



**Boost Issuer Public Limited Company**  
**2 Grand Canal Square**  
**Grand Canal Harbour**  
**Dublin 2**

30 April 2018

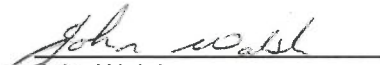
Debt Listing  
Irish Stock Exchange  
28 Anglesea Street  
Dublin 2


Dear Sirs,

We, the Directors of Boost Issuer plc (the "Company"), confirm to the best of our knowledge and belief:

- i. The financial statements for the year ended 31 December 2017, which have been prepared in accordance with accounting standards issued by the Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by Regulation 7(2) of the Transparency Directive (Directive 2004/109/EC) Regulations 2007.
- ii. The Directors' report includes a fair review of the information required by Regulation 8(2) of the Transparency Directive (Directive 2004/109/EC) Regulations 2007.

Yours faithfully,

  
John Walsh  
Director

  
Lisa Hand  
Director

**Directors: David Abner (*American*); John Walsh; Lisa Hand.**  
**Company No: 515981; Vat No: IE 9849328A**

Boost Issuer plc

Financial statements

For the Year Ended 31 December 2017

*Registered Number: 515981*

**BOOST ISSUER plc**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**BOOST ISSUER plc**

**DIRECTORS AND OTHER INFORMATION**

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|   |   |
|---|---|
| <b>DIRECTORS</b>                          | John Walsh (Irish) (Independent and Non-Executive)<br>Lisa Hand (Irish) (Independent and Non-Executive)<br>David Abner (American) (Independent and Non-Executive) |
| <b>REGISTERED OFFICE</b>                  | 2 Grand Canal Square<br>Grand Canal Harbour<br>Dublin 2   |
| <b>TRUSTEE AND SECURITY TRUSTEE</b>       | The Law Debenture Trust Corporation plc<br>Fifth Floor, 100 Wood Street<br>London EC2V 7EX<br>United Kingdom  |
| <b>ISSUING &amp; PAYING AGENT ("IPA")</b> | Link IFS Limited (formerly Capita International Financial Services (Ireland) Limited)<br>2 Grand Canal Square<br>Grand Canal Harbour<br>Dublin 2                  |
| <b>MANAGER</b>                            | Boost Management Limited<br>12 Castle Street<br>St. Helier<br>Jersey JE2 3RT  |
| <b>SECRETARY</b>                          | Link IFS Limited (formerly Capita International Financial Services (Ireland) Limited)<br>2 Grand Canal Square<br>Grand Canal Harbour<br>Dublin 2                  |
| <b>REGISTRAR</b>                          | Link Market Services Trustees Limited (formerly Capita IRG Trustees Limited)<br>The Registry, 34 Beckenham Road<br>Beckenham<br>Kent BR3 4TU<br>United Kingdom    |
| <b>INDEPENDENT AUDITORS</b>               | Ernst & Young<br>Ernst & Young Building<br>Harcourt Centre<br>Harcourt Street<br>Dublin 2   |

**BOOST ISSUER plc**

**DIRECTORS AND OTHER INFORMATION (continued)**

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**BANKERS**

Allied Irish Banks plc  
Bankcentre  
Ballsbridge  
Dublin 4

**SOLICITORS**

Matheson  
70 Sir John Rogerson's Quay  
Dublin 2

**INITIAL SWAP PROVIDER ("Swap Provider")**

BNP Paribas Arbitrage S.N.C.  
160-162 Boulevard Macdonald  
75019 Paris  
France

**CUSTODIAN**

The Bank of New York Mellon  
One Canada Square  
London E14 5AL

**Registered Number:**

515981

The Directors present their annual report and audited financial statements of Boost Issuer PLC (the “**Company**” or the “**Issuer**”) for the year ended 31 December 2017.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Company is a limited liability company, incorporated in Ireland on 30 July 2012 under Irish Company Law. The Company is an orphan vehicle, with the shares held for the benefit of a charitable trust (see note 9). The Company is registered in Ireland as a Section 110 vehicle. The Company has been established as a special purpose vehicle for the purpose of issuing exchange traded securities. The Company commenced trading on 5 December 2012.

The Company established a Collateralised ETP Securities Programme (the “**Programme**”) under which the Company issues, on an ongoing basis, collateralised exchange traded securities (the “**ETPs**”) of different classes (each a “**Class**”) linked to indices providing exposure to a range of asset classes including equities, commodities, fixed income and currencies. The ETP Securities may have long or short, and leveraged or unleveraged, exposure to the daily performance of the referenced index.

Each Class constitutes limited recourse obligations of the Company, secured on and payable solely from the assets constituting the ETP in respect of such Class. Each Class of ETPs may comprise one or more tranches.

The ETPs have been listed for trading on the London Stock Exchange, Frankfurt Stock Exchange and/or Borsa Italiana and applications may be made to other European Stock Exchanges. The Company uses the net proceeds of the issuance of ETPs to enter into Total Return Swap Transactions (“**TRS**”) to hedge its payment obligations in respect of each Class of the ETPs with one or more Swap Providers once the Swap Provider has delivered eligible collateral. The TRS for each Class of ETPs will produce cash flows to service all of the Company’s payment obligations in respect of that Class.

Cash flows are only as a result of subscriptions and redemptions of ETPs and expenses incurred. A movement in collateral does not generate a cash flow. The proceeds of the issuance of a tranche of ETPs of a Class will be paid by the Issuer to one or more of the Swap Providers with whom the Issuer has entered into a TRS in connection with that Class, in order to increase the aggregate number of Index Units in respect of the TRS entered into by the Issuer in relation to that Class in proportion to the increase in the number of ETPs of that Class then outstanding. The Issuer’s payment obligations in respect of the ETPs of a Class will be covered entirely from payments received by the Issuer from the Swap Provider(s) in respect of such TRS(s). Pursuant to the terms of each Credit Support Document, the Issuer will be obliged to pay amounts equal to each distribution made on collateral held by it to the relevant Swap Provider upon receipt.

The ETPs do not bear interest at a prescribed rate. The return (if any) on the ETPs shall be calculated in accordance with the redemption provisions.

Three new products were launched during 2017, namely Boost Bund 30Y 3X Short Daily ETP, Boost Gilts 10Y 1X Short Daily ETP and Boost US Treasuries 30Y Short Daily ETP.

**BOOST ISSUER plc****DIRECTORS' REPORT (continued)**

The following Classes of ETPs were in issue at 31 December 2017:

| ETP                                       | ISIN         | Launch Date      |
|---|--------------|------------------|
| BOOST FTSE 100 3X LEVERAGE DAILY ETP      | IE00B88D2999 | 06 December 2012 |
| BOOST FTSE 100 3X SHORT DAILY ETP         | IE00B7VB3908 | 06 December 2012 |
| BOOST EURO STOXX 50 3X LEVERAGE DAILY ETP | IE00B7SD4R47 | 12 December 2012 |
| BOOST EURO STOXX 50 3X SHORT DAILY ETP    | IE00B8JF9153 | 12 December 2012 |
| BOOST LEVDAX 3X DAILY ETP                 | IE00B878KX55 | 12 December 2012 |
| BOOST SHORTDAX 3X DAILY ETP               | IE00B8GKPP93 | 12 December 2012 |
| BOOST US LARGE CAP 3X LEVERAGE DAILY ETP  | IE00B7Y34M31 | 12 December 2012 |
| BOOST US LARGE CAP 3X SHORT DAILY ETP     | IE00B8K7KM88 | 12 December 2012 |
| BOOST NASDAQ 100 3X LEVERAGE DAILY ETP    | IE00B8W5C578 | 12 December 2012 |
| BOOST NASDAQ 100 3X SHORT DAILY ETP       | IE00B8VZVH32 | 12 December 2012 |
| BOOST WTI OIL 3X LEVERAGE DAILY ETP       | IE00B7ZQC614 | 20 December 2012 |
| BOOST WTI OIL 3X SHORT DAILY ETP          | IE00B7SX5Y86 | 20 December 2012 |
| BOOST GOLD 3X LEVERAGE DAILY ETP          | IE00B8HGT870 | 20 December 2012 |
| BOOST GOLD 3X SHORT DAILY ETP             | IE00B6X4BP29 | 20 December 2012 |
| BOOST COPPER 3X LEVERAGE DAILY ETP        | IE00B8JVMZ80 | 20 December 2012 |
| BOOST COPPER 3X SHORT DAILY ETP           | IE00B8KD3F05 | 20 December 2012 |
| BOOST NATURAL GAS 3X LEVERAGE DAILY ETP   | IE00B8VC8061 | 20 December 2012 |
| BOOST NATURAL GAS 3X SHORT DAILY ETP      | IE00B76BRD76 | 20 December 2012 |
| BOOST SILVER 3X LEVERAGE DAILY ETP        | IE00B7XD2195 | 20 December 2012 |
| BOOST SILVER 3X SHORT DAILY ETP           | IE00B8JG1787 | 20 December 2012 |
| BOOST FTSE 100 2X SHORT DAILY ETP         | IE00B94QKF15 | 05 July 2013     |
| BOOST FTSE 100 1X SHORT DAILY ETP         | IE00B94QKG22 | 05 July 2013     |
| BOOST FTSE 100 2X LEVERAGE DAILY ETP      | IE00B94QKC83 | 05 July 2013     |
| BOOST FTSE 250 1X SHORT DAILY ETP         | IE00BBGBF313 | 05 July 2013     |
| BOOST FTSE 250 2X LEVERAGE DAILY ETP      | IE00B94QKJ52 | 05 July 2013     |
| BOOST TOPIX 1X SHORT DAILY ETP            | IE00BBGBF420 | 05 July 2013     |
| BOOST TOPIX 2X LEVERAGE DAILY ETP         | IE00BBGBF537 | 05 July 2013     |
| BOOST PALLADIUM 1X SHORT DAILY ETP        | IE00B94QLR02 | 05 July 2013     |
| BOOST PALLADIUM 2X LEVERAGE DAILY ETP     | IE00B94QLN63 | 05 July 2013     |
| BOOST NATURAL GAS 2X SHORT DAILY ETP      | IE00B94QL251 | 05 July 2013     |
| BOOST NATURAL GAS 2X LEVERAGE DAILY ETP   | IE00B94QKX96 | 05 July 2013     |
| BOOST GOLD 2X SHORT DAILY ETP             | IE00B94QKT50 | 05 July 2013     |
| BOOST GOLD 1X SHORT DAILY ETP             | IE00B94QKW89 | 05 July 2013     |
| BOOST GOLD 2X LEVERAGE DAILY ETP          | IE00B94QKS44 | 05 July 2013     |
| BOOST SILVER 2X SHORT DAILY ETP           | IE00B94QL921 | 05 July 2013     |
| BOOST SILVER 2X LEVERAGE DAILY ETP        | IE00B94QL699 | 05 July 2013     |
| BOOST FTSE MIB 3X LEVERAGE DAILY ETP      | IE00B8NB3063 | 31 October 2013  |

