

**FinEx Physically Backed Funds ICAV**  
**ANNUAL REPORT &**  
**AUDITED FINANCIAL STATEMENTS**

**For the financial year ended 30 September 2020**

**FinEx Physically Backed Funds ICAV**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2020**

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**ICAV Information**

**Directors**

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

\*Non-executive director

\*\*Independent Non-executive director

**Registered Office**

5 George's Dock  
International Financial Services Centre  
Dublin 1  
Ireland  
D01 X8N7

**Investment Manager**

FinEx Investment Management LLP  
4<sup>th</sup> Floor  
4 Hill Street  
London W1J 5NE  
United Kingdom

**Distributor**

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

**Depository (Effective until 30 November 2019)**

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

**Depository (Effective from 1 December 2019)**

The Bank of New York Mellon SA/NV, Dublin Branch  
Riverside II  
Sir John Rogerson's Quay  
Grand Canal Dock  
Dublin 2  
Ireland  
D02 KV60

**Administrator**

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

**Prime Broker**

UBS AG  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

**Independent Auditors**

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

**Irish Legal Advisers (Effective until 22 May 2020)**

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

**Irish Legal Advisers (Effective from 22 May 2020)**

A&L Goodbody  
International Financial Services Centre  
North Wall Quay  
Dublin 1  
Ireland  
D01 H104

**Irish Sponsoring Broker**

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

**Registrar**

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

**Secretary**

KB Associates  
5 George's Dock  
International Financial Services Centre  
Dublin 1  
Ireland  
D01 X8N7

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**ICAV Information (continued)**

**Sub-Custodian**

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

**Designated Person**

KB Associates  
5 George's Dock  
International Financial Services Centre  
Dublin 1  
Ireland  
D01 X8N7

ICAV Registration Number: C108592

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**ICAV Overview**

FinEx Physically Backed Funds ICAV (the “ICAV”), is an open-ended Irish Collective Asset Management Vehicle which is constituted as an umbrella fund with segregated liability between sub-funds and with variable capital. FinEx Physically Backed Funds plc (the “Company”) was incorporated in Ireland on 27 February 2012 under the Companies Act 2014. On 13 July 2020 the Company was converted to an Irish Collective Asset-Management Vehicle and registered with the Central Bank of Ireland (the “Central Bank”). On this date the ICAV came into operation as an Irish Collective Asset-management Vehicle under the Irish Collective Asset-management Vehicles Act 2015 (the “ICAV Act”). The ICAV is authorised by the Central Bank under Part 2 Chapter 1 of the ICAV Act. The ICAV was authorised as a Retail Investor Alternative Investment Fund (“AIF”) under Chapter 1 of the Central Bank’s AIF Rulebook (“AIF Rulebook”) and the European Union (Alternative Investment Fund Managers) Regulations 2013 on 19 July 2013. The ICAV is an internally managed AIF. The ICAV is structured as an umbrella fund and additional sub-funds may be established from time to time by the Directors with the prior approval of the Central Bank. As at 30 September 2020, the ICAV consisted of two (30 September 2019: two) sub-funds, (collectively the “Funds”, and individually a “Fund”).

**FinEx Gold ETF (the “Fund”)**

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

The Fund is an Exchange Traded Fund. The shares of the Fund are listed on Euronext Dublin, the Moscow Exchange MICEX – RTS and the NYSE Euronext Amsterdam Stock Exchange and are fully transferable by investors. It is envisaged that shares will be bought and sold by investors in the secondary market in the same way as the ordinary shares of a listed trading company. The Fund commenced trading on 3 September 2013.

**FinEx FFIN Kazakhstan Equity ETF (the “Fund”)**

The investment objective of the Fund is to track the equity market performance of the Kazakhstan Stock Exchange Index (the “KASE” Index).

The Fund is an Exchange Traded Fund. The shares of the Fund are listed on the Euronext Dublin and the Moscow Exchange MICEX - RTS and are fully transferable by investors. It is envisaged that shares will be bought and sold by investors in the secondary market in the same way as the ordinary shares of a listed trading company. The Fund commenced trading on 2 October 2018.

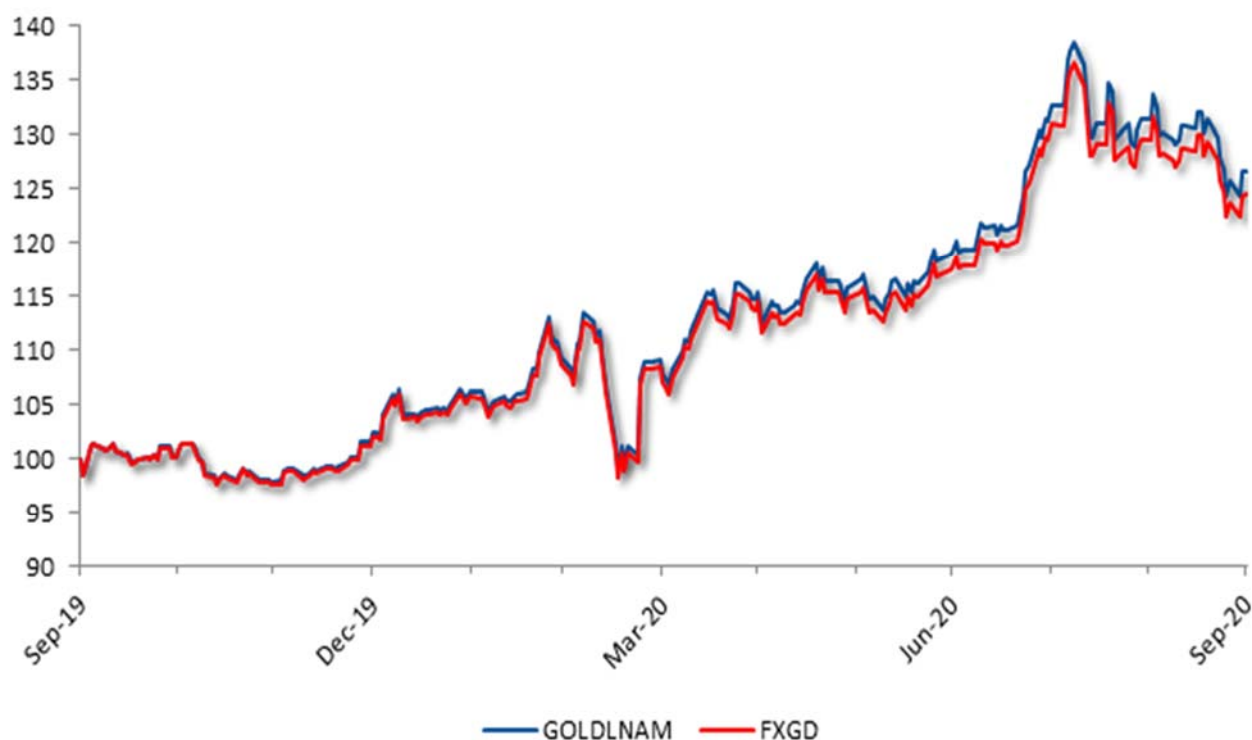
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**Investment Manager's Report**

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

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



For the period between 30 September 2019 to 30 September 2020 the total return for the Fund as measured by the net asset value (“NAV”) was 24.49%, while the Benchmark performance was 26.61%, creating a tracking difference of -2.12 %. The difference is due to expenses associated with managing the Fund versus decreasing return earned on the collateral portfolio.

The annualised tracking error over the period was 0.11%, while the volatility was 18.05%.

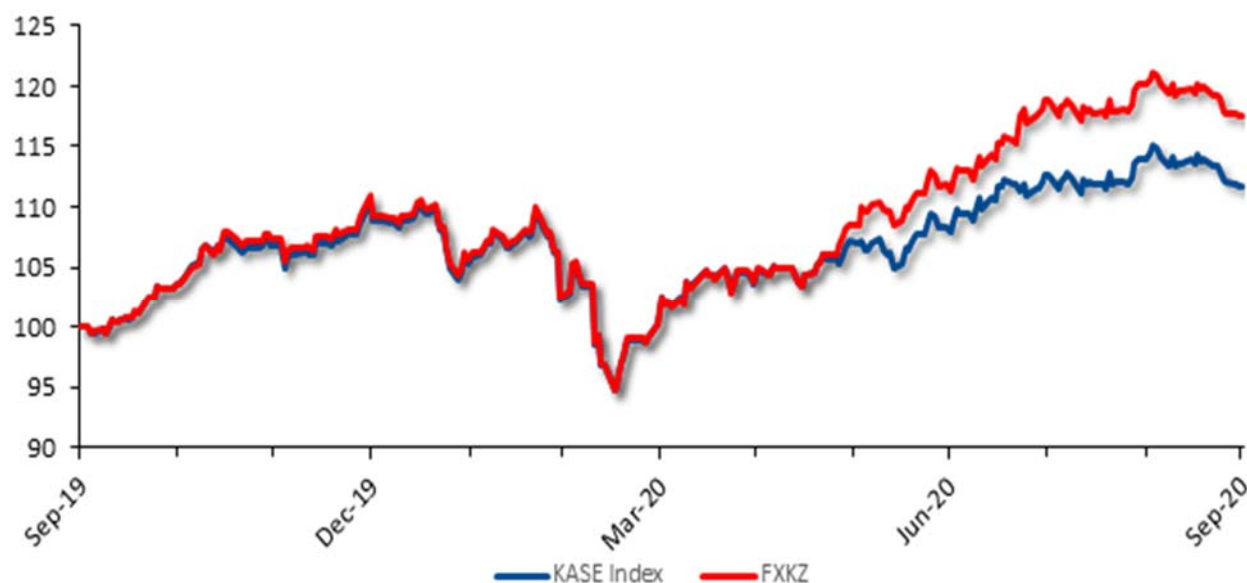
Gold had a muted performance over the start of the year, and then started to rise to about +15% from early January to late February. In February worries about the impact of the Covid 19 pandemic and lockdowns on the economy made investors panic sell large amount of assets, including liquid, safe haven assets. In response the world’s largest central banks started flooding the financial markets with liquidity at the same time in late March which resulted in a strong Gold rally to a top of almost +40% in early August before consolidating towards the end the year, finishing on a healthy +25% performance. The most important driver of Gold’s performance has been the real yields turning increasingly negative on many government bonds and a weaker USD.

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**Investment Manager's Report (continued)**

**FinEx FFIN Kazakhstan Equity ETF** (the "Fund") seeks to track the performance of the Kazakhstan Stock Exchange Index (the "Index"). As at 30 September 2020 the Index comprised 8 constituent members and the TER for the Fund is 1.39% per year.



For the period from 30 September 2019 to 30 September 2020 the total return for the Fund as measured by the net asset value ("NAV") was 17.47%, while the Index performance was 9.94%, creating a positive tracking difference of 9.41%. This difference is driven by dividends being paid to the Fund and not included in the Price Return index, small portfolio composition differences between the Fund and the Index, the effect of holding small amounts of cash, the costs associated with portfolio rebalances and the impact of the Fund's TER.

The annualised tracking error for the Fund was 2.88%, while the volatility was 11.71%. The anticipated annualised tracking error in normal market conditions for the Fund is 1.50%. The higher tracking error is due to the dividends that the Fund receives which are not included in the Index. No Total Return version of the Index exists.

The Index performance was positive, rising about 10% until late February as investors searched for yields in emerging and frontier markets, then fell back from late February to end of March when worries about the impact of the Covid 19 pandemic and lockdowns on the economy made investors panic sell until the world's largest central banks started flooding the financial markets with liquidity at the same time which made the index rally back to and beyond its previous peak for the year.

