

**ETFS PHYSICAL SILVER ETF**

**(STOCK CODE: 3117 HK)**

**INTERIM REPORT**

**FOR THE PERIOD FROM 5 SEPTEMBER 2012  
(DATE OF INCEPTION) TO**

**28 JUNE 2013**

**(UNAUDITED)**

# **ETFS Physical Silver ETF**

## **Interim Report**

**For the period from 5 September 2012 (date of inception) to 28 June 2013  
(Unaudited)**

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## **ETFS Physical Silver ETF**

### **Management and Professional Service Details**

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#### **Manager**

ETF Securities (HK) Limited  
Room 1303  
Silver Fortune Plaza  
1 Wellington Street, Central  
Hong Kong

#### **Directors of the Manager**

Chi Lok Cheung (appointed on 2 April 2013)  
Fred Jheon (resigned on 2 April 2013)  
Graham Tuckwell

#### **Trustee and Registrar**

HSBC Institutional Trust Services (Asia) Limited  
1 Queen's Road Central  
Hong Kong

#### **Custodian**

HSBC Bank USA, N.A.  
8 Canada Square  
London, E14 5HQ  
United Kingdom

#### **Service Agent**

HK Conversion Agency Services Limited  
2nd Floor, Infinitus Plaza  
199 Des Voeux Road, Central  
Hong Kong

#### **Listing Agent**

Changjiang Corporate Finance (HK) Limited  
Suite 1908  
19th Floor, Cosco Tower  
183 Queen's Road Central  
Hong Kong

#### **Legal Adviser to the Manager**

Baker & McKenzie  
23rd Floor, One Pacific Place  
88 Queensway  
Hong Kong

#### **Auditors**

Deloitte Touche Tohmatsu  
35th Floor, One Pacific Place  
88 Queensway  
Hong Kong

**ETFS Physical Silver ETF  
Investment Report  
For the period from 5 September 2012 (date of inception) to 28 June 2013**

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**Manager's report**

The ETFS Physical Silver ETF (the "Fund") is an exchange traded fund listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). The Fund's investment objective is to provide investment results, before fees and expenses, that closely correspond to the performance of the London Fix for silver.

We are pleased to present the first interim report of the Fund for the period from 5 September 2012 (date of inception) to 28 June 2013.

**Fund Performance**

As at 28 June 2013, the Net Asset Value ("NAV") per unit of the Fund was USD 18.805074 and 300,000 units were outstanding. The total size of the Fund was approximately USD 5,641,522.

**Market Commentary**

The price of silver declined by 28% over the 12 month period ending June 2013 to the lowest level in nearly three years. Silver was the worst performing precious metal over the period, confirming its strong ties to gold. Against a backdrop of soft industrial demand, silver was not able to decouple from its strong link to gold. Silver continued to trade with significantly higher volatility to gold and correlations between the two metals reached decade highs. Consequently the silver price followed the gold price downward but with significantly greater magnitude.

Since the price plunge in April, there have been indications of stabilisation in industrial demand which has helped buoy the silver price. COMEX stockpiles have stopped rising and by July 2013 had begun to decline, suggesting that rising industrial demand is brightening the outlook for silver. Buttressing industrial demand has been physical demand for silver coins, which is running at a record pace, as evidenced by US Mint sales. The US Mint has sold 29mn ounces of silver coins in 2013 through July, just shy of total sales for 2012. US Mint silver coin sales are on pace in 2013 for 50mn ounces - the most recent record was 40mn ounces in 2011.

**ETFS Physical Silver ETF  
Investment Report  
For the period from 5 September 2012 (date of inception) to 28 June 2013  
(Unaudited)**

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**Investment portfolio  
As at 28 June 2013**

<b>Commodity</b>	<b>Holdings Troy Ounces</b>	<b>Market value USD</b>	<b>% of net assets</b>
<b>Silver bullion</b>	299,126	5,641,522	100.00
<b>Total investment</b>		<u>5,641,522</u>	<u>100.00</u>
<b>Net assets value attributable to unitholders at 28 June 2013</b>		<u>5,641,522</u>	<u>100.00</u>
<b>Total investment, at cost</b>		<u>8,823,753</u>	

**Statement of movements in investment portfolio  
For the period from 5 September 2012 (date of inception) to 28 June 2013**

<b>Commodity</b>	<b>Holdings</b>			<b>28 June 2013 Troy Ounces</b>
	<b>5 September 2012 (date of inception) Troy Ounces</b>	<b>Additions Troy Ounces</b>	<b>Deductions Troy Ounces</b>	
	<b>Silver bullion</b>	-	299,778	

**Performance table**

<b>Net asset value</b>	<b>Total net asset value USD</b>	<b>Net asset value per unit USD</b>
28 June 2013	5,641,522	18.805074

**Performance record**

	<b>Highest issue price per unit USD</b>	<b>Lowest redemption price per unit USD</b>
Period from 5 September 2012 (date of inception) to 28 June 2013	34.278595	18.556056

**ETFS Physical Silver ETF**  
**Statement of Financial Position**  
**As at 28 June 2013**  
**(Unaudited)**

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	<b>28 June 2013</b>
	<b>USD</b>
<b>Assets</b>	
<b>Current assets</b>	
Silver bullion (at fair value)	5,641,522
Amounts receivable from brokers	2,433
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<b>Total assets</b>	<b>5,643,955</b>
	<hr/> <hr/>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Fees payable to investment manager	2,433
	<hr/>
<b>Total liabilities</b>	<b>2,433</b>
	<hr/> <hr/>
<b>Equity</b>	
Units (at cost)	8,844,036
Unitholder's reserve	(3,202,514)
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<b>Total equity</b>	<b>5,641,522</b>
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<b>Total liabilities and equity</b>	<b>5,643,955</b>
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<b>NAV per unit</b>	<b>18.805074</b>
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