**BOOST ISSUER plc****DIRECTORS' REPORT (continued)**

| ETP   | ISIN         | Launch Date      |
|---|--------------|------------------|
| BOOST FTSE MIB 3X SHORT DAILY ETP                             | IE00B873CW36 | 31 October 2013  |
| BOOST BTP 10Y 3X SHORT DAILY ETP                              | IE00BKS8QM96 | 01 August 2014   |
| BOOST BUND 10Y 3x SHORT DAILY ETP                             | IE00BKS8QN04 | 01 August 2014   |
| BOOST US TREASURIES 10Y 3X SHORT DAILY ETP                    | IE00BKS8QT65 | 01 August 2014   |
| BOOST GILTS 10Y 3X SHORT DAILY ETP                            | IE00BKS8QQ35 | 05 August 2014   |
| BOOST GILTS 10Y 3X LEVERAGE DAILY ETP                         | IE00BKT09479 | 25 November 2014 |
| BOOST 5X LONG USD SHORT EUR DAILY ETP                         | IE00BLNMQS92 | 09 December 2014 |
| BOOST 5X SHORT USD LONG EUR DAILY ETP                         | IE00BLNMQT00 | 09 December 2014 |
| BOOST EURO STOXX BANKS 3X LEVERAGE DAILY ETP                  | IE00BLS09N40 | 09 December 2014 |
| BOOST EURO STOXX BANKS 3X SHORT DAILY ETP                     | IE00BLS09P63 | 09 December 2014 |
| BOOST BTP 10Y 3X LEVERAGE DAILY ETP                           | IE00BKT09149 | 09 December 2014 |
| BOOST BUND 10Y 3X LEVERAGE DAILY ETP                          | IE00BKT09255 | 09 December 2014 |
| BOOST US TREASURIES 10Y 3X LEVERAGE DAILY ETP                 | IE00BKT09032 | 09 December 2014 |
| BOOST WTI OIL ETC   | IE00BVFZGC04 | 09 April 2015    |
| BOOST BRENT OIL ETC   | IE00BVFZGD11 | 09 April 2015    |
| BOOST GOLD ETC  | IE00BVFZGK87 | 09 April 2015    |
| BOOST NATURAL GAS ETC   | IE00BVFZGL94 | 09 April 2015    |
| BOOST WTI OIL 1X SHORT DAILY ETP                              | IE00BVFZGF35 | 09 April 2015    |
| BOOST WTI OIL 2X LEVERAGE DAILY ETP                           | IE00BVFZGG42 | 09 April 2015    |
| BOOST WTI OIL 2X SHORT DAILY ETP                              | IE00BVFZGH58 | 09 April 2015    |
| BOOST BTP 10Y 5X SHORT DAILY ETP                              | IE00BYNXNS22 | 15 July 2015     |
| BOOST BUND 10Y 5X SHORT DAILY ETP                             | IE00BYNXPH56 | 15 July 2015     |
| BOOST US TREASURIES 10Y 5X SHORT DAILY ETP                    | IE00BYNXPJ70 | 15 July 2015     |
| BOOST LONG USD SHORT EUR 4X DAILY ETP                         | IE00BYNXPJ85 | 15 July 2015     |
| BOOST SHORT USD LONG EUR 4X DAILY ETP                         | IE00BYNXPM00 | 15 July 2015     |
| BOOST BRENT OIL 3X LEVERAGE DAILY ETP                         | IE00BYTYHS72 | 16 October 2015  |
| BOOST BRENT OIL 3X SHORT DAILY ETP                            | IE00BYTYHR65 | 16 October 2015  |
| BOOST EMERGING MARKETS 3X LEVERAGE DAILY ETP                  | IE00BYTYHN28 | 15 March 2016    |
| BOOST EMERGING MARKETS 3X SHORT DAILY ETP                     | IE00BYTYHM11 | 15 March 2016    |
| BOOST S&P 500 VIX SHORT-TERM FUTURES 2.25X LEVERAGE DAILY ETP | IE00BYTYHQ58 | 15 March 2016    |
| BOOST FTSE MIB BANKS ETP                                      | IE00BYMB4Q22 | 24 November 2016 |
| BOOST BUND 30Y 3X SHORT DAILY ETP                             | IE00BF4TW453 | 8 December 2017  |
| BOOST GILTS 10Y 1X SHORT DAILY ETP                            | IE00BF4TW560 | 8 December 2017  |
| BOOST US TREASURIES 30Y 3X SHORT DAILY ETP                    | IE00BF4TW784 | 8 December 2017  |

At 31 December 2017, the total fair value of ETPs in issue was EUR 757,597,943 (2016: EUR 605,550,151).

At 31 December 2017, the total fair value of TRS instruments entered into was EUR 757,597,943 (2016: EUR 605,550,151).



## BOOST ISSUER plc

### DIRECTORS' REPORT (continued)

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#### Listings

During the year, the Company had the following number of Classes, in aggregate, in issue, in the following exchanges:

#### 2017

| Classes                   | London<br>Stock<br>Exchange | Borsa<br>Italiana | Frankfurt<br>Stock<br>Exchange |
|---------------------------|-----------------------------|-------------------|--------------------------------|
| Commodity ETPs (28)       | 28                          | 23                | 17                             |
| Equity ETPs (24)          | 19                          | 15                | 12                             |
| Fixed Income ETPs (14)    | 5                           | 11                | 3                              |
| FX ETPs (4)               | 0                           | 4                 | 2                              |
| Other ETPs (1)            | 1                           | 1                 | 1                              |
| Total Classes Listed (71) | <u>53</u>                   | <u>54</u>         | <u>35</u>                      |

#### 2016

| Classes                   | London<br>Stock<br>Exchange | Borsa<br>Italiana | Frankfurt<br>Stock<br>Exchange |
|---------------------------|-----------------------------|-------------------|--------------------------------|
| Commodity ETPs (28)       | 28                          | 23                | 17                             |
| Equity ETPs (24)          | 19                          | 15                | 12                             |
| Fixed Income ETPs (11)    | 3                           | 9                 | 2                              |
| FX ETPs (4)               | 0                           | 4                 | 2                              |
| Other ETPs (1)            | 1                           | 1                 | 1                              |
| Total Classes Listed (68) | <u>51</u>                   | <u>52</u>         | <u>34</u>                      |

#### AUM

As at 31 December 2017 the total assets under management amounted to EUR 757,597,943 (2016: EUR 605,550,151).

#### Fees

During the period ended 31 December 2017, the Company generated income as follows:

|                               | 2017<br>EUR      | 2016<br>EUR      |
|-------------------------------|------------------|------------------|
| Management Fees               | 5,594,272        | 4,132,907        |
| Order Fees                    | 800              | 19,850           |
| Boost Management Limited Fees | 2,083            | 2,107            |
| Total Fee Income              | <u>5,597,155</u> | <u>4,154,864</u> |

Under the terms of the agreement with Boost Management Limited, the Company accrued expenses equal to the management fees and, after taking into account other operating expenses, the Company's operating profit before tax for the year ended 31 December 2017 was EUR 1,000 (2015: EUR 1,000).

