded derivative. This also significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

iii) *Pricing*

IFRS 13 requires the Company to identify the principal market and to utilise the available price within that principal market. The directors consider the stock exchanges where the Currency Securities are listed to be the principal market and as a result the fair value of the Currency Securities is the on-exchange price as quoted on the stock exchange demonstrating active trading with the highest trading volume on each day that the price is obtained. The Currency Securities are priced using the latest traded price on (or before) the Statement of Financial Position date.

Consequently, a difference arises between the value of Currency Transactions (held to support the Currency Securities) and Currency Securities (at market value) presented in the Statement of Financial Position. This difference is reversed on a subsequent redemption of the Currency Securities and closure of the corresponding Currency Transactions.

Currency Transactions and Currency Securities Awaiting Settlement

The issue and redemption of Currency Securities, and the creation or closure of Currency Transactions, is accounted for on the transaction date. The transaction will not settle until two days after the transaction date. Where transactions are awaiting settlement at the year end, the value of the Currency Transactions and the Currency Securities due to be settled is separately disclosed within the relevant assets and liabilities on the Statement of Financial Position. The fair value of these receivables and payables is considered equivalent to their carrying value.

Cash, Cash Equivalents and Overdraft Facilities

The Company has established separate Cash Accounts (GBP, USD and EUR) with the Bank of New York Mellon ("BoNY") as well as Overdraft Facilities, linked to each of the Cash Accounts, which together facilitate the cash flows related to the receipt and payment of amounts on the creation and redemption of Securities as well as the transfer of the Daily Payment Amounts required for the subsequent days daily repurchase transaction. Cash and Cash Equivalents include deposits held on call with BoNY.

Other Financial Assets and Liabilities

Other financial assets and liabilities are non-derivative financial assets and liabilities including trade and other receivables and trade and other payables with a fixed payment amount and are not quoted in an active market. After initial measurement the other financial assets and liabilities are subsequently measured at amortised cost using the effective interest method less any allowance for expected credit losses. The effective interest method is a method of calculating the amortised cost of an instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Impairment losses, including reversals of impairment losses and impairment gains, are recorded through profit or loss.

2. Accounting Policies (continued)

Reserves

A revaluation reserve and a retained earnings reserve are maintained within equity. All profit or loss is taken to the retained earnings reserve at the end of the accounting period to which it relates and the gain or loss relating to the mis-match of accounting values is transferred to the revaluation reserve, which the directors have deemed to be non-distributable, as the balance relates to unrealised gains and losses on Currency Transactions (held to support the Currency Securities) and Currency Securities, which are reversed on a subsequent redemption of the Currency Securities and the related cancellation of Currency Transactions and will therefore not be realised.

Income

The Company derives its income over time (in respect of management fees), and at a point in time (in respect of creation and redemption fees) as follows:

i) *Management Fees*

Management Fees are calculated by applying a fixed percentage to the Contractual Value of Currency Securities in issue on a daily basis in accordance with the terms of the securities issued:

- 3x and 5x Leveraged Currency Securities have a management fee rate of 0.98% per annum;
- CNY Currency Securities have a management fee rate of 0.59% per annum; and
- All remaining classes of Currency Securities have a management fee rate of 0.39% per annum.

ii) *Creation and Redemption Fees*

Fees for the issue and redemption of Currency Securities are recognised at the fair value of the consideration expected to be received, on the date on which the transaction becomes legally binding. Accrued creation and redemption fees are invoiced on a quarterly basis and settled directly between ManJer and the relevant Authorised Participants.

Foreign Currency

The financial statements of the Company are presented in the currency in which a majority of the Currency Transactions entered into and the Currency Securities issued by the Company are denominated (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in United States Dollars, which is the functional currency of the Company, and the presentational currency of the financial statements.

Transactions in foreign currencies are initially recorded at the spot rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end date are translated at rates ruling at that date. Creation and redemption fees are translated at the average rate for each month in which they are incurred. The resulting differences are accounted for through profit or loss.

Segmental Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker ("CODM") in order to allocate resources to the segments and to assess their performance. The CODM has been determined as the Board.

Whilst the Company has a number of different Currency Securities in issue, the financial information reviewed by CODM is not segregated by those different Currency Securities and therefore the Board have concluded that these components do not meet the criteria of operating segments. Furthermore marketing of the Currency Securities is undertaken on a centralised basis and the terms of the Currency Securities of any class rank pari passu in all respects irrespective of stock exchange listing.

2. Accounting Policies (continued)

Reserves (continued)

As a result, the CODM determined that the Company is operating a single segment or product group, Currency Securities, and one geographical segment which is Europe. Therefore the Company discloses its results on an equivalent aggregated form and does not provide any further segmental information. In addition, the Company has no single major customer from which greater than 10% of income is generated. All information relevant to the understanding of the Company's activities is included in these financial statements.