**FinEx Investment Management LLP**  
**Date: 2 October 2020**

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**Directors' Report**

The Directors present herewith the Directors' Report and Audited Financial Statements of the ICAV for the financial year ended 30 September 2020.

**Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Directors' Report and the Audited Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and which comply with the ICAV Act and the AIF Rulebook.

The ICAV Act requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the ICAV and of its profit or loss for that financial year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the EU and ensure that they contain the additional information required by the ICAV Act; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the ICAV will continue in business.

The Directors confirm that they have complied with the above requirements in preparing these financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to correctly record and explain the transactions of the ICAV and that disclose, with reasonable accuracy at any time, the financial position of the ICAV and enable them to ensure that its financial statements comply with the ICAV Act and the AIF Rulebook. The Directors are also responsible for safeguarding the assets of the ICAV and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The accounting records were maintained at the office of the Administrator at One Dockland Central, Guild Street, International Financial Services Centre, Dublin 1, Ireland until 30 September 2020. Effective from 1 October 2020, the accounting records are maintained at the office of the new Administrator, Citibank Europe Plc at 1 North Wall Quay, Dublin 1, Ireland.

In fulfilment of these responsibilities BNY Mellon Fund Services (Ireland) Designated Activity Company (the "Administrator") has been appointed for the purpose of maintaining adequate accounting records and The Bank of New York Mellon SA/NV, Dublin Branch (the "Depositary") has been appointed for the purpose of safeguarding the assets of the ICAV.

The financial statements are published on the ICAV's website <http://www.finexetf.com>. The Directors together with the Investment Manager are responsible for the maintenance and integrity of the corporate and financial information included on the ICAV's website as far as it relates to the ICAV. Legislation in the Republic of Ireland governing the presentation and dissemination of the financial statements may differ from legislation in other jurisdictions.



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**Director's Report (continued)**

**Corporate Governance**

Although there is no statutory corporate governance code applicable to Irish collective investment schemes whose shares are admitted to trading on Euronext Dublin, the Directors have voluntarily adopted the Corporate Governance Code for Collective Investment Schemes and Management Companies published by Irish Funds (the "IF Code"), as the ICAV's corporate governance code.

The IF Code reflects existing corporate governance practices imposed on Irish authorised collective investment schemes and is available on request from the Secretary. The IF Code can be obtained from the IF website [www.IrishFunds.ie](http://www.IrishFunds.ie).

The ICAV is subject to corporate governance practices imposed by:

- (i) The ICAV Act which is available for inspection at the registered office of the ICAV, and may also be obtained at website <http://www.irishstatutebook.ie/home>
- (ii) The instrument of Incorporation of the ICAV which is available for inspection at the registered office of the ICAV at 5 George's Dock, International Financial Services Centre, Dublin 1, Ireland and may be obtained from the Central Bank's website at <http://registers.centralbank.ie>;
- (iii) The Central Bank in their AIF Rulebook which can be obtained from the Central Bank at [www.centralbank.ie](http://www.centralbank.ie) and is available for inspection at the registered office of the ICAV; and
- (iv) Euronext Dublin through the Euronext Dublin Code of Listing Requirements and Procedures for Investment Funds which can be obtained at [www.ise.ie](http://www.ise.ie).

**Directors**

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

**Directors' Interests in Shares and Contracts**

None of the Directors had any interests in the shares of the ICAV at the financial year end or at any time during the financial year.

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

Other than as set out in Note 9 to the financial statements, there are no contracts or arrangements of any significance in relation to the business of the ICAV in which the Directors had any interest as defined in the ICAV Act, at any time during the financial year.

**Connected Parties**

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

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

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

The ICAV is authorised by the Central Bank as an open-ended umbrella investment vehicle with segregated liability between sub-funds.

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**Director's Report (continued)**

**Principal Activities - Review of the Business and Future Developments (continued)**

The investment objective of each Fund is to seek to provide shareholders with a return (either at the relevant scheduled maturity date or on each dealing day) linked to a reference index or reference asset. The Funds will continue to pursue their investment objective.

The Investment Manager's Report contains a review of the factors which contributed to the performance for the financial year.

**Principal Risks and Uncertainties**

The main risks arising from the ICAV's financial instruments are market price, interest rate, currency, credit and liquidity risks which are outlined, together with the associated risk management objectives and policies, in Note 2 to the financial statements.

The Directors also consider the macroeconomic risks. These include risks arising from uncertainties relating to COVID 19 as outlined in Significant Events During the Financial Year and Brexit as outlined in Significant Subsequent Events.

**Significant Events During the Financial Year**

Effective 1 December 2019, BNY Mellon Trust Company (Ireland) Limited merged into The Bank of New York Mellon SA/NV, which itself is a wholly owned subsidiary of The Bank of New York Mellon (the "Merger"). Following the Merger, The Bank of New York Mellon SA/NV, Dublin Branch, will be the entity, which will provide trustee, depositary and/or custody services to the ICAV.

Effective 22 May 2020, the Irish Legal Advisers changed from Maples and Calder LLP to A&L Goodbody.

**Conversion of Company to ICAV**

The ICAV has changed its structure from a Company to an Irish Collective Asset-management Vehicle effective 13 July 2020.

Effective 13 July 2020 the Central Bank approved the change of name of the ICAV from FinEx Physically Backed Funds plc to FinEx Physically Backed Funds ICAV.

Effective 13 July 2020 the Central Bank approved the Instrument of Incorporation of the ICAV, dated 13 July 2020.

Effective 13 July 2020 the following documents were updated:

- The Prospectus of the ICAV, dated 13 July 2020;
- The Global Supplement, dated 13 July 2020, to the Prospectus of the ICAV, dated 13 July 2020; and;
- The Supplements for the Funds, dated 13 July 2020, to the Prospectus of the ICAV, dated 13 July 2020.

The COVID-19 epidemic began in early 2020 and while containment efforts were made to slow the spread of the epidemic the outbreak spread globally and has led to the World Health Organisation declaring the COVID-19 outbreak a pandemic on 11 March 2020.

The Board of Directors are aware that global financial markets have been monitoring and reacting to the outbreak. All markets have incurred increased volatility and uncertainty since the onset of the pandemic. The Board of Directors have also noted the operational risks that are posed to the ICAV and its service providers due to global and local movement restrictions that have been enacted by various governments. The COVID-19 pandemic is an unprecedented event and the eventual impact on the global economy and markets will largely depend on the scale and duration of the outbreak. The Board of Directors will continue to monitor this situation. The ultimate extent of the effect of this on the ICAV or Funds is not possible to estimate at this time.

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

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**Director's Report (continued)**

**Significant Subsequent Events**

Effective 1 October 2020, the Depositary changed from The Bank of New York Mellon SA/NV, Dublin Branch to Citi Depositary Services Ireland Designated Activity Company.

Effective 1 October 2020, the Administrator changed from BNY Mellon Fund Services (Ireland) Designated Activity Company to Citibank Europe Plc.

In a referendum held on 23 June 2016, the electorate of the United Kingdom ("UK") resolved to leave the EU. The result led to political instability and economic uncertainty, volatility in the financial markets of the UK and more broadly across Europe and a decline in the value of the Sterling ("GBP"). The UK officially left the EU on 31 January 2020 but remained subject to EU regulations during an agreed transitional phase until 31 December 2020. Although a free trade agreement was ratified by both the EU member States and the UK Government in December 2020 and the transitional phase has ended, there remains a number of uncertainties in connection with the UK's relationship with the EU in regards to potential regulatory alignment or equivalence. Until the terms of regulation are clearer, it is not possible to determine the full impact that the UK's departure and/or any related matters may have on the ICAV and its investments.

There were no other significant events after the financial year end that require disclosure in this report.

**Dividend Policy**

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

**Independent Auditors**

PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, have expressed their willingness to continue in office in accordance with section 125(1) of the ICAV Act.

**On behalf of the Board of Directors**

Director:  Simon Luhr

Director:

**Date: 19 January 2021**

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**Director's Report (continued)**

**Significant Subsequent Events**

Effective 1 October 2020, the Depositary changed from The Bank of New York Mellon SA/NV, Dublin Branch to Citi Depositary Services Ireland Designated Activity Company.

Effective 1 October 2020, the Administrator changed from BNY Mellon Fund Services (Ireland) Designated Activity Company to Citibank Europe Plc.

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**Dividend Policy**

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

**Independent Auditors**

PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, have expressed their willingness to continue in office in accordance with section 125(1) of the ICAV Act.

**On behalf of the Board of Directors**

Director:



Director:

**Date: 19 January 2021**



**BNY MELLON**

**The Bank of New York Mellon SA/NV,  
Dublin Branch**  
Riverside Two, Sir John Rogerson's Quay  
Business Park  
Dublin 2, D02 KV60, Ireland.

**T +353 21 900 7920  
F +353 1 829 1024**

## **Depository's Report to the Shareholders**

For the period from 1 October 2019 to 30 September 2020 (the "Period").

The Bank of New York Mellon SA/NV, Dublin Branch (the "Depository" "us", "we" or "our") (BNY Mellon Trust Company (Ireland) Limited merged with The Bank of New York Mellon SA/NV, Dublin Branch on 1 December 2019), has enquired into the conduct of the management of FinEx Physically Backed Funds ICAV as the internally managed AIF (the "AIF") with respect to the AIF for the Period.

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

## **Responsibilities of the Depository**

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

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

## **Basis of Depository Opinion**

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

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

## **Opinion**

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

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

*David Kelly*

**For and on Behalf of**  
**The Bank of New York Mellon SA/NV, Dublin Branch**  
**Riverside II,**  
**Sir John Rogerson's Quay,**  
**Dublin 2**

**Date: 19 January 2021**

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

Registered in Ireland No. 907126, VAT No. IE9578054E

The Bank of New York Mellon SA/NV, trading as The Bank of New York Mellon SA/NV, Dublin Branch is authorised by the National Bank of Belgium.

The Bank of New York Mellon SA/NV, 46 Rue Montoyerstraat, B-1000 Brussels, Belgium - Tel. (32) 2 545 81 11, V.A.T. BE 0806.743.159 - RPM-RPR Brussels Company No. 0806.743.159. The Bank of New York Mellon SA/NV is a Belgian limited liability company, authorized and regulated as a significant credit institution by the European Central Bank and the National Bank of Belgium under the Single Supervisory Mechanism and by the Belgian Financial Services and Markets Authority.



# ***Independent auditors' report to the shareholders of the Funds of FinEx Physically Backed Funds ICAV***

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

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### **Opinion**

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

- give a true and fair view of the Funds' assets, liabilities and financial position as at 30 September 2020 and of their results and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Irish Collective Asset-management Vehicles Act 2015.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements, which comprise:

- the Statement of Financial Position as at 30 September 2020;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares for the year then ended;
- the Portfolio Listing for each of the Funds as at 30 September 2020; and
- the notes to the financial statements for each of the Funds, which include a description of the significant accounting policies.