#### FUTURE DEVELOPMENTS

The Directors expect the current level of activity to continue to grow into the foreseeable future.

The Directors are satisfied that the derivative financial instruments in place appropriately manage the risk exposure of the Company as detailed in note 11.

**BOOST ISSUER plc**

**DIRECTORS' REPORT** *(continued)*

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## **RESULTS AND DIVIDENDS FOR THE PERIOD**

The results for the year are set out on page 18.

## **DIVIDENDS**

The Directors do not recommend the payment of a dividend (2016: nil).

## **DIRECTORS AND SECRETARY**

There have been no appointments or resignations of Directors during or subsequent to the year.

## **DIRECTORS, SECRETARY AND THEIR INTERESTS**

As at 31 December 2017 or at any time during the year, the Directors and the secretary did not hold any interests in the shares and ETPs of the Company (2016: none).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The key risks to the business relate to the use of financial instruments. A summary of these risks are set out in note 11 to the financial statements.

## **POST BALANCE SHEET EVENTS**

The post balance sheet events are disclosed in note 12 to the financial statements.

## **ACCOUNTING RECORDS**

The Directors are responsible for ensuring that accounting records, as outlined in Section 281 to 285 of the Companies Act 2014 are kept by the Company. To achieve this, the Directors have appointed professionally qualified accounting personnel with appropriate expertise and have provided adequate resources to the finance function who ensure that the requirements of Sections 281-285 of the Companies Act 2014 are complied with. The books of account are maintained at the Company's registered office at 2 Grand Canal Square, Grand Canal Harbour, Dublin 2.

## **GOING CONCERN**

The Directors believe the Company is a going concern. The nature of the Company's business dictates that the outstanding ETPs may be redeemed at any time by the holders thereof and in certain circumstances may be redeemed by the Company. As the redemption of ETPs will coincide with the termination of an equal amount of TRS, no liquidity risk is considered to arise. All other liabilities of the Company are being met by Boost Management Ltd; therefore the Directors consider the Company to be a going concern and have prepared the financial statements on this basis.

## CORPORATE GOVERNANCE STATEMENT

### INTRODUCTION

The Company is subject to and complies with the Irish statute comprising the Companies Act 2014 and the listing rules of the London Stock Exchange, Frankfurt Stock Exchange and Borsa Italiana which are applicable to companies listing instruments like the ETPs.

No Director has a significant direct or indirect holding of securities in the Company. No Director has any special rights of control over the Company's share capital.

There are no restrictions on voting rights.

#### ***Appointment and replacement of Directors and Amendments in the Articles of Association***

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association and Irish Statute comprising the Companies Act 2014. The Articles of Association themselves may be amended by special resolution of the shareholders.

#### ***Powers of Directors***

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors may delegate certain functions to the Issuing and Paying Agent ("IPA") and other parties, subject to the supervision and direction of the Directors. The Directors have delegated the day to day administration of the Company to the IPA.

#### ***Financial Reporting Process***

The Board of Directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the IPA to maintain the accounting records of the Company independently of the Manager. The IPA is contractually obliged to maintain proper books and records as required by the Corporate Administration agreement. The IPA is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the IPA's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The IPA has operating responsibility for internal control in relation to the financial reporting process and the IPA's report to the Board.

#### ***Risk Assessment***

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

#### ***Control Activities***

The IPA is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related ETPs' in the Company's annual report.

***Transfer of shares***

The instrument of transfer of any share shall be executed by or on behalf of the transferor and, in cases where the share is not fully paid, by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register in respect thereof. The Directors in their absolute discretion and without assigning any reason therefore may decline to register any transfer of a share. If the Directors refuse to register a transfer they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

***Audit Committee***

The sole business of the Company relates to the issuance of exchange traded securities.

Given the functions performed by the IPA and the limited recourse nature of the securities issued by the Company, the Board of Directors has concluded that there is currently no need for the Company to have a separate audit committee in order for the Board to perform effective monitoring and oversight of the internal controls and risk management systems of the Company in relation to the financial reporting process. Accordingly the Company has availed itself of the exemption under 91(9) (d) of S.I. No. 220/2010 - European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010.

**AUDITORS**

In accordance with Section 383 (2) of the Companies Act, 2014, the auditors, Ernst & Young, Chartered Accountants and registered Auditors have expressed their willingness to continue in office.

**RELEVANT AUDIT INFORMATION**

As at the date this Directors' Report was approved and signed each Director is satisfied that:

- (a) there is no relevant audit information of which the Company's statutory auditors are unaware;
- (b) s/he has taken all the steps that he or she ought to have taken as a director in order to make herself or himself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information; and
- (c) where "relevant audit information" means information needed by the Company's statutory auditors in connection with preparing their report.


**DIRECTORS COMPLIANCE STATEMENT**


The Directors are responsible for securing the company's compliance with its "relevant obligations" under section 225 of the Companies Act 2014 (as defined in section 225(1) thereof).

As required under section 225(3), the Directors confirm that:

- (a) a compliance policy statement has been drawn up setting out the Company's policies (that, in the Directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations';
- (b) appropriate arrangements or structures are in place that, in the Directors' opinion, are designed to secure material compliance with the Company's relevant obligations; and
- (c) a review has been conducted during the financial year ending 31 December 2017 of the arrangements or structures referred to in paragraph (b) above.

Approved and authorised for issue on behalf of the Board:

  
\_\_\_\_\_  
John Walsh  
Director

  
\_\_\_\_\_  
Lisa Hand  
Director

Date: 30 April 2018

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

Irish Company law requires the Directors to prepare financial statements giving a true and fair view of the state of affairs of the Company and the profit or loss of the Company for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position, of the Company, and otherwise comply with the Companies Act 2014.


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


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

Approved and authorised for issue on behalf of the Board:

  
\_\_\_\_\_  
John Walsh  
Director

  
\_\_\_\_\_  
Lisa Hand  
Director

Date: 30 April 2018

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOST ISSUER PLC**

### ***Opinion***

We have audited the financial statements of Boost Issuer plc ('the Company') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014.

In our opinion the financial statements:

- ▶ give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2017 and of its profit for the year then ended; and
- ▶ have been properly prepared in accordance with IFRS as adopted by the European Union;

### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOST ISSUER PLC (CONTINUED)

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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 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.

| Risk  | Our response to the risk  | Key observations communicated to the Board of Directors   |
|---|---|---|
| <p><b>Valuation of financial assets and financial liabilities at fair value through profit or loss</b></p> <p>We have considered valuation of financial assets at fair value through profit or loss (with a fair value of EUR 757,597,943 (2016: EUR 605,550,151) and financial liabilities at fair value through profit or loss (with a fair value of (EUR 757,597,943) (2016: (EUR 605,550,151))) as a key audit matter as it is a key driver of the Company's performance and net asset value.</p> <p>Please refer to Note 2 (f) - Financial instruments and Note 6 - Fair Assets and Liabilities at fair value through profit or loss</p> | <p>We have obtained the listing of financial assets and financial liabilities at fair value through profit or loss as at 31 December 2017 from the Administrator.</p> <p>We assessed the reasonableness of the valuation for all financial assets and financial liabilities at fair value through profit or loss by:</p> <ul style="list-style-type: none"> <li>▶ recalculating fair value using industry standard models, assessing the reasonableness of the assumptions and data inputs used by the Directors to value these financial assets and financial liabilities at fair value through profit or loss.</li> </ul> | <p>No issues have been noted from the performance of our procedures over this key audit matter.</p> |

### Our application of materiality

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

### Materiality

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

We determined materiality to be 1% of the Company's Total Assets (2017: 1%). We believe that Total Assets is an appropriate measurement basis since the users of the financial statements may focus more on this than on earnings.

During the course of our audit, we reassessed initial materiality and made no changes to it.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOST ISSUER PLC (CONTINUED)**

### ***Performance materiality***

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2016: 75%) of our materiality. We have set performance materiality at this percentage due to our knowledge of the company and its industry, our past history with the entity, the effectiveness of its control environment and our assessment of the risks associated with the engagement.

### ***Reporting threshold***

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of 5% of our defined materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

### ***An overview of the scope of our audit report***

#### ***Tailoring the scope***

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

#### ***Other information***

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOST ISSUER PLC (CONTINUED)**

### ***Opinions on other matters prescribed by the Companies Act 2014***

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report is have been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company statement of financial position is in agreement with the accounting records.