3. Result Before Fair Value Movements

Result Before Fair Value Movements for the year comprised:

	Year ended 31 December	
	2023	2022
	USD	USD
Creation and Redemption Fees	-	-
Management Fees	2,051,265	2,156,326
Bank interest received	13,657	3,409
Total Income	2,064,922	2,159,735
ManJer Fees	(2,064,922)	(2,154,715)
Bank Charges and Interest	-	(5,020)
Total Operating Expenses	(2,064,922)	(2,159,735)
Result Before Fair Value Movements	-	-

Audit Fees for the year of GBP 41,332 will be met by ManJer (2022: GBP 34,399).

4. Taxation

The Company is subject to Jersey Income Tax. During the year the Jersey Income Tax rate applicable to the Company is zero percent (2022: zero percent).

5. Cash, Cash Equivalents and Overdraft Facility

	As at 31 December	
	2023	2022
	USD	USD
Cash and Cash Equivalents	164,054	201,440
Cash held for Currency Securities due for settlement	1,043,463	4,775,942
	1,207,517	4,977,382
Overdraft Facility	-	-
	-	-

5. Cash, Cash Equivalents and Overdraft Facility (continued)

Under the terms of the Collateral Administration Master Agreement, the Company has established and maintains Custody Accounts with BoNY (as both Custodian and Collateral Administrator) in respect of its dealings with the Currency Transaction Counterparty. The Company has also established separate Cash Accounts (GBP, USD and EUR) with BoNY, as well as Overdraft Facilities, linked to each of the Cash Accounts, which together facilitate the cash flows related to the receipt and payment of amounts on the creation and redemption of Securities as well as the transfer of the Daily Payment Amounts required for the subsequent days daily repurchase transaction.

The net amount of cash held, or overdraft facility utilised, at the close of each day is equal to the amounts accrued but not yet transferred in respect to management fees, net of any interest applied to the Cash Accounts by BoNY as well as cash transferred out from the Daily Repurchase Transactions to facilitate the redemption of Currency Securities awaiting settlement.

6. Trade and Other Receivables

	As at 31 December	
	2023 USD	2022 USD
Amounts Receivable from Related Party	1,781	1,781
Amounts Receivable on Stated Capital	3	3
	1,784	1,784

The fair value of these receivables is equal to the carrying value.

7. Currency Transactions

	As at 31 December	
	2023 USD	2022 USD
Change in Contractual and Fair Value of Currency Transactions	4,749,740	(63,173,751)
Currency Transactions at Fair Value	278,693,826	389,358,995

As at 31 December 2023, there were certain Currency Transactions awaiting settlement in respect of the creation or redemption of Currency Securities with transaction dates before the year end and settlement dates in the following year:

- The amount of cash received from the Currency Transactions (Daily Repurchase Transactions) and held (per note 5) in respect of Currency Securities awaiting settlement is USD 1,043,463 (2022: USD 4,775,942), with a further amount receivable on Currency Transactions awaiting settlement of USD 445,176 (2022: USD nil), giving a total unsettled balance of 1,488,639 (2022: USD 4,775,942).
- The amount payable on Currency Transactions (Daily Repurchase Transactions) awaiting settlement is USD 390,818 (2022: USD nil).

7. Currency Transactions (continued)

The below table shows a reconciliation of changes in the Currency Transactions, based upon the underlying factors that result in changes, and does not represent the transaction cash flows which are settled on a net basis as described in the Statement of Cash Flows:

	Year ended 31 December	
	2023 USD	2022 USD
Opening Currency Transactions	389,358,995	330,153,370
Increase as a Result of Currency Securities Created	240,154,038	446,176,705
Decrease as a Result of Currency Securities Redeemed	(353,517,682)	(321,641,003)
Decrease as a Result of Management Fee Deducted	(2,051,265)	(2,156,326)
Change as a result of Daily Payment Amounts (Invested into Currency Transactions)	4,749,740	(63,173,751)
Closing Currency Transactions	278,693,826	389,358,995

The Currency Transactions are unfunded currency transactions with terms corresponding to the terms of Currency Securities. The Currency Transactions are made up as follows:

	As at 31 December	
	2023 USD	2022 USD
Currency Transactions awaiting settlement (and transfer into Daily Repurchase Transactions)	(54,358)	-
Amounts received on Currency Transactions (awaiting transfer into Daily Repurchase Transactions)	1,013,529	933,305
Daily Repurchase Transactions	278,710,950	387,512,199
Daily Payment Amount	(976,295)	913,491
	278,693,826	389,358,995

The daily payment amount constitutes a derivative which is calculated in respect of each Currency Transaction on each day to reflect the movement in the relevant currency index and this amount will be payable by either the Company or the Currency Transaction Counterparty.