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

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### **Basis for opinion**

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

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

### **Independence**

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

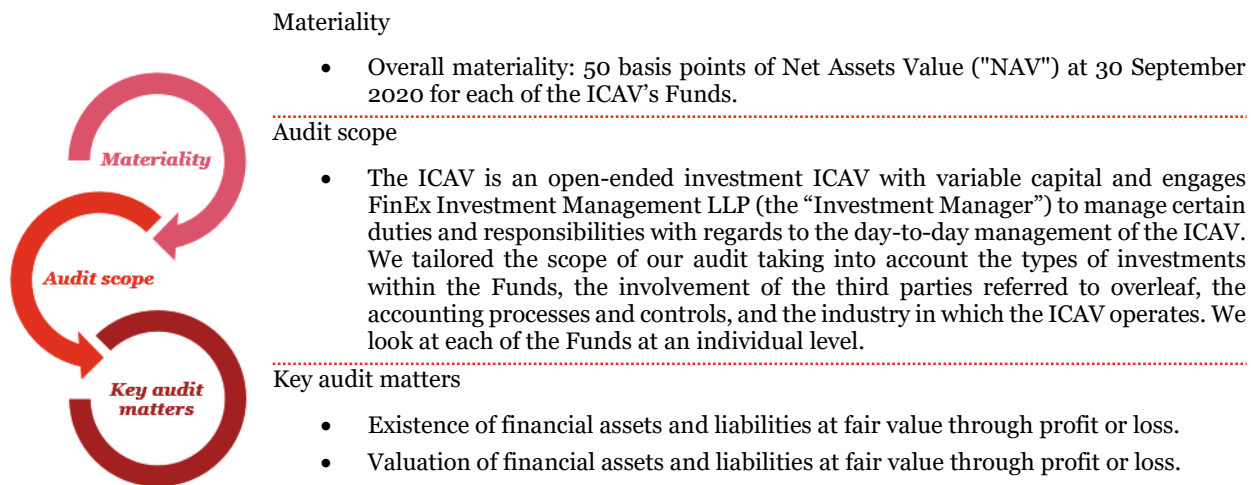
To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the ICAV.

Other than those disclosed in note 10, we have provided no non-audit services to the ICAV in the period from 1 October 2019 to 30 September 2020.



## Our audit approach

### Overview



### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example the selection of pricing sources to value the investment portfolio. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Existence of financial assets and liabilities at fair value through profit or loss (accounting policy 1(b), note 2(d))</i></p> <p>The financial assets and liabilities at fair value through profit or loss included in the Statement of Financial Position of each Fund are held in the Fund's name at 30 September 2020.</p> <p>We focused on this area because it represents the principal element of the financial statements.</p>	<p>We obtained independent confirmation from the Depositary and counterparties of the investment portfolios held at 30 September 2020, agreeing the amounts held to the accounting records of each Fund. No material issues were identified from the results of these procedures.</p>
<p><i>Valuation of financial assets and liabilities at fair value through profit or loss (accounting policy 1(b), note 2(d))</i></p> <p>The financial assets and liabilities at fair value through profit or loss included in the Statement of Financial Position of each Fund at 30 September 2020 are valued at fair value in line with IFRS.</p> <p>We focused on this area because it represents the principal element of the financial statements.</p>	<p>We tested the valuation of the investment portfolios by independently agreeing the valuation of investments to third party vendor sources. We engaged our Market Risk Group to review the valuation of the total return swap. No material issues were identified from the results of these procedures.</p>



### *How we tailored the audit scope*

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

The directors control the affairs of the ICAV and are responsible for the overall investment policy which is determined by them. The ICAV engages the Investment Manager to manage certain duties and responsibilities with regards to the day to day management of the ICAV. The Investment Manager has delegated certain responsibilities to BNY Mellon Fund Services (Ireland) Designated Activity Company (the 'Administrator'). The financial statements, which remain the responsibility of the directors, are prepared on their behalf by the Administrator. The ICAV has appointed BNY Mellon Trust Company (Ireland) Limited for the period from 1 October 2019 to 30 November 2019 and The Bank of New York Mellon SA/NV, Dublin Branch for the period from 1 December 2019 to 30 September 2020 (the "Depository") to act as Depository of the ICAV's assets. In establishing the overall approach to our audit we assessed the risk of material misstatement at a Fund level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the ICAV's interaction with the Administrator, and we assessed the control environment in place at the Administrator.

### *Materiality*

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

Based on our professional judgement, we determined materiality for the financial statements of each of the ICAV's Funds as follows:

<b>Overall materiality and how we determined it</b>	50 basis points (2019: 50 basis points) of Net Assets Value ("NAV") at 30 September 2020 for each of the ICAV's Funds.
<b>Rationale for benchmark applied</b>	We have applied this benchmark because the main objective of the ICAV is to provide investors with a total return at a Fund level, taking account of the capital and income returns.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above 5 basis points of each Fund's NAV, for NAV per share impacting differences (2019: 5 basis points of each Fund's NAV, for NAV per share impacting differences) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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### **Conclusions relating to going concern**

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

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

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



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## **Reporting on other information**

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Irish Collective Asset-management Vehicles Act 2015 requires us to also report the opinion as described below:

### *Directors' Report*

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 September 2020 is consistent with the financial statements.

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

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

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Funds' ability to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the ICAV or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

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

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

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

This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the shareholders of each of the Funds as a body in accordance with section 120 of the Irish Collective Asset-management Vehicles Act 2015 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



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## Other required reporting

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### Irish Collective Asset-management Vehicles Act 2015 exception reporting

#### *Directors' remuneration*

Under the Irish Collective Asset-management Vehicles Act 2015 we are required to report to you if, in our opinion, the disclosures of directors' remuneration specified by section 117 of that Act have not been made. We have no exceptions to report arising from this responsibility.

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### Appointment

We were appointed by the directors on 27 February 2013 to audit the financial statements for the year ended 30 September 2013 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 30 September 2013 to 30 September 2020.

A handwritten signature in black ink, appearing to read 'Pat Candon'.

Pat Candon  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
19 January 2021

**FinEx Physically Backed Funds ICAV**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2020**

**Statement of Comprehensive Income**

		FinEx Gold ETF	FinEx Gold ETF	FinEx FFIN Kazakhstan Equity ETF	FinEx FFIN Kazakhstan Equity ETF*
		For the financial year ended 30 September 2020 USD	For the financial year ended 30 September 2019 USD	For the financial year ended 30 September 2020 KZT	For the financial period ended 30 September 2019 KZT
	Notes				
<b>Income</b>					
Interest income	1 (c)	3,048	3,608	1,455	867
Dividend income	1 (i)	–	–	129,766,644	92,037,694
Interest from financial assets at fair value through profit or loss	1 (c)	442,737	361,741	–	–
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss and foreign currencies	1(b), 3	16,827,284	3,625,479	217,350,797	(56,690,302)
<b>Total investment income</b>		<b>17,273,069</b>	<b>3,990,828</b>	<b>347,118,896</b>	<b>35,348,259</b>
<b>Expenses</b>					
Swap expense	1(p)	(1,434,343)	(498,055)	–	–
Management fees	10	(314,010)	(76,332)	(27,621,804)	(25,525,867)
<b>Total expenses</b>		<b>(1,748,353)</b>	<b>(574,387)</b>	<b>(27,621,804)</b>	<b>(25,525,867)</b>
<b>Net income</b>		<b>15,524,716</b>	<b>3,416,441</b>	<b>319,497,092</b>	<b>9,822,392</b>
<b>Increase in net assets attributable to holders of redeemable participating shares from operations</b>		<b>15,524,716</b>	<b>3,416,441</b>	<b>319,497,092</b>	<b>9,822,392</b>

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

\*Fund launched on 2 October 2018.

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

**FinEx Physically Backed Funds ICAV**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2020**

**Statement of Financial Position**

		FinEx Gold ETF	FinEx Gold ETF	FinEx FFIN Kazakhstan Equity ETF	FinEx FFIN Kazakhstan Equity ETF*
	Notes	As at 30 September 2020 USD	As at 30 September 2019 USD	As at 30 September 2020 KZT	As at 30 September 2019 KZT
<b>Current assets</b>					
Cash and cash equivalents	1(k), 4	3,602,751	–	3,710,285	6,707,912
Cash collateral	1(o), 4, 8	–	300,201	–	–
Interest from financial assets at fair value through profit or loss receivable	1 (c)	7,279	38,698	–	–
Financial assets at fair value through profit or loss	1(b), 2 (d)	106,364,781	28,757,563	2,147,187,863	1,826,658,457
Due from brokers		–	–	–	2,014,980
<b>Total current assets</b>		<b>109,974,811</b>	<b>29,096,462</b>	<b>2,150,898,148</b>	<b>1,835,381,349</b>
<b>Current liabilities</b>					
Bank overdraft	1(k), 4	–	(72,661)	–	–
Management fees payable	10	(41,519)	(25,276)	(2,571,414)	(6,551,707)
Swap expense payable	1(p)	(10,058)	(681,726)	–	–
Financial liabilities at fair value through profit or loss	1(b), 2(d)	–	(161,766)	–	–
<b>Total current liabilities (excluding net assets attributable to holders of redeemable participating shares)</b>		<b>(51,577)</b>	<b>(941,429)</b>	<b>(2,571,414)</b>	<b>(6,551,707)</b>
<b>Net assets attributable to holders of redeemable participating shares</b>		<b>109,923,234</b>	<b>28,155,033</b>	<b>2,148,326,734</b>	<b>1,828,829,642</b>

\*Fund launched on 2 October 2018.

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

**FinEx Physically Backed Funds ICAV**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2020**

**Statement of Financial Position (continued)**

		FinEx Gold ETF	FinEx Gold ETF	FinEx FFIN Kazakhstan Equity ETF	FinEx FFIN Kazakhstan Equity ETF*
		As at 30 September 2020 USD	As at 30 September 2019 USD	As at 30 September 2020 KZT	As at 30 September 2019 KZT
	Notes				
<b>Redeemable participating shares in issue</b>					
USD Share Class	5	8,588,450	2,738,450	—	—
KZT Share Class	5	—	—	1,800,000	1,800,000
<b>Net asset value per redeemable participating share</b>					
USD Share Class	6	USD12.80	USD10.28	—	—
KZT Share Class	6	—	—	KZT1,193.51	KZT1,016.02

\*Fund launched on 2 October 2018.

**On behalf of the Board of Directors**

Director:  Simon Luhr

**Director:**

**Date: 19 January 2021**

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

**FinEx Physically Backed Funds ICAV**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2020**

**Statement of Financial Position (continued)**

		FinEx Gold ETF	FinEx Gold ETF	FinEx FFIN Kazakhstan Equity ETF	FinEx FFIN Kazakhstan Equity ETF*
		As at 30 September 2020 USD	As at 30 September 2019 USD	As at 30 September 2020 KZT	As at 30 September 2019 KZT
	Notes				
<b>Redeemable participating shares in issue</b>					
USD Share Class	5	8,588,450	2,738,450	—	—
KZT Share Class	5	—	—	1,800,000	1,800,000
<b>Net asset value per redeemable participating share</b>					
USD Share Class	6	USD12.80	USD10.28	—	—
KZT Share Class	6	—	—	KZT1,193.51	KZT1,016.02

\*Fund launched on 2 October 2018.

On behalf of the Board of Directors

Director:



Director:

Date: 19 January 2021

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

**FinEx Physically Backed Funds ICAV**  
**Annual Report and Audited Financial Statements**  
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**Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares**

		FinEx Gold ETF	FinEx Gold ETF	FinEx FFIN Kazakhstan Equity ETF	FinEx FFIN Kazakhstan Equity ETF*
		For the financial year ended 30 September 2020 USD	For the financial year ended 30 September 2019 USD	For the financial year ended 30 September 2020 KZT	For the financial period ended 30 September 2019 KZT
	Notes				
<b>Net assets attributable to holders of redeemable participating shares at beginning of the financial year</b>		28,155,033	11,065,707	1,828,829,642	–
Increase in net assets resulting from operations		15,524,716	3,416,441	319,497,092	9,822,392
Amounts received on issue of redeemable participating shares	1(e)	69,478,240	14,593,650	–	1,819,007,250
Amounts paid on redemption of redeemable participating shares	1(e)	(3,234,755)	(920,765)	–	–
Increase in net assets resulting from share transactions		66,243,485	13,672,885	–	1,819,007,250
<b>Net assets attributable to holders of redeemable participating shares at end of the financial year</b>		<b>109,923,234</b>	<b>28,155,033</b>	<b>2,148,326,734</b>	<b>1,828,829,642</b>

\*Fund launched on 2 October 2018.