### ***Matters on which we are required to report by exception***

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

### ***Respective responsibilities***

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

As explained more fully in the statement of directors' responsibilities set on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 parent Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOST ISSUER PLC (CONTINUED)**

### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are Companies Act 2014.
- ▶ We understood how Boost Issuer plc is complying with those frameworks by updating our understanding of the adequate system of internal control in place. We also considered the existence of independence service providers, proper segregation of duties and the regulated environment in which the Company operates, which may reduce opportunities for fraud to take place.
- ▶ We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by management override of controls.
- ▶ Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries to those charged with governance into possible instances of non-compliance with laws and regulations, review of board meeting minutes during the year and obtaining representation from the management.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf). This description forms part of our auditor's report.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOST ISSUER PLC (CONTINUED)**

### *Other matters which we are required to address*

We were appointed by the Board of Directors in 2013 to audit the financial statements for the year ending 30 June 2013 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

### *The purpose of our audit work and to whom we owe our responsibilities*

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report,



Lisa Kealy  
for and on behalf of  
Ernst & Young Chartered Accountants and Statutory Audit Firm

Office: Dublin

Date: 30 April 2018

**BOOST ISSUER plc**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

|  | <i>Note</i> | Year<br>ended<br>31 Dec 2017<br>€ | Year<br>ended<br>31 Dec 2016<br>€ |
|--|-------------|-----------------------------------|-----------------------------------|
| Revenue  | 3           | 5,597,155                         | 4,154,864                         |
| Realised (losses) / gains on financial liabilities designated at FV through the profit or loss |             | (6,790,929)                       | 155,335,883                       |
| Realised gains / (losses) on financial assets designated at FV through profit or loss          |             | 6,790,929                         | (155,335,883)                     |
| Unrealised depreciation on financial liabilities designated at FV through the profit or loss   |             | (42,684,447)                      | (175,771,465)                     |
| Unrealised appreciation on financial assets designated at FV through the profit or loss        |             | 42,684,447                        | 175,771,465                       |
| Operating expenses   | 4           | (5,596,155)                       | (4,153,864)                       |
| Other comprehensive income   |             | -                                 | -                                 |
| <b>Operating Profit before Tax</b>   |             | <b>1,000</b>                      | <b>1,000</b>                      |
| Tax on profit on ordinary activities   | 5           | (250)                             | (250)                             |
| <b>Total Comprehensive Income</b>  |             | <b>750</b>                        | <b>750</b>                        |

All of the items dealt with in arriving at the profit for the year are from continuing operations.


*The accompanying Notes form an integral part of the Statement of Comprehensive Income*

BOOST ISSUER plc

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017

|  | Note | As at<br>31 Dec 2017<br>€ | As at<br>31 Dec 2016<br>€ |
|--|------|---------------------------|---------------------------|
| <b>Assets</b>  |      |                           |                           |
| Cash and cash equivalents                                  |      | 18,493                    | 11,084                    |
| Financial Assets at Fair Value through profit or loss      | 6    | 757,597,943               | 605,550,151               |
| Debtors: (Amounts falling due within one year)             | 7    | 472,877                   | 460,743                   |
| <b>Total assets</b>  |      | <b>758,089,313</b>        | <b>606,021,978</b>        |
| <b>Liabilities</b>   |      |                           |                           |
| Financial Liabilities at Fair Value through profit or loss | 6    | 757,597,943               | 605,550,151               |
| Other Payables   | 8    | 477,632                   | 458,839                   |
| <b>Total liabilities</b>                                   |      | <b>758,075,575</b>        | <b>606,008,990</b>        |
| <b>Total assets less total liabilities</b>                 |      | <b>13,738</b>             | <b>12,988</b>             |
| <b>Share capital and Retained earnings</b>                 |      |                           |                           |
| Share capital – equity                                     | 9    | 10,000                    | 10,000                    |
| Retained earnings  |      | 3,738                     | 2,988                     |
| <b>Total shareholders' funds</b>                           |      | <b>13,738</b>             | <b>12,988</b>             |

The financial statements were approved by the Board of Directors on 30 April 2018 and signed on its behalf by:

  
\_\_\_\_\_  
John Walsh  
Director

  
\_\_\_\_\_  
Lisa Hand  
Director

*The accompanying Notes form an integral part of the Statement of Financial Position*

BOOST ISSUER plc

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

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|                                    | Share<br>capital<br>€ | Retained<br>earnings<br>€ | Total<br>equity<br>€ |
|------------------------------------|-----------------------|---------------------------|----------------------|
| As at 31 December 2016             | 10,000                | 2,988                     | 12,988               |
| Total comprehensive income         | -                     | 750                       | 750                  |
| <b>Balance at 31 December 2017</b> | <b>10,000</b>         | <b>3,738</b>              | <b>13,738</b>        |

|                                    | Share<br>capital<br>€ | Retained<br>earnings<br>€ | Total<br>equity<br>€ |
|------------------------------------|-----------------------|---------------------------|----------------------|
| As at 31 December 2015             | 10,000                | 2,238                     | 12,238               |
| Total comprehensive income         | -                     | 750                       | 750                  |
| <b>Balance at 31 December 2016</b> | <b>10,000</b>         | <b>2,988</b>              | <b>12,988</b>        |

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

BOOST ISSUER plc

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017

|  | <i>Note</i> | Year ended<br>31 Dec 2017<br>€ | Year ended<br>31 Dec 2016<br>€ |
|--|-------------|--------------------------------|--------------------------------|
| <b>Adjustments to reconcile total comprehensive income to net cash used in operating activities</b>    |             |                                |                                |
| Total Comprehensive Income   |             | 750                            | 750                            |
| Realised losses / (gains) on financial liabilities designated at fair value through the profit or loss |             | (6,790,929)                    | (155,335,883)                  |
| Realised (gains) / losses on financial assets designated at fair value through profit or loss          |             | 6,790,929                      | 155,335,883                    |
| Unrealised loss on financial liabilities designated at fair value through the profit or loss           |             | 42,684,447                     | (175,771,465)                  |
| Unrealised gain on financial assets designated at fair value through the profit or loss                |             | (42,684,447)                   | 175,771,465                    |
| Executions during the period   |             | (1,504,627,012)                | (1,827,888,828)                |
| Terminations during the period   |             | 1,257,449,949                  | 1,656,081,875                  |
| Increase in debtors  |             | (12,134)                       | (140,154)                      |
| Increase in creditors  |             | 18,793                         | 139,877                        |
| <b>Net cash used in operating activities</b>   |             | <b>(247,169,654)</b>           | <b>(171,806,480)</b>           |
| <b>Cash flows from financing activities</b>  |             |                                |                                |
| Issued during the period   |             | 1,504,627,012                  | 1,827,888,828                  |
| Redemptions during the period  |             | (1,257,449,949)                | (1,656,081,875)                |
| <b>Net cash provided in financing activities</b>   |             | <b>247,177,063</b>             | <b>171,806,953</b>             |
| Net Increase in cash and cash equivalents  |             | 7,409                          | 473                            |
| Cash and cash equivalents at beginning of the period   |             | 11,084                         | 10,611                         |
| <b>Cash and cash equivalents at end of the period</b>  |             | <b>18,493</b>                  | <b>11,084</b>                  |

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

## 1. GENERAL INFORMATION

Boost Issuer plc (the "Company") was incorporated on 30 July 2012 in the Republic of Ireland with registered number 515981. The registered office of the Company is 2 Grand Canal Square, Grand Canal Harbour, Dublin 2. The Company commenced trading on 5 December 2012.

The Company is a special purpose company which has been established for the purpose of issuing exchange traded securities linked to different indices providing exposure to a range of asset classes including equities, commodities, currencies and fixed income.

The Company has no direct employees (2016: Nil).

The Company established a Collateralised ETP Securities Programme under which the Company issues on an ongoing basis collateralised exchange traded securities (the "ETPs") of different classes (each a "Class") linked to indices providing exposure to a range of asset classes including equities, commodities, fixed income and currencies. The ETP Securities may have long or short, and leveraged or unleveraged, exposure to the daily performance of the referenced index. During the year the Company issued ETPs under the terms of the Collateralised ETP Securities Programme prospectus.

The Company's principal activity is the listing and issue of ETPs. These securities are issued as demand requires. The Company purchases a matching TRS from swap provider(s) to hedge its liabilities and ensure the assets can service its liabilities. The number and terms of ETP Securities outstanding will match the number and terms of ETP Swap Contracts so that the obligations of Boost and the Swap Provider (the "SP") match. The SP will use the same pricing formulae as the Determination Agent (DA) so both the DA and the SP should be able to calculate the same price independently of each other – the price of an ETP Swap Contract will equal the price of an ETP Security. Boost Management Limited supplied and/or arranged for the supply of all administrative services to the Company and paid all management and administration costs of the Company, in return for which the Company pays Boost Management Limited a Management Fee.

The Company considers the capital management and its current capital resources to be adequate to maintain the on-going listing and issue of ETPs.

ETPs had been issued through series in Euro, US Dollar, Pound Sterling and Japanese Yen.