8. Currency Securities

Whilst the Currency Securities are quoted on the open market, the Company's ultimate liability relates to its contractual obligations to issue and redeem Currency Securities at set prices on each trading day. These prices are based on agreed formulae, and are equal to the published net asset value ("NAV") of each class of Currency Security. Therefore, the actual contractual issue and redemption of Currency Securities occur at a price that corresponds to the fair value of the Currency Transactions. As a result, the Company has no net exposure to gains or losses on the Currency Securities and Currency Transactions.

The Company measures the Currency Securities at their fair value in accordance with IFRS 13 rather than at the Contractual Value (as described in the Prospectus). The fair value is the price quoted on stock exchanges or other markets where the Currency Securities are listed or traded.

8. Currency Securities (continued)

The fair values and changes thereof during the year based on prices available on the open market as recognised in the financial statements are:

	As at 31 December	
	2023	2022
	USD	USD
Change in Fair Value of Currency Securities	<u>(3,460,026)</u>	<u>60,127,660</u>
Currency Securities at Fair Value	<u>278,154,615</u>	<u>390,109,498</u>

The Contractual Values and changes thereof during the year based on the contractual settlement values are:

	As at 31 December	
	2023	2022
	USD	USD
Change in Contractual Value for the Year	<u>(4,749,740)</u>	<u>63,173,751</u>
Currency Securities at Contractual Value	<u>278,693,826</u>	<u>389,358,995</u>

The gain or loss on the difference between the value of the Currency Transactions and the fair value of Currency Securities would be reversed on a subsequent redemption of the Currency Securities and closure of the corresponding Currency Transactions. Refer to note 15 for the non-statutory and non-GAAP adjustments which reflect this reversal.

As at 31 December 2023, there were certain Currency Securities awaiting settlement in respect of creations or redemptions with transaction dates before the year end and settlement dates in the following year:

- The amount receivable on Currency Securities awaiting settlement is USD 390,818 (2022: USD nil).
- The amount payable on Currency Securities awaiting settlement is USD 1,488,639 (2022: USD 4,775,942).

The below tables shows a reconciliation of changes in the Currency Securities, being liabilities arising from financing activities:

	Year ended 31 December	
	2023	2022
	USD	USD
Opening Currency Securities	390,109,498	327,857,782
Securities Created	240,154,038	446,176,705
Securities Redeemed	(353,517,682)	(321,641,003)
Management Fee	(2,051,265)	(2,156,326)
Change in Fair Value	3,460,026	(60,127,660)
Closing Currency Securities at Fair Value	<u>278,154,615</u>	<u>390,109,498</u>

8. Currency Securities (continued)

The below tables shows a reconciliation of the movement on financing activities:

	Year ended 31 December	
	2023 USD	2022 USD
Opening Currency Securities	390,109,498	327,857,782
Cash Received from the Issue of Currency Securities	239,763,220	446,392,341
Cash Paid on the Redemption of Currency Securities	(356,804,985)	(316,865,061)
Net Cash Movements	(117,041,765)	129,527,280
Management Fees	(2,051,265)	(2,156,326)
Non-Cash Movements on Amounts Receivable and Payable	3,678,121	(4,991,578)
Non-Cash Change in Fair Value	3,460,026	(60,127,660)
Net Non-Cash Movements	5,086,882	(67,275,564)
Closing Currency Securities	278,154,615	390,109,498

9. Trade and Other Payables

	As at 31 December	
	2023 USD	2022 USD
ManJer Fees Payable	164,054	201,440

The fair value of these payables is equal to the carrying value. The ManJer Fee Payable is due to be settled within 12 months of the year end.

10. Stated Capital

	As at 31 December	
	2023 USD	2022 USD
2 Shares of Nil Par Value, Issued at GBP 1 Each and Fully Paid	3	3

The Company can issue an unlimited capital of nil par value shares in accordance with its Memorandum of Association.

All Shares issued by the Company carry one vote per Share without restriction and carry the right to dividends. All Shares are held by WisdomTree Holdings Jersey Limited ("HoldCo").

11. Related Party Disclosures

Entities and individuals which have significant influence over the Company, either through ownership or by virtue of being a director of the Company are considered to be related parties. In addition, entities with common ownership to the Company and entities with common directors are also considered to be related parties.