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

**FinEx Physically Backed Funds ICAV**  
**Annual Report and Audited Financial Statements**  
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**Statement of Cash Flows**

	FinEx Gold ETF	FinEx Gold ETF	FinEx FFIN Kazakhstan Equity ETF	FinEx FFIN Kazakhstan Equity ETF*
	For the financial year ended 30 September 2020 USD	For the financial year ended 30 September 2019 USD	For the financial year ended 30 September 2020 KZT	For the financial period ended 30 September 2019 KZT
<b>Cash flows from operating activities</b>				
Proceeds from sale of investments (including realised gains/losses)	174,518,447	16,773,514	650,821,022	327,159,744
Purchase of investments	(235,460,147)	(30,812,515)	(751,984,651)	(400,477,419)**
Movement in cash pledged as collateral	300,201	–	–	–
Interest income received	3,048	3,608	1,455	867
Interest from financial assets at fair value through profit or loss received	474,156	338,183	–	–
Dividend received	–	–	129,766,644	92,037,694
Swap expense paid	(2,106,011)	26,256	–	–
Management fees paid	(297,767)	(63,146)	(31,602,097)	(18,974,160)
<b>Net cash outflow from operating activities</b>	<b>(62,568,073)</b>	<b>(13,734,100)</b>	<b>(2,997,627)</b>	<b>(253,274)</b>
<b>Cash flows from financing activities</b>				
Amounts received on issue of redeemable participating shares	69,478,240	14,593,650	–	6,961,186**
Amounts paid on redemption of redeemable participating shares	(3,234,755)	(920,765)	–	–
<b>Net cash inflow from financing activities</b>	<b>66,243,485</b>	<b>13,672,885</b>	<b>–</b>	<b>6,961,186</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,675,412</b>	<b>(61,215)</b>	<b>(2,997,627)</b>	<b>6,707,912</b>
Cash and cash equivalents/(bank overdraft) at beginning of financial year	(72,661)	(11,446)	6,707,912	–
<b>Bank overdraft at end of financial year</b>	<b>–</b>	<b>(72,661)</b>	<b>–</b>	<b>–</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>3,602,751</b>	<b>–</b>	<b>3,710,285</b>	<b>6,707,912</b>

\*Fund launched on 2 October 2018.

\*\* Purchase of investments and amounts received on issue of redeemable participating shares exclude an in-specie transfer into the Fund valued at KZT 1,812,046,064.

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



**FinEx Physically Backed Funds ICAV**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2020**

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**Notes to the Financial Statements**

**1. Significant Accounting Policies**

**(a) Basis of preparation**

The financial statements for the financial year ended 30 September 2020 have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and comply with the Irish Collective Asset-management Vehicles Act 2015 (the "ICAV Act") and the Central Bank of Ireland's Alternative Investment Fund Rulebook ("AIF Rulebook"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at Fair Value Through Profit or Loss ("FVTPL"). The significant accounting policies are set out below.

**Critical accounting estimates and assumptions**

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

The Board of Directors makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. As at 30 September 2020 and 30 September 2019, there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

*Standards and amendments to existing standards effective 1 October 2019*

On 7 June 2019, the International Accounting Standards Board ("IASB") issued IFRIC 23 - Uncertainty over Income Tax Treatments (the "Interpretation"). The Interpretation clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation is effective for annual reporting periods beginning on or after 1 October 2019, but certain transition reliefs are available. This new standard did not have a significant impact on the financial statements of the ICAV or its performance.

There are no other standards, amendments to standards or interpretations that are effective for the first time for the year beginning 1 October 2019 that have had a material effect on the financial statements of the ICAV.

*New standards, amendments and interpretations effective after 1 October 2019 and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning after 1 October 2019, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the ICAV.

**(b) Financial assets and liabilities**

**(i) Classification, recognition and measurement**

In accordance with IFRS 9, the ICAV classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

**Financial assets**

*Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The ICAV includes in this category cash and cash equivalents, cash collateral, receivables from brokers and other receivables.

**FinEx Physically Backed Funds ICAV**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2020**

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

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

**(b) Financial assets and liabilities (continued)**

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

**Financial assets (continued)**

*Financial assets measured at FVTPL*

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. This category includes all other financial assets including money market funds, common stock, treasury bills and derivatives.

**Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL.

*Financial liabilities measured at FVTPL*

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

*Financial liabilities measured at amortised cost*

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The ICAV includes in this category bank overdrafts, capital shares payable, payable to broker and other payables and liabilities.

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

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

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

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

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

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

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

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

**(iii) Derecognition**

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

**FinEx Physically Backed Funds ICAV**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2020**

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

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

**(c) Interest Income, Interest Expense and Interest from Financial Assets at FVTPL/Interest Income Receivable and Interest from Financial Assets at FVTPL Receivable**

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes interest from cash and cash equivalents. Interest expense is recognised on an accruals basis in line with the contractual terms. Interest is accrued on a daily basis. Interest from Financial Assets at FVTPL includes interest and discount earned (net of premium) for debt securities, which is the difference between the face value and the original cost, including original issue discount. Interest earned whilst holding investment securities is reported as Interest from Financial Assets at FVTPL in the Statement of Comprehensive Income, whilst interest due to the ICAV is reported as Interest from Financial Assets at FVTPL Receivable in the Statement of Financial Position.

**(d) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the ICAV's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The functional and presentation currency of FinEx Gold ETF and FinEx FFIN Kazakhstan Equity ETF is United States Dollar ("USD") and Kazakhstani Tenge ("KZT") respectively.

**(ii) Transactions and balances**

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

**(e) Redeemable participating shares**

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities.

**(f) Fees and charges**

Management fees are charged to the Statement of Comprehensive Income on an accruals basis. Please refer to Note 10 for details of management fees.

**(g) Gains/(losses) on investments**

Realised gains/ (losses) on disposal of investments during the financial year and unrealised gains/ (losses) on valuation of investments held at the financial year end are dealt within the net gains/ (losses) on financial assets and liabilities at FVTPL in the Statement of Comprehensive Income.

**(h) Cash flows**

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

**(i) Dividend income and dividend receivable**

Dividends are credited to the Statement of Comprehensive Income on the dates on which the relevant securities are listed as "ex dividend". Income is shown gross of any non-recoverable withholding tax, which is disclosed separately in the Statement of Comprehensive Income, and net of any tax credits. Dividend receivable is recognised in the Statement of Financial Position and represents the contractual amounts due to the Fund at financial year end.

**FinEx Physically Backed Funds ICAV**  
**Annual Report and Audited Financial Statements**  
**For the financial year ended 30 September 2020**

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

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

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

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. Please see note 2(d) Fair Value for details of transfers between levels, if any.

**(k) Cash and Cash Equivalents**

Cash comprises of cash on hand, demand deposits and bank overdrafts. Cash equivalents, if any, are short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. Bank overdrafts, if any, are shown separately as liabilities in the Statement of Financial Position.

**(l) Due from/to Brokers**

Amounts due from/to broker represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the financial year end. These amounts are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that a Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default on payments are considered indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. There was no impairment loss in the current or prior financial year.

**(m) Offsetting**

Financial assets and liabilities may be offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the ICAV or the counterparty. As at 30 September 2020 and 30 September 2019 the Funds did not offset any position on the Statement of Financial Position.

**(n) Money market funds**

The FinEx Gold ETF invests in Money Market funds which are subject to daily dealing and which have and maintain a credit rating of AAA or equivalent. Where the Fund invests in Money Market funds, those instruments may be valued at the last available net asset value per share as advised by the fund or on an amortised cost basis which approximates their fair market value.

**(o) Cash collateral**

Cash collateral, if any, provided by/payable to the FinEx Gold ETF in relation to Total Return Swaps is identified in the Statement of Financial Position as Cash Collateral and is not included as a component of cash and cash equivalents.

**(p) Total return swaps**

The Fund FinEx Gold ETF aims to track the performance of the Benchmark Index via swap contracts ("A swap contract is a derivative contract through which two parties exchange financial instruments"). The purpose of the swap contract is to gain indirect exposure to the performance of the Benchmark Index. The Fund may enter into swap contracts with any eligible entity (being the "Approved Counterparty") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the Benchmark Index in exchange for the payment to the Approved Counterparty of a set rate agreed between the parties. The valuation of the swaps will reflect the relative movements in the performance of the Benchmark Index. Depending on the value of the swaps, the Fund will have to make a payment

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

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

**(p) Total return swaps (continued)**

to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from cash holdings and/or the proceeds from the disposal of the Fund's assets.

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

The total return swap is carried at fair value and the value is based on an exchange listed price. The total return swap price is listed and compared between Bloomberg and the LBMA Gold Price AM. Details of the total return swap held on FinEx Gold ETF as at 30 September 2020 are included in the Portfolio Listing. As at 30 September 2020, FinEx FFIN Kazakhstan Equity ETF did not enter into any swap contracts.

**2. Financial Risk Management**

**Investment strategy**

FinEx Investment Management LLP (the "Investment Manager") acts as the Investment Manager to the ICAV and funds pursuant to the Investment Management Agreement.

The detailed investment objectives and policies of each Fund are set out in the Prospectus and relevant Supplement.

In order to achieve the investment objectives, the ICAV, on behalf of the Funds seeks to track the performance of each Fund's reference index or replicate the reference index or invests in securities similar in nature to the components of the reference index. The Investment Manager having due regard to the best interests of the Funds and to prevailing market conditions will determine which investment policies to follow at any given time and shall invest all or substantially all of the net proceeds of any issue of shares.

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

The nature and extent of the financial instruments held at the reporting date and the risk management policies employed by the ICAV are discussed below.

**(a) Market risk**

As at 30 September 2020 and 30 September 2019, the ICAV's market risk was affected by three main components: changes in actual market prices, interest rates and foreign currency movements.

**(i) Market price risk**

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. FinEx Gold ETF's swap contract and FinEx FFIN Kazakhstan Equity ETF's common stocks are susceptible to market price risk arising from uncertainties about the future price of gold bullion and those common stocks respectively.

The treasuries or money market collective investment schemes that the FinEx Gold ETF may invest in are subject to normal market fluctuations and other risks inherent in investing in such investments, and there can be no assurance that any appreciation in value will occur. There can be no assurance that issuers of these securities or other instruments in which the Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments (as well as any appreciation of sums invested in such securities).

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

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

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

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

The Investment Manager seeks to moderate market price risk within the Funds by adhering to the investment restrictions outlined in the Prospectus. Save for holdings in Precious Metal Accounts and financial derivatives, not more than 10% of the Net Asset Value of the FinEx Gold ETF may be invested in Securities which are not traded in or dealt on a market which is provided for in Appendix I to the Prospectus. The ICAV will use the commitment approach for the purposes of calculating global exposure for the Funds. Each Fund aims to have 100% exposure to its reference index and will not have any additional incremental exposure or leveraged exposure to the reference index (i.e. the global exposure of the Fund will be 0% and the total exposure (i.e. NAV plus global exposure) will be 100%).