All ETPs in issue at 31 December 2017 are listed on the main market of the London Stock Exchange, Frankfurt Stock Exchange and/or on the Borsa Italiana.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Going Concern

The nature of the Company's business dictates that the outstanding ETPs may be redeemed at any time by the holders thereof and in certain circumstances may be redeemed by the Company. As the redemption of ETPs will coincide with the termination of an equal amount of TRS, no liquidity risk is considered to arise. All other liabilities of the Company are being met by Boost Management Ltd. Management have confirmed that the business is running in accordance with its business plan therefore the Directors consider the Company to be a going concern and have prepared the financial statements on this basis.

### (b) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and comply with those parts of the Companies Act, 2014 applicable to Companies reporting under IFRS.



**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Basis of measurement**

The financial statements have been prepared on the historical cost basis except financial assets and liabilities designated at fair value through profit or loss which are measured at fair value.

**Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

**IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities**

IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is assessing the standard's full impact.

Impairment: IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12 month or lifetime basis. The company does not expect a significant impact as a result of applying this aspect of IFRS 9.

Hedge Accounting: IFRS 9 does not change the principles of how an entity accounts for effective hedges. The Company does not have any existing hedge relationships and does not expect a significant impact as a result of applying this aspect of IFRS 9.

IFRS 9 is effective for all accounting periods beginning on or after 1 January 2018, however, all aspects of the above, except "Hedge Accounting" can be early adopted.

**(d) Functional and presentation currency**

These financial statements are presented in Euro (€) which is the Company's functional currency. The Directors have elected to present the Company's financial statements in Euro. Functional currency is the currency of the primary economic environment in which the entity operates. The Directors of the Company believe that Euro (€) most faithfully represents the economic effects of the underlying investing and financing activities of the Company.

Transactions in currencies other than Euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currency are retranslated at the rates prevailing at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary items that are denominated in foreign currencies are recognised in profit or loss in the period. Foreign exchange gains and losses on financial assets and financial liabilities are included in the net foreign exchange gain/(loss).

**2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

**(e) Use of estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods affected.

**Key sources of estimation uncertainty: Fair value of financial instruments**

***Determining fair values***

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy (f) "Financial Instruments". For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Fair values of ETPs are calculated on a daily basis using predetermined formula, where prices of underlying indices and swap costs are used as inputs to the formula. These prices are compared to prior day prices and any variation results in either an unrealised gain or loss.

**(f) Financial instruments**

***Classification***

The Company classifies its financial assets and financial liabilities as financial assets and liabilities at fair value through profit or loss at initial recognition in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The category of financial assets and liabilities at fair value through the profit or loss is sub-divided into:

Financial assets and liabilities held for trading: Financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. The Company's policy is not to apply hedge accounting.

Financial instruments designated as at fair value through profit or loss upon initial recognition: these comprise financial assets designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company, as set out in the Company's offering document.

The Company has designated its investments in the total return swaps, as well as the ETPs, as financial assets and liabilities at fair value through profit or loss respectively.

***Recognition***

The Company initially recognises all financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(f) **Financial instruments (*continued*)**

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

***Initial measurement***

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial liabilities (other than those classified as held for trading or designated at fair value) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue. For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Company recognises the difference in the Statement of Comprehensive Income, unless specified otherwise.

***Subsequent measurement***

After initial measurement, the Company measures financial instruments which are classified as at fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest and dividend earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense.

Total return swaps are valued at fair value utilising predefined formulae and market prices consistent with the ETP valuation process. In the absence of readily available market prices the Swap Provider will provide the inputs for the valuation. Where possible the Company independently calculates the fair value and verifies the Swap Providers valuation with any variation investigated. The valuation determined by the swap counterparty may be based on assumptions of market conditions at the time of valuation, similar arms' length market transactions if available, reference to the current fair value of similar instruments and a variety of different valuation techniques such as the discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. All total return swaps are carried as assets when fair value is positive and as liabilities when fair value is negative.

***Derecognition***

A financial asset is derecognised where the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

**2. SIGNIFICANT ACCOUNTING POLICIES *(continued)***

**(f) Financial instruments *(continued)***

***Offsetting***

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

**(g) Interest income and expense**

Interest income and expense are recognised using the effective interest rate method.

**(h) Taxation**

Corporation tax is provided on taxable profits at current rates applicable to the Company's activities in accordance with Section 110 of the Taxes Consolidation Act 1997. Deferred taxation is accounted for, without discounting, in respect of all temporary differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Statement of Financial Position date.

Provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised only to the extent that it is considered more likely than not that they will be recovered.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefit will be realised.

Withholding tax is a generic term used for the amount of withholding tax deducted at source of the income and is not significant for the Company. When applicable, the Company will present the withholding tax separately from the gross investment income in the Statement of Comprehensive Income. For the purpose of the Statement of Cash Flows, cash inflows from investments are presented net of withholding taxes, when applicable.

**(j) Revenue and Operating Expenses**

The Company is entitled to receive a management fee calculated by reference to a management fee rate under the specified terms of each relevant TRS and is calculated by the Manager by charging the applicable fee rate on the daily market value of each security.

The Company pays a management fee to the Manager calculated based on the amount of fees received from the Swap Provider.

The management fees are accrued on a daily basis and are recorded in the Statement of Comprehensive Income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Net gain/loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and dividend income and expense.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period.

Realised gains and losses on disposals of financial instruments are calculated and classified as 'at fair value through profit or loss'. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

(l) Segmental reporting

The standard on segmental reporting puts emphasis on the "management approach" to reporting on operating segments. An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses.

The Company is engaged as one segment in a Collateralised ETP Securities Programme under which the Company issues on an ongoing basis ETP Securities of different classes linked to indices providing exposure to a range of asset classes including equities, commodities, fixed income and currencies.

(m) Share Capital

The Authorised Share capital of the Company is €100,000 divided into 100,000 ordinary shares of €1 each. The Issued and called-up Share Capital is €10,000 divided into 40,000 Ordinary Shares of €0.25 each. The Issued and called-up Share Capital is presented under Equity in the Statement of Financial Position.

| 3. REVENUE   | Year ended<br>31 Dec 2017<br>€ | Year ended<br>31 Dec 2016<br>€ |
|--|--------------------------------|--------------------------------|
| Management Fee Income                              | 5,594,272                      | 4,132,907                      |
| Order Fees   | 800                            | 19,850                         |
| Boost Management Ltd. Annual Corporate Benefit Fee | 2,083                          | 2,107                          |
|  | <u>5,597,155</u>               | <u>4,154,864</u>               |

The Company is entitled to receive a management fee under the terms of each TRS. The Swap Provider will pay the Company variable amounts by way of payments under the terms of the relevant TRS, calculated by reference to the management fee rate as specified in Note 6 and in the manner specified in note 2(j).

| 4. OPERATING EXPENSES                       | Year ended<br>31 Dec 2017<br>€ | Year ended<br>31 Dec 2016<br>€ |
|---|--------------------------------|--------------------------------|
| Management Fee Expense                      | 5,594,271                      | 4,132,907                      |
| Order fees payable to Boost Management Ltd. | 800                            | 19,850                         |
| Other Expenses                              | 1,084                          | 1,107                          |
|   | <u>5,596,155</u>               | <u>4,153,864</u>               |

The Company pays a management fee under the terms of a management agreement entered into between the Manager and the Company, calculated based on the management fees received from the Swap Provider (current annual management fee rates outlined in note 6) plus any order form fees received by the Company.

General operational expenses such as IPA fees, Determination Agent fees, Registrar fees, Trustee fees, London Stock Exchange (LSE) and Regulatory News Service (RNS) fees, audit fees, tax fees and legal fees are borne by Boost Management Limited on behalf of the Company.

The auditor's remuneration for 2017 was €30,600 (2016: €30,600). There was no directors' remuneration during 2017 (2016: nil).

The Company had no employees during the year.

#### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation tax has been calculated based on results for the period at a rate of 25%. Please refer to Note 2 (h) for further information. There were no deferred tax assets or liabilities at 31 December 2017.

#### 6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

##### Financial assets designated at fair value through profit or loss – Total Return Swaps

All unrealised appreciation/depreciation on assets are attributable to market risk arising from price, commodity, currency and interest rate risk.

The Company enters into a derivative contract with the Swap Provider (BNP Paribas as at 31 December 2017 and 31 December 2016) each time ETPs are issued or redeemed to eliminate its exposure to market risk, interest rate risk and currency risk within the Company.

The TRS entered into as at 31 December 2017 and 31 December 2016 have a value equal but opposite in sign to the value of the ETPs in issue as at 31 December 2017 and 31 December 2016, as disclosed in the table on pages 29 - 33.

##### Financial liabilities designated at fair value through profit or loss – Exchange Traded Products

All unrealised appreciation/depreciation on liabilities are attributable to market risk arising from price, commodity and interest rate risk.

All ETPs in issue are listed on either the London Stock Exchange, Frankfurt Stock Exchange or the Borsa Italiana. All ETPs in issue have a maturity date as at 30 November 2062.