Fees charged by ManJer during the year:

	Year ended 31 December	
	2023	2022
	USD	USD
ManJer Fees	2,051,265	2,156,326

The following balances were due to ManJer at the year-end:

	As at 31 December	
	2023	2022
	USD	USD
Amount Receivable	1,781	1,781
ManJer Fees Payable	(164,054)	(201,440)
	(162,273)	(199,659)

The following balances were due from HoldCo at the year-end:

	As at 31 December	
	2023	2022
	USD	USD
Stated Capital	3	3

No director has a service contract with the Company. The directors of the Company who are employees within the WisdomTree, Inc group do not receive separate remuneration in their capacity as directors of the Company. The directors of the Company who are employees of R&H Fund Services (Jersey) Limited (“R&H” or the “Administrator”) do not receive separate remuneration in their capacity as directors of the Company, however R&H receives a fee from ManJer which includes services in respect of the Company, including for the provision of directors who are employees of R&H.

Steven Ross is a director of R&H Fund Services (Jersey) Limited (“R&H” or, the “Administrator”) and a partner of Rawlinson & Hunter, Jersey Partnership, which wholly owns R&H. Christopher Foulds is a director of R&H. During the period, R&H charged ManJer administration fees, which include the Company and other entities for which ManJer is the Manager and R&H is the Administrator, in aggregate, of GBP 1,221,529 (31 December 2022: GBP 680,211), of which GBP 291,402 (31 December 2022: GBP 333,639) was outstanding at the period end.

Peter Ziemba is an executive officer of WisdomTree, Inc. and Bryan Governey is European General Counsel for the WisdomTree, Inc group.

12. Financial Risk Management

The Company is exposed to a number of risks arising from its activities including credit risk, liquidity risk, settlement risk and market risk. The Board is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board meets frequently to consider the risk exposures of the Company and to determine appropriate management policies. The risk management policies employed by the Company to manage these are discussed below. The information provided below is not intended to be a comprehensive summary of all the risks associated with the Currency Securities and investors should refer to the most recent Prospectus for a detailed summary of the risks inherent in investing in the Currency Securities. Any data provided should not be used or interpreted as a basis for future forecast or investment performance. The Currency Securities are subject to normal market fluctuations and other risks inherent in investing in securities and other financial instruments. There can be no assurance that any appreciation in the value of securities will occur, and the capital value of an investor's original investment is not guaranteed. The value of investments may go down as well as up, and an investor may not get back the original amount invested.

(a) Credit Risk

Credit risk primarily refers to the risk Authorised Participants or the Currency Transaction Counterparty will default on their contractual obligations resulting in financial loss. Each class of Currency Security is issued under limited recourse arrangements whereby the holders have recourse only to the relevant Currency Transactions (held to support the Currency Securities) and not to the Currency Transactions of any other class of Currency Securities or to the Company, therefore limiting the credit risk of the Company in connection with the issue of the Currency Securities. The Company has entered into a facility agreement with Morgan Stanley enabling the Company to create and cancel Currency Transactions on an on-going basis. Morgan Stanley is currently the only Currency Transaction Counterparty. If Morgan Stanley discontinued the provision of Currency Transactions and the existing Currency Transactions expired without a replacement Currency Transaction Counterparty being appointed, the Company would be required to redeem the outstanding Currency Securities. There are compulsory redemption provisions as outlined in the prospectus that can be triggered by the Company or the Currency Transaction Counterparty in certain circumstances whereby a compulsory redemption of all Currency Securities in issue would be undertaken. The total carrying amount of the Currency Transactions, cash & cash equivalents, cash held for currency securities due for settlement, amounts receivable awaiting settlement and trade and other receivables best represent the maximum such credit risk exposure at the Statement of Financial Position date. At the reporting date the Company's amounts receivable awaiting settlement and trade and other receivables are detailed on the Statement of Financial Position.

Cash received by the Company linked to Currency Transactions entered into with a Currency Transaction Counterparty is used to enter into a USD, GBP or EUR denominated daily repurchase transaction with the Currency Transaction Counterparty in exchange for eligible collateral on the terms described in the Company's Prospectus. On each day the Currency Transaction Counterparty is required to pay back the USD, GBP and EUR amounts in exchange for the eligible collateral held the previous day, which allows the Company to enter into new daily repurchase transactions in exchange for eligible collateral required on that day, however in accordance with the terms of a supplemental agreement to the Collateral Administration Master Agreement those new daily repurchase transactions can be paired with maturing deals on the previous daily repurchase transactions meaning that the net amounts (in each of USD, GBP and EUR) are transferred each day. The daily repurchase transaction entered into on each subsequent day is adjusted to reflect:

- the aggregate net amount payable or receivable between the Company and the Currency Transaction Counterparty under all Currency Transactions; plus
- cash received in respect of the creation of further Currency Securities; less
- cash to be paid on that subsequent day to satisfy the redemption of Currency Securities; less
- any cash which reflects accrued but unpaid management fees.