If the ICAV's underlying investments as at 30 September 2020 had increased or decreased by 5% with all other variables held constant (5% is considered to be a reasonably possible change in market prices considering the prices of gold and the common stocks can be volatile), this would have increased or reduced net assets attributable to holders of redeemable participating shares of the FinEx Gold ETF by USD 5,318,239 (Financial Assets at FVTPL less Financial liabilities at FVTPL x 5%) (2019: USD 1,323,653) and FinEx FFIN Kazakhstan Equity ETF by KZT 107,359,393 (2019: KZT 91,332,923).

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

**(ii) Interest rate risk**

Interest rate risk is the risk due to fluctuations in the prevailing levels of market interest rates, which would cause the fair value of the assets and liabilities to fluctuate accordingly. The use of financial derivative instruments provides exposure to cover of the FinEx Gold ETF's investments on 1:1 basis. The ICAV on behalf of the Funds may borrow up to 10% of their Net Asset Value at any time for temporary purpose and may charge or pledge its assets as security for any such borrowings. The Funds did not borrow for liquidity purposes during the financial years ended 30 September 2020 and 30 September 2019 and no interest was payable during the financial years. The Funds were, therefore, not exposed to interest rate risk from unfavourable fluctuations in interest rates payable. Excess cash is invested in instantly accessible accounts at prevailing interest rates. The ICAV's cash balances are not subject to significant interest rate risk.

The Funds had no material direct exposure to interest rate risks.

**(iii) Currency risk**

Currency risk is the risk that the value of a Fund's net assets will fluctuate due to changes in foreign currency rates.

The Funds can hold securities denominated in currencies other than their respective functional currencies and presentational currencies. They can therefore be exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in the exchange rates.

The Investment Manager outsources the management of currency risk in their currency hedged portfolios to The Bank of New York Mellon. The Investment Manager defines rules with the provider and monitors the implementation via daily reports.

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

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

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

**(iii) Currency risk (continued)**

The tables below show the currency risk exposure to the FinEx FFIN Kazakhstan Equity ETF Fund as at 30 September 2020. FinEx Gold ETF Fund was not subject to foreign currency risk as at 30 September 2020 and 30 September 2019:

**FinEx FFIN Kazakhstan Equity ETF**  
**As at 30 September 2020**

	<b>Monetary Assets KZT</b>	<b>Non-Monetary Assets KZT</b>	<b>Forward FX Contracts KZT</b>	<b>Net Financial Assets KZT</b>
<b>Foreign Currency Exposure</b>				
US Dollar	113,644	–	–	113,644
	<b>113,644</b>	<b>–</b>	<b>–</b>	<b>113,644</b>

**FinEx FFIN Kazakhstan Equity ETF**  
**As at 30 September 2019**

	<b>Monetary Assets KZT</b>	<b>Non-Monetary Assets KZT</b>	<b>Forward FX Contracts KZT</b>	<b>Net Financial Assets KZT</b>
<b>Foreign Currency Exposure</b>				
US Dollar	492,095	–	–	492,095
	<b>492,095</b>	<b>–</b>	<b>–</b>	<b>492,095</b>

The following sensitivity analysis below shows the change in the net assets attributable to holders of redeemable shares of a Fund given a 5% increase or decrease in the value of a foreign currency relative to the Fund's reporting currency (5% is considered to be a reasonably possible change in foreign currency rates).

	<b>As at 30 September 2020</b>	<b>As at 30 September 2019</b>
<b>FinEx FFIN Kazakhstan Equity ETF</b>	<b>KZT</b>	<b>KZT</b>
US Dollar	5,682	24,605

**(b) Credit risk**

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

The Bank of New York Mellon SA/NV, Dublin Branch (the "Depositary") acts as the Depositary to the ICAV. Depending on the requirements of the jurisdictions in which the investments of the Funds are issued, the Depositary may use the services of one or more sub-custodians. Bankruptcy or insolvency of the Depositary may cause the ICAV's rights with respect to securities held to be delayed. As at 30 September 2020, the Depositary held a Credit rating of AA- (30 September 2019: AA-) with Standard and Poor's, AA (30 September 2019: AA) with Fitch and Aa2 (30 September 2019: Aa2) with Moody's.

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

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

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

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

The Depositary has appointed Bank of New York Mellon SA/NV as sub-custodian (the "Sub-Custodian") to the ICAV pursuant to an agreement dated 22 July 2014. As at 30 September 2020, Bank of New York Mellon SA/NV held a credit rating of AA- (30 September 2019: AA-) with Standard and Poor's, AA- (30 September 2019: AA-) with Fitch and Aa2 (30 September 2019: Aa2) with Moody's. The ICAV on behalf of the FinEx Gold ETF may invest directly in gold bullion which would be held by the Depositary (through its sub-custodian). The gold bullion would be held in the Allocated Precious Metals Account where it would be held in "allocated" form. A portion may be held in unallocated form on a short term basis in the Unallocated Precious Metals Account when gold bullion is in the process of being allocated or de-allocated for a subscription or redemption. As at 30 September 2020 and 30 September 2019 there was no gold held by the Fund. In accordance with the terms of the Depositary agreement any liability of the Depositary shall not be affected by the fact that it has entrusted some or all of the assets in its safekeeping to any third party.

An Allocated Precious Metals Account allows the FinEx Gold ETF to trade and the Depositary (through its sub-custodians) to take physical delivery of gold on a physical or allocated basis. Once the Fund has entered into a contract with a counterparty to purchase or sell gold a trade ticket will be sent to the Depositary setting out the relevant details to permit the transaction to be settled. The gold will be delivered into or out of the Depositary's account with its sub-custodians together with a certificate detailing the manufacturer, the serial number and the quality of the metal. The same information is stamped into the gold itself and will be verified upon receipt of delivery. An Unallocated Precious Metal Account allows the Fund to trade and the Depositary to maintain custody of gold on a book-entry or unallocated basis similar to a cash deposit. The Depositary, on behalf of the Fund, will not be able to hold or take physical delivery of the gold bullion. This does not constitute a physical holding of the gold in question. As at 30 September 2020 and 30 September 2019 there was no gold held by the Fund.

Bankruptcy or insolvency of the Depositary or Sub-Custodian would result in the ICAV's rights with respect of gold bullion to be delayed or limited. To mitigate the ICAV's exposure to the Depositary and Sub-Custodian, management would need to ensure that the Depositary is a reputable institution and that the credit risk is acceptable to the ICAV. The ICAV only transacts with Depositaries that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies. Where there is a risk that the gold bullion could be lost, stolen or damaged, the ICAV would not be able to satisfy its obligations. There were no past due or impaired assets as at 30 September 2020 and 30 September 2019.

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



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

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

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

The total return swap is held with UBS AG, which has a credit rating of A+ (30 September 2019: A+) with Standard & Poor's, Aa3 (30 September 2019: Aa3) with Moody's and AA- (30 September 2019: AA-) with Fitch.

The Funds' Investment Manager approves all counterparties before dealing with them.

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

For these reasons, the Investment Manager considers that the risk that counterparties would fail to discharge their obligations to the Funds is low.

Other than as outlined above, there were no significant concentrations of credit risk to counterparties as at 30 September 2020 or 30 September 2019.

**(c) Liquidity risk**

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

The ICAV is exposed to daily cash redemptions of redeemable participating shares.

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

The ICAV is entitled to limit the number of shares of a Fund redeemed on any dealing day to shares representing not more than 10% of the Net Asset Value of that Fund on that dealing day. In this event, the limitation will apply pro rata, so that all shareholders wishing to redeem their shareholding in that Fund on the relevant dealing day will realise the same proportion of their redemption request. Shares not redeemed but which would otherwise have been redeemed, will be carried forward for repurchase on the next dealing day and will be dealt with in priority (on a pro rata basis as detailed above) to redemption requests received subsequently. If requests for redemptions are so carried forward, the Administrator will inform the shareholders affected.

The Instrument of Incorporation contains special provisions with respect to a redemption request received from a Shareholder which would result in Shares representing more than 5% of the Net Asset Value of any Fund being redeemed by the ICAV on any Dealing Day. In such a case the ICAV, at the discretion of the Directors (and with the Shareholder's consent, unless the original subscription was made in specie) may satisfy the redemption request in whole or in part by a distribution of investments of the relevant Fund in specie, provided that such a distribution would not be prejudicial to the interests of the remaining Shareholders of that Fund.

The ICAV may at any time temporarily suspend the calculation of the Net Asset Value of any Fund and the subscription, redemption or exchange of Shares and the payment of repurchase proceeds of any Class, as outlined in Section 13.2 "Suspension of Calculation of Net Asset Value" of the Prospectus.

Even though the Shares are to be listed on one or more Relevant Stock Exchanges, there can be no certainty that there will be liquidity in the Shares on any Relevant Stock Exchange or that the market price at which the Shares may be traded on a Relevant Stock Exchange will be the same as or approximately equal to the Net Asset Value per Share. However, as the Shares may be dealt in by means of subscription and redemption, the Directors consider that large discounts or premiums in the Net Asset Value of a Fund would not be sustainable. There can be no guarantee that once the Shares are listed on a Relevant Stock Exchange they will remain listed or that the conditions of listing will not change.

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

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

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

Trading in Shares on a Relevant Stock Exchange, or the requirement for market makers to make two way prices on a Relevant Stock Exchange, may be halted or suspended due to market conditions, or because the Relevant Stock Exchange considers that trading in the Shares is inadvisable, or the discontinuance in the calculation or publication of the Reference Asset or a component thereof, or otherwise pursuant to the Relevant Stock Exchange's rules. If trading on a Relevant Stock Exchange is halted or suspended, investors in Shares may not be able to sell their Shares until trading resumes however such investors should be able to apply to the ICAV to redeem Shares.

The ICAV has the ability to borrow in the short term to ensure settlement. The ICAV's Prospectus allows for borrowing up to 10% of its net assets at any time and the Depositary may charge the assets of the ICAV as security for any such borrowing, provided that such borrowing is only for temporary purposes.

The tables below and overleaf analyse the Funds' financial liabilities into relevant maturity groupings based on the remaining period at financial year end to the contractual maturity date.

<b>FinEx Gold ETF</b> <b>As at 30 September 2020</b>	<b>Less than 1 month USD</b>	<b>3 months to 1 year USD</b>	<b>Total USD</b>
Management fees payable	(41,519)	—	(41,519)
Swap expense payable	(10,058)	—	(10,058)
Net assets attributable to holders of redeemable participating shares	(109,923,234)	—	(109,923,234)
<b>Total financial liabilities</b>	<b>(109,974,811)</b>	<b>—</b>	<b>(109,974,811)</b>

<b>FinEx FFIN Kazakhstan Equity ETF</b> <b>As at 30 September 2020</b>	<b>Less than 1 month KZT</b>	<b>3 months to 1 year KZT</b>	<b>Total KZT</b>
Management fees payable	(2,571,414)	—	(2,571,414)
Net assets attributable to holders of redeemable participating shares	(2,148,326,734)	—	(2,148,326,734)
<b>Total financial liabilities</b>	<b>(2,150,898,148)</b>	<b>—</b>	<b>(2,150,898,148)</b>

<b>FinEx Gold ETF</b> <b>As at 30 September 2019</b>	<b>Less than 1 month USD</b>	<b>3 months to 1 year USD</b>	<b>Total USD</b>
Management fees payable	(25,276)	—	(25,276)
Swap expense payable	(681,726)	—	(681,726)
Unrealised depreciation on total return swaps	(161,766)	—	(161,766)
Net assets attributable to holders of redeemable participating shares	(28,155,033)	—	(28,155,033)
<b>Total financial liabilities</b>	<b>(29,023,801)</b>	<b>—</b>	<b>(29,023,801)</b>