"Subscription Amount" means, in relation to a Subscription Order, an amount per ETP Security equal to:

(A) an amount calculated by the Determination Agent equal to the product of (i) the Price per ETP Security as at the relevant Subscription Trade Date; and (ii) one (1) plus the Swap Execution Rate; or

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(B) such other amount as may be agreed in relation to such subscription between the Authorised Participant subscribing for ETP Securities in accordance with the terms of the Operating Manual, and one or more of the Swap Providers for the ETP Securities who have agreed to provide hedging to the Issuer in respect of such newly issued ETP Securities.

"Redemption Amount" means an amount per ETP Security calculated by the Determination Agent equal to the greater of:

(A) the Principal Amount of such ETP Security; and

(B) the product of (i) the Weighted Average Price per ETP Security and (ii) one (1) minus the Swap Execution Rate,

provided that, where the ETP Securities have fallen for redemption following the delivery of an Event of Default Redemption Notice or a Connected Class Acceleration Notice, the Redemption Amount shall be an amount equal to the most recently published Price per ETP Security as at the date of delivery of the Event of Default Redemption Notice or Connected Class Acceleration Notice, as the case may be.

The ETPs in Issue at 31 December 2017 are as follows:

| ETP  | ISIN         | Notional Amount | Market Value<br>€ | Management<br>Fee Rate |
|--|--------------|-----------------|-------------------|------------------------|
| BOOST LEVDAX 3X DAILY ETP                    | IE00B878KX55 | 8,263,979       | 8,263,979         | 0.75%                  |
| BOOST SHORTDAX 3X DAILY ETP                  | IE00B8GKPP93 | 7,039,307       | 7,039,307         | 0.80%                  |
| BOOST EURO STOXX 50 3X LEVERAGE DAILY ETP    | IE00B7SD4R47 | 19,758,226      | 19,758,226        | 0.75%                  |
| BOOST EURO STOXX 50 3X SHORT DAILY ETP       | IE00B8JF9153 | 6,226,658       | 6,226,658         | 0.80%                  |
| BOOST FTSE MIB 3X LEVERAGE DAILY ETP         | IE00B8NB3063 | 33,254,370      | 33,254,370        | 0.75%                  |
| BOOST FTSE MIB 3X SHORT DAILY ETP            | IE00B873CW36 | 43,021,698      | 43,021,698        | 0.80%                  |
| BOOST BUND 10Y 3X SHORT DAILY ETP            | IE00BKS8QN04 | 75,366,227      | 75,366,227        | 0.30%                  |
| BOOST BUND 10Y 3X LEVERAGE DAILY ETP         | IE00BKT09255 | 958,754         | 958,754           | 0.30%                  |
| BOOST BTP 10Y 3X SHORT DAILY ETP             | IE00BKS8QM96 | 15,473,682      | 15,473,682        | 0.60%                  |
| BOOST BTP 10Y 3X LEVERAGE DAILY ETP          | IE00BKT09149 | 1,620,435       | 1,620,435         | 0.60%                  |
| BOOST 5X SHORT USD LONG EUR DAILY ETP        | IE00BLNMQT00 | 5,456,867       | 5,456,867         | 0.89%                  |
| BOOST 5X LONG USD SHORT EUR DAILY ETP        | IE00BLNMQS92 | 3,109,271       | 3,109,271         | 0.89%                  |
| BOOST EURO STOXX BANKS 3X LEVERAGE DAILY ETP | IE00BLS09N40 | 19,492,364      | 19,492,364        | 0.89%                  |
| BOOST EURO STOXX BANKS 3X SHORT DAILY ETP    | IE00BLS09P63 | 2,376,097       | 2,376,097         | 0.89%                  |
| BOOST BTP 10Y 5X SHORT DAILY ETP             | IE00BYNXNS22 | 8,944,121       | 8,944,121         | 0.99%                  |
| BOOST BUND 10Y 5X SHORT DAILY ETP            | IE00BYNXPH56 | 3,805,848       | 3,805,848         | 0.49%                  |
| BOOST LONG USD SHORT EUR 4X DAILY ETP        | IE00BYNXPK85 | 233,417         | 233,417           | 0.69%                  |
| BOOST SHORT USD LONG EUR 4X DAILY ETP        | IE00BYNXPM00 | 1,483,983       | 1,483,983         | 0.69%                  |
| BOOST FTSE 100 3X LEVERAGE DAILY ETP         | IE00B88D2999 | 5,124,980       | 5,773,290         | 0.75%                  |
| BOOST FTSE 100 3X SHORT DAILY ETP            | IE00B7VB3908 | 5,788,364       | 6,520,592         | 0.80%                  |
| BOOST FTSE 100 2X LEVERAGE DAILY ETP         | IE00B94QKC83 | 448,138         | 504,828           | 0.49%                  |
| BOOST FTSE 100 2X SHORT DAILY ETP            | IE00B94QKF15 | 2,113,606       | 2,380,977         | 0.55%                  |
| BOOST FTSE 100 1X SHORT DAILY ETP            | IE00B94QKG22 | 2,376,624       | 2,677,267         | 0.49%                  |
| BOOST FTSE 250 1X SHORT DAILY ETP            | IE00BBGBF313 | 25,765,957      | 29,025,351        | 0.65%                  |

**BOOST ISSUER plc**
**NOTES FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**
**6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

| ETP   | ISIN         | Notional Amount | Market Value<br>€ | Management<br>Fee Rate |
|---|--------------|-----------------|-------------------|------------------------|
| BOOST FTSE 250 2X LEVERAGE DAILY ETP          | IE00B94QKJ52 | 2,020,708       | 2,276,327         | 0.60%                  |
| BOOST GILTS 10Y 3X LEVERAGE DAILY ETP         | IE00BKT09479 | 117,704         | 132,593           | 0.30%                  |
| BOOST GILTS 10Y 3X SHORT DAILY ETP            | IE00BKS8QQ35 | 7,875,205       | 8,871,418         | 0.30%                  |
| BOOST TOPIX 2X LEVERAGE DAILY ETP             | IE00BBGBF537 | 171,582,833     | 1,269,713         | 0.75%                  |
| BOOST TOPIX 1X SHORT DAILY ETP                | IE00BBGBF420 | 247,675,179     | 1,832,796         | 0.75%                  |
| BOOST NASDAQ 100 3X LEVERAGE DAILY ETP        | IE00B8W5C578 | 11,066,482      | 9,216,166         | 0.75%                  |
| BOOST NASDAQ 100 3X SHORT DAILY ETP           | IE00B8VZVH32 | 22,302,601      | 18,573,606        | 0.80%                  |
| Boost S&P 500 3x Leverage Daily ETP           | IE00B7Y34M31 | 111,683,492     | 93,010,012        | 0.75%                  |
| Boost S&P 500 3x Short Daily ETP              | IE00B8K7KM88 | 26,537,649      | 22,100,554        | 0.80%                  |
| BOOST WTI OIL 3X LEVERAGE DAILY ETP           | IE00B7ZQC614 | 129,394,404     | 107,759,659       | 0.99%                  |
| BOOST WTI OIL 3X SHORT DAILY ETP              | IE00B7SX5Y86 | 36,828,009      | 30,670,366        | 0.99%                  |
| BOOST GOLD 3X LEVERAGE DAILY ETP              | IE00B8HGT870 | 16,983,120      | 14,143,542        | 0.99%                  |
| BOOST GOLD 3X SHORT DAILY ETP                 | IE00B6X4BP29 | 4,240,324       | 3,531,342         | 0.99%                  |
| BOOST COPPER 3X LEVERAGE DAILY ETP            | IE00B8JVMZ80 | 2,226,305       | 1,854,067         | 0.99%                  |
| BOOST COPPER 3X SHORT DAILY ETP               | IE00B8KD3F05 | 1,938,088       | 1,614,039         | 0.99%                  |
| BOOST NATURAL GAS 3X LEVERAGE DAILY ETP       | IE00B8VC8061 | 65,486,545      | 54,537,194        | 0.99%                  |
| BOOST NATURAL GAS 3X SHORT DAILY ETP          | IE00B76BRD76 | 5,017,653       | 4,178,701         | 0.99%                  |
| BOOST SILVER 3X LEVERAGE DAILY ETP            | IE00B7XD2195 | 22,310,845      | 18,580,472        | 0.99%                  |
| BOOST SILVER 3X SHORT DAILY ETP               | IE00B8JG1787 | 825,842         | 687,761           | 0.99%                  |
| BOOST PALLADIUM 1X SHORT DAILY ETP            | IE00B94QLR02 | 567,853         | 472,908           | 0.95%                  |
| BOOST PALLADIUM 2X LEVERAGE DAILY ETP         | IE00B94QLN63 | 1,206,366       | 1,004,661         | 0.95%                  |
| BOOST NATURAL GAS 2X SHORT DAILY ETP          | IE00B94QL251 | 676,236         | 563,170           | 0.70%                  |
| BOOST NATURAL GAS 2X LEVERAGE DAILY ETP       | IE00B94QKX96 | 206,770         | 172,198           | 0.44%                  |
| BOOST GOLD 2X SHORT DAILY ETP                 | IE00B94QKT50 | 352,342         | 293,431           | 0.70%                  |
| BOOST GOLD 1X SHORT DAILY ETP                 | IE00B94QKW89 | 630,754         | 525,292           | 0.44%                  |
| BOOST GOLD 2X LEVERAGE DAILY ETP              | IE00B94QKS44 | 513,892         | 427,969           | 0.44%                  |
| BOOST SILVER 2X SHORT DAILY ETP               | IE00B94QL921 | 179,169         | 149,212           | 0.70%                  |
| BOOST SILVER 2X LEVERAGE DAILY ETP            | IE00B94QL699 | 670,708         | 558,566           | 0.44%                  |
| BOOST US TREASURIES 10Y 3X LEVERAGE DAILY ETP | IE00BKT09032 | 261,621         | 217,878           | 0.30%                  |
| BOOST US TREASURIES 10Y 3X SHORT DAILY ETP    | IE00BKS8QT65 | 10,585,749      | 8,815,812         | 0.30%                  |
| BOOST GOLD ETC                                | IE00BVFZGK87 | 2,960,037       | 2,465,119         | 0.25%                  |
| BOOST NATURAL GAS ETC                         | IE00BVFZGL94 | 290,493         | 241,923           | 0.25%                  |
| BOOST WTI OIL ETC                             | IE00BVFZGC04 | 2,637,641       | 2,196,627         | 0.25%                  |
| BOOST BRENT OIL ETC                           | IE00BVFZGD11 | 7,646,886       | 6,368,327         | 0.25%                  |
| BOOST WTI OIL 1X SHORT DAILY ETP              | IE00BVFZGF35 | 1,358,158       | 1,131,074         | 0.49%                  |
| BOOST WTI OIL 2X LEVERAGE DAILY ETP           | IE00BVFZGG42 | 418,697         | 348,691           | 0.65%                  |
| BOOST WTI OIL 2X SHORT DAILY ETP              | IE00BVFZGH58 | 713,994         | 594,614           | 0.65%                  |
| BOOST US TREASURIES 10Y 5X SHORT DAILY ETP    | IE00BYNXPJ70 | 1,554,449       | 1,294,545         | 0.50%                  |