This daily process ensures that eligible collateral (at market fair value) received from the Currency Transaction Counterparty represents at least 100% of the value of the cash paid for the daily repurchase transaction entered into. This eligible collateral is held in accounts with the custodian, and exists to reduce potential credit risk if the Currency Transaction Counterparty were to default in respect of the Daily Repurchase Transactions component of the Currency Transactions where, if the Currency Transaction Counterparty defaults on its obligation, the Company may exercise its rights to realise such eligible collateral. The realised value of the collateral may differ from the amount owed by the Currency Transaction Counterparty, as prices fluctuate intraday (i.e. from the last point the exposure and eligible collateral were valued).

12. Financial Risk Management (continued)

(a) Credit Risk (continued)

Eligible collateral can include cash invested in fixed income and money market funds or supranational bonds with a minimum rating of AAA, G10 and other European government bonds with minimum rating of AA, US Agencies 100% backed by the government, or in eligible equities (that belong to specified indices that include the major benchmarks such as S&P 500 and EURO STOXX 50, and other developed market indices such as NASDAQ and STOXX 600). These eligible collateral rules apply strict margins and concentration limits to reduce the risk of such a loss, but do not completely remove it. Full details of “Eligible Collateral” can be found in the Eligible Collateral Schedule through the Company’s website.

Eligible collateral with a market fair value of USD 295,886,502 was held in custody as at 31 December 2023 (2022: USD 393,680,428) in respect of the Daily Repurchase Transaction entered into on that day (calculated in accordance with the description above). The Currency Transactions backed by the collateral held in custody as at 31 December 2023 was USD 278,710,950 (2022: USD 387,512,199), disclosed as Daily Repurchase Transactions in note 7. As a result of the collateral held, the Company’s credit exposure to any Currency Transaction Counterparty in respect of Currency Transactions is intended to be limited on any day to the aggregate of amounts related to Currency Transactions not yet settled, amounts related to Currency Transactions not yet transferred into the Daily Repurchase Transactions and the daily payment amounts due but not settled. Accordingly, no impairment to reflect expected credit loss has been provided for. The market fair value for the eligible collateral is calculated on a daily basis (by BoNY) using the most recently available closing bid price.

The Board monitors credit risk exposure, including through an assessment of the credit rating Morgan Stanley (Morgan Stanley: A+ (2022: A+) (Fitch, 30 October 2023), in order to ensure the Company’s exposure is managed, and has continued to do so more closely with a focus on any the potential impact of, or developments relating to both the Ukraine Crisis.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities as they fall due. The Company’s receivables and payables are all payable on demand and generally settled on a short-term basis. Liquidity risk in respect of receivables and payables related to income and expenses is mitigated as amounts in respect of the Management Fee are retained by the Company on a daily basis, in order for the ManJer expense accumulated (for the month, in arrears) to be settled once invoiced, and amounts in respect of the creation and redemption fees are transferred from the relevant counterparties directly to ManJer and there are no related cash flows through the Company.

The Currency Securities do not have a contractual maturity date and will only be redeemed at the request of the holder of the security, which may be requested at any time, or in the case of a compulsory redemption. Generally, only Authorised Participants can submit applications and redemptions directly with the Company.

The agreements with the Currency Transaction Counterparty include limits (both daily and in the aggregate) on the issue and cancellation of Currency Transactions, and the Company is not obliged to issue and redeem Currency Securities in excess of those limits under the terms of the security agreement. Furthermore, liquidity risk of the Company is mitigated because the rights and obligations on the issue redemption of the Currency Securities and the issue and cancellation of Currency Transactions are matched, therefore the Company does not have to wait for a longer-term contract to mature in order to pay its debts to ex-security holders. Consequently, the Company has not presented any tabular information in respect of liquidity risk.

(b) Settlement Risk

Settlement risk primarily refers to the risk that an Authorised Participant or the Currency Transaction Counterparty will default on its contractual obligations resulting in financial loss.

The directors believe that settlement risk would only be caused by the risk of the Company’s trading counterparty not delivering cash, Currency Securities or Currency Transactions on the settlement date. The directors feel that this risk is mitigated as a result of the cash or Currency Securities settling through the CREST system. The system ensures that the transaction does not settle until both parties have fulfilled their contractual obligations. Amounts outstanding in respect of positions yet to settle are disclosed in notes 7 and 8.

12. Financial Risk Management (continued)

(c) Capital Management

The primary objective of the Company's capital management policy is to ensure that it maintains sufficient resources for operational purposes. The capital being managed is the Stated Capital as presented in the Statement of Changes in Equity. Retained Earnings and the Revaluation Reserve, as presented in the Statement of Changes in Equity, are not considered managed capital as these balances relate to unrealised gains and losses on Currency Transactions (held to support the Currency Securities) and Currency Securities, which are reversed on a subsequent redemption of the Currency Securities and the related cancellation of Currency Transactions and will therefore not be realised. The Company is not subject to any capital requirements imposed by a regulator and there were no changes in the Company's approach to capital management during the year.