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

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

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

<b>FinEx FFIN Kazakhstan Equity ETF As at 30 September 2019</b>	<b>Less than 1 month KZT</b>	<b>3 months to 1 year KZT</b>	<b>Total KZT</b>
Management fees payable	(6,551,707)	–	(6,551,707)
Net assets attributable to holders of redeemable participating shares	(1,828,829,642)	–	(1,828,829,642)
<b>Total financial liabilities</b>	<b>(1,835,381,349)</b>	<b>–</b>	<b>(1,835,381,349)</b>

**(d) Fair Value**

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

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

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

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

The fair value hierarchy has the following levels:

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

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

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

The following tables overleaf analyse within the fair value hierarchy the ICAV's financial assets and liabilities (by class) measured at fair value at 30 September 2020:

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

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

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

**FinEx Gold ETF**

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>As at 30 September 2020</b>				
<b>Financial assets</b>				
US Treasury Bills	104,471,810	–	–	104,471,810
Total Return Swap	–	1,892,971	–	1,892,971
<b>Total</b>	<b>104,471,810</b>	<b>1,892,971</b>	<b>–</b>	<b>106,364,781</b>

**FinEx FFIN Kazakhstan Equity ETF**

	Level 1 KZT	Level 2 KZT	Level 3 KZT	Total KZT
<b>As at 30 September 2020</b>				
<b>Financial assets</b>				
Common Stock	2,147,187,863	–	–	2,147,187,863
<b>Total</b>	<b>2,147,187,863</b>	<b>–</b>	<b>–</b>	<b>2,147,187,863</b>

The tables below analyse within the fair value hierarchy the ICAV's financial assets and liabilities (by class) measured at fair value at 30 September 2019:

**FinEx Gold ETF**

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>As at 30 September 2019</b>				
<b>Financial assets</b>				
Money Market Funds	27,161,746	–	–	27,161,746
US Treasury Bills	1,595,817	–	–	1,595,817
<b>Total</b>	<b>28,757,563</b>	<b>–</b>	<b>–</b>	<b>28,757,563</b>

**Financial liabilities**

Total Return Swap	–	(161,766)	–	(161,766)
<b>Total</b>	<b>–</b>	<b>(161,766)</b>	<b>–</b>	<b>(161,766)</b>

**FinEx FFIN Kazakhstan Equity ETF**

	Level 1 KZT	Level 2 KZT	Level 3 KZT	Total KZT
<b>As at 30 September 2019</b>				
<b>Financial assets</b>				
Common Stock	1,826,658,457	–	–	1,826,658,457
<b>Total</b>	<b>1,826,658,457</b>	<b>–</b>	<b>–</b>	<b>1,826,658,457</b>

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

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

During the financial year ended 30 September 2020 and 30 September 2019 there were no transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and financial liabilities which were recorded at fair value. There were also no transfers between Level 2 and Level 3 or between Level 1 and Level 3.

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

For assets and liabilities carried at amortised cost; their carrying values are a reasonable approximation of fair value.

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

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

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

**Capital Risk management**

The capital of the Funds is represented by the net assets attributable to the holders of redeemable participating shares. The amount of net assets attributable to the holders of redeemable participating shares can change significantly on a daily basis, as the Funds are subject to daily subscriptions and redemptions at the discretion of the Shareholders. The Funds' objective when managing capital is to safeguard their ability to continue as a going concern in order to provide returns for the Shareholders and maintain a strong capital base to support the development of the investment activities of the Funds.

In order to maintain or adjust the capital structure, the Funds' policy is to perform the following:

- Monitor the level of daily subscriptions and redemptions relative to the assets they expect to be able to liquidate within a day.
- Redeem and issue new units in accordance with the constitutional documents of the Funds, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions. Further details on these restrictions are outlined in the Supplement to the Prospectus of each of the Funds.

The Investment Manager monitors capital on the basis of the value of net assets attributable to the redeemable participating shareholders.

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

	<b>FinEx Gold ETF</b> <b>For the financial</b> <b>year ended 30</b> <b>September 2020</b> <b>USD</b>	<b>FinEx Gold ETF</b> <b>For the financial</b> <b>year ended 30</b> <b>September 2019</b> <b>USD</b>
Realised gain on investments	337,880	119,855
Realised loss on investments	(807,075)	(82,504)
Realised gain on total return swaps	27,948,596	4,951,625
Realised loss on total return swaps	(12,706,499)	(1,318,834)
Unrealised gain on investments	388	303
Unrealised loss on investments	(743)	-
Unrealised gain on total return swaps	2,054,737	-
Unrealised loss on total return swaps	-	(44,966)
	<u>16,827,284</u>	<u>3,625,479</u>

	<b>FinEx FFIN</b> <b>Kazakhstan Equity</b> <b>ETF</b> <b>For the financial</b> <b>year ended 30</b> <b>September 2020</b> <b>KZT</b>	<b>FinEx FFIN</b> <b>Kazakhstan Equity</b> <b>ETF*</b> <b>For the financial</b> <b>period ended 30</b> <b>September 2019</b> <b>KZT</b>
Realised gain on investments	58,949,547	37,994,943
Realised loss on investments	(50,015,623)	(1,116,950)
Realised gain on currency	-	7
Realised loss on currency	(256,325)	(104,705)
Unrealised gain on investments	218,141,951	130,742,855
Unrealised loss on investments	(9,465,321)	(224,213,022)
Unrealised gain on currency	-	6,570
Unrealised loss on currency	(3,432)	-
	<u>217,350,797</u>	<u>(56,690,302)</u>

\* Fund launched on 2 October 2018.

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

**4. Cash, Cash Equivalents and Cash Collateral**

As at 30 September 2020, there was cash and cash equivalents of USD 3,602,751 (30 September 2019: USD (72,661)) in FinEx Gold ETF and KZT 3,710,285 (30 September 2019: KZT 6,707,912) in FinEx FFIN Kazakhstan Equity ETF held with the Depositary, The Bank of New York Mellon SA/NV, Dublin Branch.

As at 30 September 2020, no cash collateral was held. As at 30 September 2019 USD 300,201 cash collateral was held with UBS AG in FinEx Gold ETF.

**5. Share Capital**

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

In accordance with the objectives listed in the ICAV Overview and in the risk management policies in Note 2, the ICAV strives to invest the subscriptions of redeemable shares in appropriate investments, while maintaining sufficient liquidity to meet shareholder redemptions.

During the financial years ended 30 September 2020 and 30 September 2019 the number of redeemable shares issued and fully paid were as below:

	<b>FinEx Gold ETF</b>	<b>FinEx Gold ETF</b>
	<b>For the financial year ended 30 September 2020</b>	<b>For the financial year ended 30 September 2019</b>
<b>Number of redeemable participating shares issued and fully paid</b>		
Balance at the beginning of financial year	2,738,450	1,338,450
Issued during the financial year	6,150,000	1,500,000
Redeemed during the financial year	(300,000)	(100,000)
Total number of redeemable participating shares in issue at the end of the financial year	8,588,450	2,738,450

	<b>FinEx FFIN Kazakhstan Equity ETF</b>	<b>FinEx FFIN Kazakhstan Equity ETF*</b>
	<b>For the financial year ended 30 September 2020</b>	<b>For the financial period ended 30 September 2019</b>
<b>Number of redeemable participating shares issued and fully paid</b>		
Balance at the beginning of financial year/period	1,800,000	—
Issued during the financial year/period	—	1,800,000
Redeemed during the financial year/period	—	—
Total number of redeemable participating shares in issue at the end of the financial year/period	1,800,000	1,800,000

\*Fund launched on 2 October 2018.

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

**6. Total Net Asset Value and Net Asset Value Per Share**

	<b>FinEx Gold ETF</b>	<b>FinEx Gold ETF</b>	<b>FinEx Gold ETF</b>
	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30 September 2020</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Total Net Asset Value</b>			
USD Share Class	109,923,234	28,155,033	11,065,707
<b>Net Asset Value per Share</b>			
USD Share Class	USD12.80	USD10.28	USD8.27
	<b>FinEx FFIN</b>	<b>FinEx FFIN</b>	<b>FinEx FFIN</b>
	<b>Kazakhstan Equity</b>	<b>Kazakhstan Equity</b>	<b>Kazakhstan Equity</b>
	<b>ETF</b>	<b>ETF*</b>	<b>ETF</b>
	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30 September 2020</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>KZT</b>	<b>KZT</b>	<b>KZT</b>
<b>Total Net Asset Value</b>			
KZT Share Class	2,148,326,734	1,828,829,642	—
<b>Net Asset Value per Share</b>			
KZT Share Class	KZT1,193.51	KZT1,016.02	—

\*Fund launched on 2 October 2018.

**7. Efficient Portfolio Management**

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

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

**8. Swap Transactions**

FinEx Gold ETF may enter into total return swaps with any eligible entity (the 'Approved Counterparty') pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the Benchmark Index. The Approved Counterparty to the swaps and the ICAV on behalf of the Fund have entered into International Swaps and Derivatives Association Master Agreement (the "ISDA Master Agreements"), and will enter confirmation for each total return swap transaction. The valuation of the swaps will reflect the relative movements in the performance of the Benchmark Index. Depending on the value of the total return swaps, the Fund will have to make payment to the Approved Counterparty or will receive such a payment.

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

**8. Swap Transactions (continued)**

The following open swap positions were held as at 30 September 2020 and 30 September 2019:

**30 September 2020**

**FinEx Gold ETF**

Underlying Description	Counterparty	Ccy	Protection Buyer/Seller	Fixed Rate	Maturity	Notional Amount	Unrealised gain USD
Iagoldubs Gold Total Return Swap	UBS AG	USD	Sell	1.80%	28/09/2021	109,868,139	1,892,971
<b>Total unrealised gains from swap transactions</b>							<b>1,892,971</b>

**30 September 2019**

**FinEx Gold ETF**

Underlying Description	Counterparty	Ccy	Protection Buyer/Seller	Fixed Rate	Maturity	Notional Amount	Unrealised loss USD
Iagoldubs Gold Total Return Swap	UBS AG	USD	Sell	2.95%	28/09/2020	28,145,392	(161,766)
<b>Total unrealised loss from swap transactions</b>							<b>(161,766)</b>

The swap is valued on a mark-to-market basis. The valuation of the swaps will reflect the daily movements in the performance of the Benchmark Index. Upon reaching the minimum threshold limit of USD 100,000; the Fund will have to make payment to UBS AG or will receive such a payment in settlement for the position.

The minimum threshold of USD 100,000 was not exceeded during the financial year ended 30 September 2020. The minimum threshold of USD 100,000 was not exceeded during the financial year ended 30 September 2019. A partial mark-to-market reset was required during the financial year ended 30 September 2019. The total net monthly mark-to-market settlement for the financial year ended 30 September 2020 was USD (2,016,011) (30 September 2019: USD 26,256). As at 30 September 2020, no Cash collateral (30 September 2019: USD 300,201) was held with UBS AG. As at 30 September 2020 and 30 September 2019, there were no investments pledged as collateral with UBS AG.

**9. Related Parties**

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

Mr. Simon Luhr is a partner of the Investment Manager, FinEx Investment Management LLP and majority beneficial owner of the FinEx Group of Companies, and does not receive a fee for his service to the ICAV. The Directors received a combined fee of USD 36,373 (EUR 32,500) (30 September 2019: USD 31,017 (EUR 27,500)), for the financial year ended 30 September 2020, which is paid by FinEx ETF Limited (the "Distributor").

FinEx Investment Management LLP held no shares in the ICAV as at 30 September 2020 (30 September 2019: Nil).