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**NOTES FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

**6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

| ETP  | ISIN         | Notional Amount | Market Value<br>€ | Management<br>Fee Rate |
|--|--------------|-----------------|-------------------|------------------------|
| BOOST BRENT OIL 3X LEVERAGE DAILY ETP                            | IE00BYTYHS72 | 5,418,511       | 4,512,536         | 0.99%                  |
| BOOST BRENT OIL 3X SHORT DAILY ETP                               | IE00BYTYHR65 | 4,455,337       | 3,710,405         | 0.99%                  |
| BOOST EMERGING MARKETS 3X LEVERAGE DAILY ETP                     | IE00BYTYHN28 | 7,543,188       | 6,281,967         | 0.99%                  |
| BOOST EMERGING MARKETS 3X SHORT DAILY ETP                        | IE00BYTYHM11 | 253,433         | 211,059           | 0.99%                  |
| BOOST S&P 500 VIX SHORT-TERM FUTURES 2.25X<br>LEVERAGE DAILY ETP | IE00BYTYHQ58 | 6,045,592       | 5,034,769         | 0.99%                  |
| BOOST FTSE MIB BANKS ETP   | IE00BYMB4Q22 | 11,498,767      | 11,498,767        | 0.35%                  |
| BOOST BUND 30Y 3X SHORT DAILY ETP                                | IE00BF4TW453 | 315,822         | 315,822           | 0.30%                  |
| BOOST GILTS 10Y 1X SHORT DAILY ETP                               | IE00BF4TW560 | 256,885         | 289,381           | 0.25%                  |
| BOOST US TREASURIES 30Y 3X SHORT DAILY ETP                       | IE00BF4TW784 | 352,164         | 293,283           | 0.30%                  |

757,597,943

The ETPs in Issue at 31 December 2016 are as follows:

| ETP  | ISIN         | Notional Amount | Market Value<br>€ | Management<br>Fee Rate |
|--|--------------|-----------------|-------------------|------------------------|
| BOOST LEVDAX 3X DAILY ETP                    | IE00B878KX55 | 8,423,857       | 8,423,857         | 0.75%                  |
| BOOST SHORTDAX 3X DAILY ETP                  | IE00B8GKPP93 | 4,140,358       | 4,140,358         | 0.80%                  |
| BOOST EURO STOXX 50 3X LEVERAGE DAILY ETP    | IE00B7SD4R47 | 11,692,765      | 11,692,765        | 0.75%                  |
| BOOST EURO STOXX 50 3X SHORT DAILY ETP       | IE00B8JF9153 | 16,414,373      | 16,414,373        | 0.80%                  |
| BOOST FTSE MIB 3X LEVERAGE DAILY ETP         | IE00B8NB3063 | 40,409,845      | 40,409,845        | 0.75%                  |
| BOOST FTSE MIB 3X SHORT DAILY ETP            | IE00B873CW36 | 22,649,101      | 22,649,101        | 0.80%                  |
| BOOST BUND 10Y 3X SHORT DAILY ETP            | IE00BKS8QN04 | 48,583,999      | 48,583,999        | 0.30%                  |
| BOOST BUND 10Y 3X LEVERAGE DAILY ETP         | IE00BKT09255 | 685,343         | 685,343           | 0.30%                  |
| BOOST BTP 10Y 3X SHORT DAILY ETP             | IE00BKS8QM96 | 6,798,979       | 6,798,979         | 0.60%                  |
| BOOST BTP 10Y 3X LEVERAGE DAILY ETP          | IE00BKT09149 | 1,479,691       | 1,479,691         | 0.60%                  |
| BOOST 5X SHORT USD LONG EUR DAILY ETP        | IE00BLNMQT00 | 1,950,736       | 1,950,736         | 0.89%                  |
| BOOST 5X LONG USD SHORT EUR DAILY ETP        | IE00BLNMQS92 | 717,694         | 717,694           | 0.89%                  |
| BOOST EURO STOXX BANKS 3X LEVERAGE DAILY ETP | IE00BLS09N40 | 15,143,160      | 15,143,160        | 0.89%                  |
| BOOST EURO STOXX BANKS 3X SHORT DAILY ETP    | IE00BLS09P63 | 7,793,032       | 7,793,032         | 0.89%                  |
| BOOST BTP 10Y 5X SHORT DAILY ETP             | IE00BYNXNS22 | 2,783,451       | 2,783,451         | 0.99%                  |
| BOOST BUND 10Y 5X SHORT DAILY ETP            | IE00BYNXPH56 | 1,692,773       | 1,692,773         | 0.49%                  |
| BOOST LONG USD SHORT EUR 4X DAILY ETP        | IE00BYNXPK85 | 242,356         | 242,356           | 0.69%                  |
| BOOST SHORT USD LONG EUR 4X DAILY ETP        | IE00BYNXPM00 | 677,072         | 677,072           | 0.69%                  |
| BOOST FTSE 100 3X LEVERAGE DAILY ETP         | IE00B88D2999 | 4,635,601       | 5,430,606         | 0.75%                  |
| BOOST FTSE 100 3X SHORT DAILY ETP            | IE00B7VB3908 | 4,875,849       | 5,712,058         | 0.80%                  |
| BOOST FTSE 100 2X LEVERAGE DAILY ETP         | IE00B94QKC83 | 1,000,616       | 1,172,222         | 0.49%                  |
| BOOST FTSE 100 2X SHORT DAILY ETP            | IE00B94QKF15 | 2,157,687       | 2,527,730         | 0.55%                  |
| BOOST FTSE 100 1X SHORT DAILY ETP            | IE00B94QKG22 | 2,146,757       | 2,514,926         | 0.49%                  |
| BOOST FTSE 250 1X SHORT DAILY ETP            | IE00BBGBF313 | 14,320,816      | 16,776,836        | 0.65%                  |

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**NOTES FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