The Company's principal activity is the issue and listing of Currency Securities. These Currency Securities are issued and redeemed as demand requires. The Company holds a corresponding number of Currency Transactions which matches the total contractual liability of the Currency Securities issued. ManJer supplies or arranges the supply of all management and administration services to the Company and pays all management and administration costs of the Company, including trustee and custodian fees. In return for these services the Company pays ManJer a fee, which under the terms of the service agreement is equal to the aggregate of the Management Fee and creation and redemption fees earned.

As all Currency Securities in issue are supported by an equivalent number of Currency Transactions held with the Currency Transaction Counterparty and the running costs of the Company were paid by ManJer, the directors of the Company consider the capital management and value of its current capital resources are adequate to maintain the ongoing listing and issue of Currency Securities.

(d) Market Risk

Market risk is the risk that changes in market prices (such as index prices, interest rates and foreign exchange rates) will affect the Company's income or the value of its financial instruments held or issued.

i) Price Risk

As described above, Currency Securities provide investors with long or short exposure to the daily foreign exchange performance of developed and emerging market currencies measured against USD, EUR or GBP. The value of the Company's liability in respect of the Currency Securities fluctuates according to the performance of the underlying currency index and the risk of such change in price is managed by the Company by entering into Currency Transactions with the Currency Transaction Counterparty which match the liability. The obligation of the Company to holders of the Currency Securities is limited to the net proceeds of the class collateral pool, which comprises rights under the Currency Transactions and daily repurchase transactions entered into with the Currency Transaction Counterparty. Whilst the Currency Securities are quoted on the open market, the Company's ultimate liability relates to its contractual obligations to issue and redeem Currency Securities at set prices on each trading day. The Company measures the Currency Securities at their fair value in accordance with IFRS 13 rather than at the Contractual Value (as described in the Prospectus). The gain or loss on the difference between the value of the Currency Transactions and the fair value of Currency Securities would be reversed on a subsequent redemption of the Currency Securities and cancellation of the corresponding Currency Transactions. Refer to note 7 for the further details regarding fair values.

The Company therefore bears no residual financial risk on a contractual basis from a change in the value of a currency or currency index by reference to the futures price. Furthermore, the impact of price sensitivity is considered immaterial to these financial statements.

However, there is an inherent risk from the point of view of investors as the values of currencies, and thus the value of the Currency Securities, may vary widely due to, amongst other things, changing supply and demand for a particular currency, government and monetary policy or intervention, interest rate levels and global or regional political, economic or financial events. The market price of Currency Securities is (and will remain) a function of supply and demand amongst investors wishing to buy and sell Currency Securities and the bid or offer spread that the market makers are willing to quote. This is highlighted further in note 15, and below under the Fair Value Hierarchy.

12. Financial Risk Management (continued)

(d) Market Risk (continued)

(i) Price Risk (continued)

In some cases, movements in exchange rates can be so significant that they lead to the level of a Currency Index for any class falling to zero. Since leveraged currency indices provide leveraged exposure to daily changes in foreign exchange rates calculated against a base value determined on the second previous business day, it is possible that in certain highly volatile markets a leveraged currency index may fall to zero where the foreign exchange rate moves by a large amount over the course of two trading days or even where a particular exchange rate moves by a very large amount over the course of one day. In these circumstances the collateralised Currency Securities for that class may become subject to compulsory redemption at a zero price. In such situations, the collateralised Currency Securities may be redeemed for no value and the holder of the Currency Security will receive no payment on that redemption. Such events have not occurred during the current and prior years.

Ukraine Invasion

Russia has continued military action in the sovereign territory of Ukraine throughout the year ended 31 December 2023 (the “Crisis”). The Crisis has resulted in the implementation of sanctions and further actions by governments. Whilst there are no Currency Transactions (and therefore no Currency Securities) with an exposure to Russian Roubles, Belarusian Rubles or Ukrainian Hryvnia, the Board will further assess the impact on the Company’s portfolio operations and valuation and will take any potential actions needed, as facts and circumstances are subject to change and may be specific to investment strategies and jurisdictions.

As the Crisis continues, the Board also continues to closely monitor and assess the impact on the Company’s portfolio operations and valuation and will take any further actions needed or as required under the terms of the Prospectus, as facts and circumstances are subject to change and may be specific to investment strategies and jurisdictions.