During the financial year ended 30 September 2020, FinEx ETF Limited earned fees of USD 382,343 (30 September 2019: USD 143,696) of which USD 47,458 (30 September 2019: USD 42,159) was payable at the financial year end. The Distributor paid the Investment Manager, FinEx Investment Management LLP, fees as outlined in Note 10.

AMC FinEx Plus LLC (Asset Management Company FinEx Plus LLC) is a related person to the ICAV and an authorised participant, and held no shares in the Funds during the years ended 30 September 2020 and 30 September 2019.



# FinEx Physically Backed Funds ICAV

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### For the financial year ended 30 September 2020

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

#### 10. Fees and Expenses

Fees are charged by the ICAV on behalf of the Funds, which shall be expressed in the Supplement for each Fund as a single flat fee, the Total Expense Ratio (“TER”). The TER for the FinEx Gold ETF USD share class is capped at 0.45% per annum and the TER for the FinEx FFIN Kazakhstan Equity ETF KZT share class is capped at 1.39% per annum.

In FinEx Gold ETF, the amount charged in respect of management fees during the financial year was USD 314,010 (30 September 2019: USD 76,332) and the management fees payable at the financial year end were USD 41,519 (30 September 2019: USD 25,276).

In FinEx FFIN Kazakhstan Equity ETF, the amount charged in respect of management fees during the financial year was KZT 27,621,804 (30 September 2019: 25,525,867) and the management fees payable at the financial year end were KZT 2,571,414 (30 September 2019: 6,551,707).

The management fees for FinEx Gold ETF and FinEx FFIN Kazakhstan Equity ETF are paid out of the TER by the Distributor to the Investment Manager.

All other expenses are paid out of the TER by FinEx ETF Limited. These expenses included Directors fees of USD 36,373 (EUR 32,500) (30 September 2019: USD 31,017 (EUR 27,500)), depositary fees of USD 51,951 (30 September 2019: USD 51,900)) and designated persons fees of USD 31,350 (30 September 2019: USD 32,312). Audit fees exclusive of VAT were USD 14,102 (EUR 12,600) (30 September 2019: USD 14,212 (EUR 12,600)) in respect of statutory audit services, and USD 3,581 (EUR 3,200) (30 September 2019: USD Nil (EUR Nil)) in respect of non-audit services.

#### 11. Exchange Rates

The following exchange rates were used to convert investments and other assets and liabilities to the functional currency of the Funds.

One US Dollar equates to the following foreign currency amounts:

	As at 30 September 2020	As at 30 September 2019
Euro	0.8541	0.9173
Kazakhstani Tenge	432.9450	388.0750

One Kazakhstani Tenge equates to the following foreign currency amounts:

	As at 30 September 2020	As at 30 September 2019
US Dollar	0.0023	0.0025

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

	Financial year ended 30 September 2020	Financial year ended 30 September 2019
Euro	0.8935	0.8866
Kazakhstani Tenge	404.2214	378.9268

The average exchange rate of one Kazakhstani Tenge during the financial year was as follows:

	Financial year ended 30 September 2020	Financial year ended 30 September 2019
US Dollar	0.0025	0.0026

#### 12. Taxation

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

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

**12. Taxation (continued)**

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

- (i) any transactions in relation to shares held in a recognised clearing system irrespective of the status of the Shareholder holding the Shares
- (ii) any exchange by a Shareholder effected by way of a bargain made at arm's length by the ICAV, of Shares in the ICAV for other Shares in the ICAV;
- (iii) certain transfers of Shares between spouses or civil partners and former spouses or former civil partners;
- (iv) an exchange of Shares arising on a qualifying amalgamation or reconstruction of the ICAV with another Irish investment undertaking; or
- (v) the cancellation of Shares in the ICAV arising from an exchange in relation to a scheme of amalgamation.

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

Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the ICAV or its shareholders.

**13. Soft Commission**

No soft commission arrangements were entered into during the financial year ended 30 September 2020 or 30 September 2019.

**14. Contingent Liabilities and Commitments**

There were no contingent liabilities or commitments as at 30 September 2020 or 30 September 2019.

**15. Segregation of Liability**

Under the provisions of the ICAV Act, the Directors shall maintain for each Fund a separate portfolio of assets. As between Shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Fund. The Shareholders shall only be entitled to the assets and profits of that Fund in which they participate. The ICAV shall be considered one single legal entity. With regard to third parties, in particular towards the ICAV's creditors, the ICAV shall be responsible for all liabilities incurred by a Fund exclusively based on the assets of this relevant Fund. Among the Shareholders, the liabilities of each Fund shall only be incurred to the respective Fund. While the provisions of the ICAV Act provide for segregated liability between Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims. There is however no segregation of liability between Classes of Shares within a Fund. Accordingly, it is not free from doubt that the assets of either Fund of the ICAV may not be exposed to the liabilities of the other Fund of the ICAV.

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

Effective 1 December 2019, BNY Mellon Trust Company (Ireland) Limited merged into The Bank of New York Mellon SA/NV, which itself is a wholly owned subsidiary of The Bank of New York Mellon (the "Merger"). Following the Merger, The Bank of New York Mellon SA/NV, Dublin Branch, will be the entity, which will provide trustee, depositary and/or custody services to the ICAV.

The COVID-19 epidemic began in early 2020 and while containment efforts were made to slow the spread of the epidemic the outbreak spread globally and has led to the World Health Organisation declaring the COVID-19 outbreak a pandemic on 11 March 2020.

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

**16. Significant Events During the Financial Year (continued)**

The Board of Directors are aware that global financial markets have been monitoring and reacting to the outbreak. All markets have incurred increased volatility and uncertainty since the onset of the pandemic. The Board of Directors have also noted the operational risks that are posed to the ICAV and its service providers due to global and local movement restrictions that have been enacted by various governments. The COVID-19 pandemic is an unprecedented event and the eventual impact on the global economy and markets will largely depend on the scale and duration of the outbreak. The Board of Directors will continue to monitor this situation. The ultimate extent of the effect of this on the ICAV or Funds is not possible to estimate at this time.

Effective 22 May 2020, the Irish Legal Advisers changed from Maples and Calder LLP to A&L Goodbody.

*Conversion of Company to ICAV*

The ICAV has changed its structure from a Company to an Irish Collective Asset-Management Vehicle effective 13 July 2020.

Effective 13 July 2020 the Central Bank approved the change of name of the ICAV from FinEx Physically Backed Funds plc to FinEx Physically Backed Funds ICAV.

Effective 13 July 2020 the Central Bank approved the Instrument of Incorporation of the ICAV, dated 13 July 2020.

Effective 13 July 2020 the following documents were updated:

- The Prospectus of the ICAV, dated 13 July 2020;
- The Global Supplement, dated 13 July 2020, to the Prospectus of the ICAV, dated 13 July 2020; and
- The Supplements for the Funds, dated 13 July 2020, to the Prospectus of the ICAV, dated 13 July 2020.

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

**17. Significant Subsequent Events**

Effective 1 October 2020, the Depositary changed from The Bank of New York Mellon SA/NV, Dublin Branch to Citi Depositary Services Ireland Designated Activity Company.

Effective 1 October 2020, the Administrator changed from BNY Mellon Fund Services (Ireland) Designated Activity Company to Citibank Europe Plc.

In a referendum held on 23 June 2016, the electorate of the United Kingdom (“UK”) resolved to leave EU. The result led to political instability and economic uncertainty, volatility in the financial markets of the UK and more broadly across Europe and a decline in the value of the Sterling (“GBP”). The UK officially left the EU on 31 January 2020 but remained subject to EU regulations during an agreed transitional phase until 31 December 2020. Although a free trade agreement was ratified by both the EU member States and the UK Government in December 2020 and the transitional phase has ended, there remains a number of uncertainties in connection with the UK’s relationship with the EU in regards to potential regulatory alignment or equivalence. Until the terms of regulation are clearer, it is not possible to determine the full impact that the UK’s departure and/or any related matters may have on the ICAV and its investments.

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

**18. Approval of Financial Statements**

The Financial Statements were approved by the Board of Directors on 19 January 2021.

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**Portfolio Listing – FinEx Gold ETF**

As at 30 September 2020

Security Description	Nominal	Fair Value USD	% of Net Assets	
Transferable securities admitted to an official stock exchange listing or dealt in on another regulated market				
United States 95.04% (30 September 2019: 5.67%)				
United States Cash Management Bill (Zero Coupon) 0.00% 05/01/2021	4,650,000	4,648,871	4.23	
United States Cash Management Bill (Zero Coupon) 0.00% 12/01/2021	5,000,000	4,998,627	4.55	
United States Cash Management Bill (Zero Coupon) 0.00% 02/02/2021	4,650,000	4,648,465	4.23	
United States Cash Management Bill (Zero Coupon) 0.00% 09/02/2021	5,000,000	4,998,257	4.55	
United States Cash Management Bill (Zero Coupon) 0.00% 16/02/2021	4,650,000	4,648,203	4.23	
United States Cash Management Bill (Zero Coupon) 0.00% 23/02/2021	5,000,000	4,997,971	4.54	
United States Cash Management Bill (Zero Coupon) 0.00% 02/03/2021	5,000,000	4,997,873	4.54	
United States Treasury Bill (Zero Coupon) 0.00% 05/11/2020	4,650,000	4,649,628	4.23	
United States Treasury Bill (Zero Coupon) 0.00% 10/11/2020	5,000,000	4,999,572	4.55	
United States Treasury Bill (Zero Coupon) 0.00% 24/11/2020	4,650,000	4,649,467	4.23	
United States Treasury Bill (Zero Coupon) 0.00% 27/11/2020	5,000,000	4,999,315	4.55	
United States Treasury Bill (Zero Coupon) 0.00% 03/12/2020	4,650,000	4,649,297	4.23	
United States Treasury Bill (Zero Coupon) 0.00% 10/12/2020	5,000,000	4,999,161	4.55	
United States Treasury Bill (Zero Coupon) 0.00% 17/12/2020	8,000,000	7,998,612	7.27	
United States Treasury Bill (Zero Coupon) 0.00% 24/12/2020	4,650,000	4,648,956	4.23	
United States Treasury Bill (Zero Coupon) 0.00% 31/12/2020	5,000,000	4,998,849	4.55	
United States Treasury Bill (Zero Coupon) 0.00% 21/01/2021	5,000,000	4,998,429	4.55	
United States Treasury Bill (Zero Coupon) 0.00% 28/01/2021	4,650,000	4,648,681	4.23	
United States Treasury Bill (Zero Coupon) 0.00% 04/03/2021	4,650,000	4,648,097	4.23	
United States Treasury Bill (Zero Coupon) 0.00% 18/03/2021	4,650,000	4,647,925	4.23	
United States Treasury Bill (Zero Coupon) 0.00% 25/03/2021	5,000,000	4,997,554	4.54	
Total United States		104,471,810	95.04	
Total Transferable securities admitted to an official stock exchange listing or dealt in on another regulated market		104,471,810	95.04	
	Notional Amount	Maturity Date	Unrealised Gain USD	% of Net Assets
Total Return Swap* 1.72% (30 September 2019 : 0.00%)				
Iagoldubs Gold Total Return Swap	107,975,168	30/09/2021	1,892,971	1.72
			1,892,971	1.72
Financial assets at fair value through profit or loss			106,364,781	96.76
Total Return Swap* –% (30 September 2019 : (0.57)%)				
Cash and cash equivalents			3,602,751	3.28
Net other liabilities			(44,298)	(0.04)
Net Assets attributable to holders of redeemable participating shares			109,923,234	100.00

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

Analysis of Total Assets	% of Total Assets
Financial Assets at fair value through profit or loss	96.72
Cash and cash equivalents	3.27
Other Assets	0.01
	<b>100.00</b>

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**Portfolio Listing – FinEx FFIN Kazakhstan Equity ETF**

As at 30 September 2020

Security Description	Nominal	Fair Value KZT	% of Net Assets
<b>Transferable securities admitted to an official stock exchange listing or dealt in on another regulated market</b>			
<b>Kazakhstan 84.78% (30 September 2019: 88.38%)</b>			
Bank CenterCredit JSC	405,995	88,957,564	4.14
Halyk Savings Bank of Kazakhstan JSC	2,783,917	320,011,259	14.90
Kazakhstan Electricity Grid Operating Co	153,575	262,613,250	12.22
Kazakhtelecom JSC	12,046	300,920,885	14.01
KazTransOil JSC	226,913	181,870,770	8.47
KCell JSC	128,503	332,822,770	15.49
NAC Kazatomprom JSC	54,014	334,076,590	15.55
<b>Total Kazakhstan</b>		<b>1,821,273,088</b>	<b>84.78</b>
<b>United Kingdom 15.17% (30 September 2019: 11.50%)</b>			
KAZ Minerals Plc	111,573	325,914,775	15.17
<b>Total United Kingdom</b>		<b>325,914,775</b>	<b>15.17</b>
<b>Total Transferable securities admitted to an official stock exchange listing or dealt in on another regulated market</b>		<b>2,147,187,863</b>	<b>99.95</b>
<b>Financial assets at fair value through profit or loss</b>		<b>2,147,187,863</b>	<b>99.95</b>
<b>Cash and cash equivalents</b>		<b>3,710,285</b>	<b>0.17</b>
<b>Net other liabilities</b>		<b>(2,571,414)</b>	<b>(0.12)</b>
<b>Net Assets attributable to holders of redeemable participating shares</b>		<b>2,148,326,734</b>	<b>100.00</b>
<b>Analysis of Total Assets</b>			
			<b>% of Total Assets</b>
Financial Assets at fair value through profit or loss			99.83
Cash and cash equivalents			0.17
			<u>100.00</u>

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**Statement of Portfolio Changes (Unaudited) – FinEx Gold ETF**

**Purchases\***

<b>Security Description</b>	<b>Nominal</b>	<b>Cost USD</b>
Morgan Stanley USD Liquidity Fund Institutional	17,687,264	17,687,264
Western Asset USD Institutional Liquidity Fund	17,687,264	17,687,264
Deutsche Global Liquidity Managed USD Fund	16,508,115	16,508,115
Blackrock Institutional Cash USD Liquidity Fund	16,508,113	16,508,113
Fidelity Institutional Liquidity USD Fund	16,508,113	16,508,113
Goldman Sachs USD Liquid Reserve Institutional Fund	16,508,113	16,508,113
Invesco Global USD Institutional Fund	16,508,113	16,508,113
United States Treasury Bill (Zero Coupon) 0.00% 17/12/2020	8,000,000	7,997,111
United States Treasury Bill (Zero Coupon) 0.00% 13/08/2020	6,000,000	5,998,350
United States Treasury Bill (Zero Coupon) 0.00% 10/11/2020	5,000,000	4,999,533
United States Treasury Bill (Zero Coupon) 0.00% 27/11/2020	5,000,000	4,999,365
United States Treasury Bill (Zero Coupon) 0.00% 10/12/2020	5,000,000	4,999,145
United States Treasury Bill (Zero Coupon) 0.00% 31/12/2020	5,000,000	4,998,831
United States Cash Management Bill (Zero Coupon) 0.00% 12/01/2021	5,000,000	4,998,607
United States Treasury Bill (Zero Coupon) 0.00% 21/01/2021	5,000,000	4,998,496
United States Cash Management Bill (Zero Coupon) 0.00% 09/02/2021	5,000,000	4,998,236
United States Cash Management Bill (Zero Coupon) 0.00% 23/02/2021	5,000,000	4,998,050
United States Cash Management Bill (Zero Coupon) 0.00% 02/03/2021	5,000,000	4,997,850
United States Treasury Bill (Zero Coupon) 0.00% 25/03/2021	5,000,000	4,997,542
United States Treasury Bill (Zero Coupon) 0.00% 05/11/2020	4,650,000	4,649,606
United States Treasury Bill (Zero Coupon) 0.00% 24/11/2020	4,650,000	4,649,382
United States Treasury Bill (Zero Coupon) 0.00% 03/12/2020	4,650,000	4,649,282
United States Treasury Bill (Zero Coupon) 0.00% 24/12/2020	4,650,000	4,648,995
United States Cash Management Bill (Zero Coupon) 0.00% 05/01/2021	4,650,000	4,648,861
United States Treasury Bill (Zero Coupon) 0.00% 28/01/2021	4,650,000	4,648,515
United States Cash Management Bill (Zero Coupon) 0.00% 02/02/2021	4,650,000	4,648,446
United States Cash Management Bill (Zero Coupon) 0.00% 16/02/2021	4,650,000	4,648,282
United States Treasury Bill (Zero Coupon) 0.00% 04/03/2021	4,650,000	4,648,187
United States Treasury Bill (Zero Coupon) 0.00% 18/03/2021	4,650,000	4,648,013
United States Treasury Bill (Zero Coupon) 0.00% 14/05/2020	4,000,000	3,984,595
United States Treasury Bill (Zero Coupon) 0.00% 13/02/2020	3,100,000	3,091,775

**All Sales\***

<b>Security Description</b>	<b>Nominal</b>	<b>Proceeds USD</b>
Morgan Stanley USD Liquidity Fund Institutional	20,952,340	20,952,340
Western Asset USD Institutional Liquidity Fund	20,952,340	20,952,340
Deutsche Global Liquidity Managed USD Fund	19,555,518	19,555,518
Blackrock Institutional Cash USD Liquidity Fund	19,555,517	19,555,517
Goldman Sachs USD Liquid Reserve Institutional Fund	19,555,517	19,555,517
Invesco Global USD Institutional Fund	19,555,517	19,555,517
Fidelity Institutional Liquidity USD Fund	19,516,840	19,516,840
United States Treasury Bill (Zero Coupon) 0.00% 13/08/2020	6,000,000	6,000,000
United States Treasury Bill (Zero Coupon) 0.00% 14/05/2020	4,000,000	4,000,000
United States Treasury Bill (Zero Coupon) 0.00% 13/02/2020	3,100,000	3,100,000
United States Treasury Bill (Zero Coupon) 0.00% 21/11/2019	1,600,000	1,599,936

\* In accordance with the Central Bank's AIF Rulebook, the Annual Report documents material changes that have occurred in the disposition of the assets of the ICAV during the financial year. A material change is defined as aggregate purchases of a security exceeding 1 per cent of the total value of the purchases for the financial year and/or aggregate disposals greater than 1 per cent of the total value of sales for the financial year. If there are fewer than 20 purchases/sales that meet the material changes definition, the ICAV shall disclose those purchases/sales so at least 20 purchases/sales are disclosed.

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**Statement of Portfolio Changes (Unaudited) – FinEx FFIN Kazakhstan Equity ETF**

**All Purchases\***

<b>Security Description</b>	<b>Nominal</b>	<b>Cost KZT</b>
NAC Kazatomprom JSC	67,776	364,537,390
Halyk Savings Bank of Kazakhstan JSC	997,773	99,094,289
KAZ Minerals Plc	41,085	95,990,100
Kazakhstan Electricity Grid Operating Co	27,931	47,010,645
Kazakhtelecom JSC	1,758	46,766,871
KCell JSC	17,664	44,618,845
KazTransOil JSC	42,751	36,410,272
Bank CenterCredit JSC	75,802	17,556,238

**All Sales\***

<b>Security Description</b>	<b>Nominal</b>	<b>Proceeds KZT</b>
Bank CenterCredit JSC	500,198	114,122,184
Kazakhstan Electricity Grid Operating Co	58,259	94,612,616
KazTransOil JSC	90,636	93,619,768
KAZ Minerals Plc	32,907	91,243,345
KCell JSC	38,385	89,417,585
NAC Kazatomprom JSC	13,762	84,235,052
Halyk Savings Bank of Kazakhstan JSC	382,224	47,009,433
Kazakhtelecom JSC	1,341	34,805,815

*\* In accordance with the Central Bank's AIF Rulebook, the Annual Report documents material changes that have occurred in the disposition of the assets of the ICAV during the financial year. A material change is defined as aggregate purchases of a security exceeding 1 per cent of the total value of the purchases for the financial year and/or aggregate disposals greater than 1 per cent of the total value of sales for the financial year. If there are fewer than 20 purchases/sales that meet the material changes definition, the ICAV shall disclose those purchases/sales so at least 20 purchases/sales are disclosed.*

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**ICAV Remuneration Policy (Unaudited)**

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

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

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

The Directors are the only employees of the ICAV. Each Director will be entitled to remuneration for his services as a director out of the assets of the Funds, provided however that the aggregate emoluments of each Director in respect of any twelve month accounting period out of the assets of the ICAV shall not exceed €20,000. Directors fees of USD 36,373 were paid during the financial year ended 30 September 2020 (30 September 2019: USD 25,378). All other responsibilities are outsourced to providers on an arms-length contractual basis.

Designated Persons' fees to KB Associates of USD 31,350 (EUR 28,011) (30 September 2019: USD 30,539) (EUR 28,013) were paid during the financial year ended 30 September 2020.



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**Risk Disclosure (Unaudited)**

In accordance with Article 22 of the European Union (Alternative Investment Fund Managers) Regulations 2013 (the “2013 Law”), the Investment Manager will provide to relevant authorities and investors the level of leverage both on a gross and on a commitment method basis in accordance with the Article 7 and the Article 8 of the AIFM Regulation.

The Investment Manager has set a maximum level of leverage which may be employed as indicated for the respective Fund hereafter.

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

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

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

The below overview summarises the FinEx Gold ETF indicating the legal leverage limit and the leverage level as per the commitment method and the gross method (including the maximum level of leverage) for the financial years ended 30 September 2020 and 30 September 2019:

FinEx Gold ETF	Internal Leverage limit	Gross Method Leverage	Maximum Gross Method Leverage	Commitment Method Leverage	Maximum Commitment Method Leverage
30 September 2020	100%	99.95%	100%	199.95%	200%
30 September 2019	100%	99.97%	100%	199.97%	200%

There is no leverage on FinEx FFIN Kazakhstan Equity ETF as it does not hold any FDI products.

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**Securities Financing Transactions Regulation – FinEx Gold ETF (Unaudited)**

**Securities Financing Transactions on Total Return Swaps**

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

<b>Counterparty</b>	<b>Counterparty's country of incorporation</b>	<b>Total return swaps USD</b>
UBS AG	Switzerland	1,892,971

The gross aggregate fair value of total return swaps as a proportion of the Fund's NAV, as at the Statement of Financial Position date was 1.72%.

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

<b>Maturity</b>	<b>OTC derivative transactions (net exposure) USD</b>	<b>Cash collateral received/(provided) USD</b>	<b>Non-cash collateral received/(provided) USD</b>
1 day	-	-	-
2 to 7 days	-	-	-
3 months to 1 year	1,892,971	-	-
<b>Total</b>	<b>1,892,971</b>	<b>-</b>	<b>-</b>

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

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

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

Collateral, if any, is held in a segregated account.

The cost incurred by the FinEx Gold ETF by way of total return swaps amounted to USD 1,434,343 for the financial year ended 30 September 2020 and is presented within Swap expense in the Statement of Comprehensive Income. The net return to the FinEx Gold ETF by way of total return swaps amounted to USD 17,296,834 and is presented within Net Gains/(Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss and Foreign Currencies.