(ii) Interest Rate Risk

The Company holds custody accounts with BoNY and this is where the cash received in connection with the issue of Currency Securities and received under the Currency Transactions is held. The majority of such cash is used to enter into daily repurchase transactions with the Currency Transaction Counterparty. The pricing of the Currency Transactions or the Currency Securities takes into account the incremental capital enhancement component of the Currency Security, which includes the impact of interest rates. This incremental capital enhancement component of the Currency Transactions and Currency Securities is attributable to the security holder. As a result, the Company does not have significant exposure to interest rate risk.

(iii) Currency Risk

The Company has exposure to currency risk as the Currency Securities provide investors with long or short exposure to the daily foreign exchange performance of developed and emerging market currencies measured against USD, EUR or GBP. However, the directors do not consider the Company to have a significant exposure to currency risk arising from the current economic uncertainties facing a number of countries around the world as the gains or losses on the liability represented by the Currency Securities are matched economically by corresponding losses or gains attributable to the Currency Transactions.

(e) Sensitivity Analysis

IFRS 7 requires disclosure of a sensitivity analysis for each type of market risk to which the Company is exposed to at the reporting date, showing how profit or loss and equity would have been affected by a reasonably possible change to the relevant risk variable.

The Company’s rights and liability in respect of Currency Transactions and Currency Securities, respectively, relates to its contractual obligations to issue and redeem Currency Securities at set prices on each trading day. The fair value of each creation and redemption of Currency Securities is recorded using the price calculated based on the formula set out in the Prospectus. However, under IFRS 13, the liability is recorded at fair value (being the on-exchange price) which results in a mismatch. As described in note 15 this mismatch is reversed on the redemption of Currency Securities.

12. Financial Risk Management (continued)

(e) Sensitivity Analysis (continued)

As a result, the Company's contractual and economic liability in connection with the issue and redemption of Currency Securities is matched by movements in corresponding Currency Transactions. Whilst sensitivity analysis could be performed on this mismatch, the Company does not have any net exposure to market price risk. Furthermore the result of the numeric sensitivity is considered not material by, the directors and in their opinion, no sensitivity analysis is required to be disclosed.

(f) Fair Value Hierarchy

The levels in the hierarchy are defined as follows:

- Level 1 fair value based on quoted prices in active markets for identical assets.
- Level 2 fair values based on valuation techniques using observable inputs other than quoted prices.
- Level 3 fair values based on valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset/liability.

The Company is required to utilise the available on-market price as the Currency Securities are quoted and traded on the open market. Where the market on which the Currency Securities prices are quoted is determined to be active at the relevant reporting date, the Currency Securities are classified as Level 1 financial liabilities. Where the market on which the Currency Securities prices are quoted is determined to be inactive at the relevant reporting date, the Currency Securities are classified as level 2 financial liabilities. The Company values the Level 2 Currency Securities using the unadjusted latest traded market price available at each reporting date. This is considered to most appropriately reflect the price at which transactions would occur as at the reporting date.

The Company's rights in respect of Currency Transactions relate to its contractual obligations to issue and redeem Currency Securities at set prices on each trading day. These prices are based on an agreed formula (set out in the Prospectus), and are equal to the published NAVs of each class of Currency Security. Therefore, Currency Transactions are classified as level 2 financial assets, as the Company's asset is calculated using third party pricing sources supported by observable, verifiable inputs.

The categorisation of the Company's assets and (liabilities) measured at fair value are as shown below:

	Fair Value as at 31 December	
	2023	2022
	USD	USD
Level 1		
Currency Securities	(276,157,189)	(387,576,437)
Level 2		
Currency Securities	(1,997,426)	(2,533,061)
Currency Transactions (Daily Payment Amount)	(976,295)	913,491
	(2,973,721)	(1,619,570)

The Currency Securities and the Daily Payment Amount component of Currency Transactions are recognised at fair value upon initial recognition and revalued to fair value in line with the Company's accounting policy. There are no assets or liabilities classified in level 3.

The Daily Repurchase Transactions component of Currency Transactions totalling USD 278,710,950 (2022: USD 387,512,199) is recognised at amortised cost, in line with the Company's accounting policy. The fair value of the Daily Repurchase Transactions is considered to be approximately equal to its carrying value due to the daily maturity. The collateral consists of level 1 financial instruments.

12. Financial Risk Management (continued)

(g) Fair Value Hierarchy (continued)

Transfers between levels are recognised if the primary market on which the Currency Securities prices are quoted was determined to be inactive at the relevant reporting date. The Company considers both the last trade date and trading volumes during the 5 trading days leading up to each reporting date to determine if the market for a particular Currency Security is active. Transfers as a result of the analysis of the activity levels of the market are identified and recognised at each reporting date.

The Company considers both the last trade date and trading volumes during the 5 trading days leading up to each reporting date to determine if the market for a particular Currency Security is active. Transfers as a result of the analysis of the activity levels of the market are identified and recognised at each reporting date.

As at 31 December 2023, Currency Securities with a fair value of USD 1,312,116 (2022: USD 981,085) were transferred from Level 1 to Level 2, and Currency Securities with a fair value of USD 822,088 (2022: USD 5,391,484) were transferred from Level 2 to Level 1.

13. Ultimate Controlling Party

In accordance with the disclosure requirements of IFRS the directors have determined that no entity meets the definition of immediate parent or ultimate controlling party. The holder of issued equity shares is HoldCo, a Jersey registered company. WisdomTree, Inc (formerly WisdomTree Investments, Inc) is the ultimate controlling party of HoldCo.

14. Events Occurring After the Reporting Period

There have been no significant events that have occurred since the end of the reporting period up to the date of signing the Financial Statements which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 31 December 2023 or on the results and cash flows of the Company for the year ended on that date.

15. Non-GAAP and Non-Statutory Information

As a result of the mis-match in the accounting valuation of Currency Transactions (held to support the Currency Securities) and Currency Securities (as disclosed in notes 7 and 8) the profits and losses and comprehensive income of the Company presented in the Statement of Profit or Loss and Other Comprehensive Income reflect gains and losses which represent the movement in the cumulative difference between the value of the Currency Transactions and the price of Currency Securities. The Statement of Changes in Equity also reflects the fair value movements on both the Currency Transactions (held to support the Currency Securities) and the Currency Securities.

These gains or losses on the difference between the value of the Currency Transactions (held to support the Currency Securities) and the price of Currency Securities would be reversed on a subsequent redemption of the Currency Securities and cancellation of the corresponding Currency Transactions. Furthermore, each class of Currency Security is issued under limited recourse arrangements whereby the holders have recourse only to the relevant Currency Transactions (held to support the Currency Securities) and not to the Currency Transactions of any other class of Currency Security or to the Company. As a result, the Company does not make gains from trading in the underlying Currency Transactions (held to support the Currency Securities) and, from a commercial perspective (with the exception of the impact of Management Fees) gains and losses in respect of Currency Transactions (held to support the Currency Securities) will always be offset by a corresponding loss or gain on the Currency Securities and the Company does not retain any net gains or losses.

15. Non-GAAP and Non-Statutory Information (continued)

The mismatched accounting values are as shown below:

	Year ended 31 December	
	2023 USD	2022 USD
Change in Contractual and Fair Value of Currency Transactions	4,749,740	(63,173,751)
Change in Fair Value of Currency Securities	(3,460,026)	60,127,660
	1,289,714	(3,046,091)

To reflect the commercial results, the Company has presented below a non-GAAP and non-Statutory Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity for the period which reflect an Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency Securities, together with those gains or losses being transferred to a separate reserve which is deemed non-distributable.

(a) *Non-GAAP and Non-Statutory Statement of Profit or Loss and Other Comprehensive Income*

	Year ended 31 December	
	2023 USD	2022 USD
Income	2,064,922	2,159,735
Expenses	(2,064,922)	(2,159,735)
Result Before Fair Value Movements	-	-
Change in Fair Value of Currency Transactions	4,749,740	(63,173,751)
Change in Fair Value of Currency Securities	(3,460,026)	60,127,660
Profit / (Loss) for the Year	1,289,714	(3,046,091)
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency Securities	(1,289,714)	3,046,091
Adjusted Result	-	-

15. Non-GAAP and Non-Statutory Information (continued)

(b) Non-GAAP and Non-Statutory Statement of Changes in Equity

	Stated Capital USD	Retained Earnings USD	Revaluation Reserve ⁴ USD	Total Equity USD	Adjusted Total Equity USD
Opening Balance at 1 January 2022	3	1,781	2,295,588	2,297,372	1,784
Result and Total Comprehensive Expense for the Year	-	(3,046,091)	-	(3,046,091)	(3,046,091)
Transfer to Revaluation Reserve	-	3,046,091	(3,046,091)	-	-
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency Securities	-	-	-	-	3,046,091
Balance at 31 December 2022	3	1,781	(750,503)	(748,719)	1,784
Opening Balance at 1 January 2023	3	1,781	(750,503)	(748,719)	1,784
Result and Total Comprehensive Income for the Year	-	1,289,714	-	1,289,714	1,289,714
Transfer to Revaluation Reserve	-	(1,289,714)	1,289,714	-	-
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Currency Securities	-	-	-	-	(1,289,714)
Balance at 31 December 2023	3	1,781	539,211	540,995	1,784

⁴ This represents the difference between the Value of Currency Transactions and the price of Currency Securities.