**6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

| ETP   | ISIN         | Notional Amount | Market Value<br>€ | Management<br>Fee Rate |
|---|--------------|-----------------|-------------------|------------------------|
| BOOST FTSE 250 2X LEVERAGE DAILY ETP          | IE00B94QKJ52 | 6,220,328       | 7,287,114         | 0.60%                  |
| BOOST GILTS 10Y 3X LEVERAGE DAILY ETP         | IE00BKT09479 | 110,394         | 129,327           | 0.30%                  |
| BOOST GILTS 10Y 3X SHORT DAILY ETP            | IE00BKS8QQ35 | 6,838,461       | 8,011,257         | 0.30%                  |
| BOOST TOPIX 2X LEVERAGE DAILY ETP             | IE00BBGBF537 | 125,111,850     | 1,013,406         | 0.75%                  |
| BOOST TOPIX 1X SHORT DAILY ETP                | IE00BBGBF420 | 68,910,153      | 558,172           | 0.75%                  |
| BOOST NASDAQ 100 3X LEVERAGE DAILY ETP        | IE00B8W5C578 | 6,259,005       | 5,934,163         | 0.75%                  |
| BOOST NASDAQ 100 3X SHORT DAILY ETP           | IE00B8VZVH32 | 13,366,662      | 12,672,932        | 0.80%                  |
| Boost S&P 500 3x Leverage Daily ETP           | IE00B7Y34M31 | 2,896,533       | 2,746,203         | 0.75%                  |
| Boost S&P 500 3x Short Daily ETP              | IE00B8K7KM88 | 37,842,758      | 35,878,719        | 0.80%                  |
| BOOST WTI OIL 3X LEVERAGE DAILY ETP           | IE00B7ZQC614 | 154,535,966     | 146,515,549       | 0.99%                  |
| BOOST WTI OIL 3X SHORT DAILY ETP              | IE00B7S5Y86  | 24,021,583      | 22,774,863        | 0.99%                  |
| BOOST GOLD 3X LEVERAGE DAILY ETP              | IE00B8HGT870 | 10,384,365      | 9,845,416         | 0.99%                  |
| BOOST GOLD 3X SHORT DAILY ETP                 | IE00B6X4BP29 | 2,664,188       | 2,525,916         | 0.99%                  |
| BOOST COPPER 3X LEVERAGE DAILY ETP            | IE00B8JVMZ80 | 2,927,289       | 2,775,362         | 0.99%                  |
| BOOST COPPER 3X SHORT DAILY ETP               | IE00B8KD3F05 | 1,275,169       | 1,208,988         | 0.99%                  |
| BOOST NATURAL GAS 3X LEVERAGE DAILY ETP       | IE00B8VC8061 | 28,012,878      | 26,559,010        | 0.99%                  |
| BOOST NATURAL GAS 3X SHORT DAILY ETP          | IE00B76BRD76 | 18,911,095      | 17,929,609        | 0.99%                  |
| BOOST SILVER 3X LEVERAGE DAILY ETP            | IE00B7XD2195 | 15,756,562      | 14,938,796        | 0.99%                  |
| BOOST SILVER 3X SHORT DAILY ETP               | IE00B8JG1787 | 2,507,317       | 2,377,187         | 0.99%                  |
| BOOST PALLADIUM 1X SHORT DAILY ETP            | IE00B94QLR02 | 461,241         | 437,302           | 0.95%                  |
| BOOST PALLADIUM 2X LEVERAGE DAILY ETP         | IE00B94QLN63 | 1,042,374       | 988,275           | 0.95%                  |
| BOOST NATURAL GAS 2X SHORT DAILY ETP          | IE00B94QL251 | 697,364         | 661,171           | 0.70%                  |
| BOOST NATURAL GAS 2X LEVERAGE DAILY ETP       | IE00B94QKX96 | 625,178         | 592,732           | 0.44%                  |
| BOOST GOLD 2X SHORT DAILY ETP                 | IE00B94QKT50 | 150,126         | 142,335           | 0.70%                  |
| BOOST GOLD 1X SHORT DAILY ETP                 | IE00B94QKW89 | 735,668         | 697,487           | 0.44%                  |
| BOOST GOLD 2X LEVERAGE DAILY ETP              | IE00B94QKS44 | 457,077         | 433,354           | 0.44%                  |
| BOOST SILVER 2X SHORT DAILY ETP               | IE00B94QL921 | 1,283,293       | 1,216,690         | 0.70%                  |
| BOOST SILVER 2X LEVERAGE DAILY ETP            | IE00B94QL699 | 1,373,428       | 1,302,147         | 0.44%                  |
| BOOST US TREASURIES 10Y 3X LEVERAGE DAILY ETP | IE00BKT09032 | 255,231         | 241,985           | 0.30%                  |
| BOOST US TREASURIES 10Y 3X SHORT DAILY ETP    | IE00BKS8QT65 | 12,302,903      | 11,664,383        | 0.30%                  |
| BOOST GOLD ETC                                | IE00BVFZGK87 | 2,531,101       | 2,399,737         | 0.25%                  |
| BOOST NATURAL GAS ETC                         | IE00BVFZGL94 | 1,275,055       | 1,208,879         | 0.25%                  |
| BOOST WTI OIL ETC                             | IE00BVFZGC04 | 3,798,650       | 3,601,500         | 0.25%                  |
| BOOST BRENT OIL ETC                           | IE00BVFZGD11 | 4,100,590       | 3,887,770         | 0.25%                  |
| BOOST WTI OIL 1X SHORT DAILY ETP              | IE00BVFZGF35 | 3,339,435       | 3,166,119         | 0.49%                  |
| BOOST WTI OIL 2X LEVERAGE DAILY ETP           | IE00BVFZGG42 | 844,025         | 800,220           | 0.65%                  |
| BOOST WTI OIL 2X SHORT DAILY ETP              | IE00BVFZGH58 | 671,724         | 636,861           | 0.65%                  |
| BOOST US TREASURIES 10Y 5X SHORT DAILY ETP    | IE00BYNXPJ70 | 2,296,850       | 2,177,643         | 0.50%                  |

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

| ETP  | ISIN         | Notional Amount | Market Value<br>€ | Management<br>Fee Rate |
|--|--------------|-----------------|-------------------|------------------------|
| BOOST BRENT OIL 3X LEVERAGE DAILY ETP                            | IE00BYTYHS72 | 4,190,026       | 3,972,563         | 0.99%                  |
| BOOST BRENT OIL 3X SHORT DAILY ETP                               | IE00BYTYHR65 | 2,488,781       | 2,359,613         | 0.99%                  |
| BOOST EMERGING MARKETS 3X LEVERAGE DAILY ETP                     | IE00BYTYHN28 | 830,108         | 787,026           | 0.99%                  |
| BOOST EMERGING MARKETS 3X SHORT DAILY ETP                        | IE00BYTYHM11 | 710,276         | 673,413           | 0.99%                  |
| BOOST S&P 500 VIX SHORT-TERM FUTURES 2.25X<br>LEVERAGE DAILY ETP | IE00BYTYHQ58 | 6,513,547       | 6,175,494         | 0.99%                  |
| BOOST FTSE MIB BANKS ETP   | IE00BYMB4Q22 | 7,230,500       | 7,230,500         | 0.35%                  |

605,550,151

The net proceeds of issuance of ETPs are paid to the Swap Provider under the swap transactions entered into by the Company to hedge its obligations in connection with the ETPs, provided that prior to payment the Swap Provider has delivered eligible collateral to the collateral administrator on behalf of the Issuer. Any increase in the Issuer's exposure to the Swap Provider resulting from the entry into, or increase in the size of, a swap transaction must be collateralised by delivering eligible collateral meeting the relevant requirements.

| 7. DEBTORS: (Amounts falling due within one year) | Year ended<br>31 Dec 2017 | Year ended<br>30 Dec 2016 |
|---|---------------------------|---------------------------|
|   | €                         | €                         |
| Management fees receivable                        | 470,794                   | 403,486                   |
| Order fees receivable                             | -                         | 55,150                    |
| Other receivables                                 | 2,083                     | 2,107                     |
|   | <u>472,877</u>            | <u>460,743</u>            |

The Company earns a management fee on each swap transaction from the Swap Provider. The swap management fee is calculated as defined in each swap transaction supplement which is entered into between the Swap Provider and the Company.

| 8. OTHER PAYABLES                           | Year ended<br>31 Dec 2017 | Year ended<br>31 Dec 2016 |
|---|---------------------------|---------------------------|
|   | €                         | €                         |
| Management fees payable                     | 477,432                   | 403,489                   |
| Order fees payable to Boost Management Ltd. | 200                       | 55,350                    |
|   | <u>477,632</u>            | <u>458,839</u>            |

NOTES FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

| 9. SHARE CAPITAL – EQUITY          | Year ended<br>31 Dec 2017<br>€ | Year ended<br>31 Dec 2016<br>€ |
|------------------------------------|--------------------------------|--------------------------------|
| <b>Authorised</b>                  |                                |                                |
| 100,000 Ordinary Shares @ € 1 each | <u>100,000</u>                 | <u>100,000</u>                 |
| <b>Issued</b>                      |                                |                                |
| 40,000 Shares @ € 0.25 each        | <u>10,000</u>                  | <u>10,000</u>                  |

The principal shareholder of the Company is Link Nominee Services Limited, holding 39,994 shares in the Company. Link Trustee Services (Jersey) Limited, Link Foundations Services Limited, Link Nominee Services 2 Limited, Link Nominee Services 3 Limited, Forbrit Corporate Director 3 Limited and Forbrit Corporate Director 4 Limited hold one share each in the Company. All Shares are held in trust for charity under the terms of the declaration of trust.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings. No dividends were paid during the year or proposed by the Directors at the Statement of Financial Position date.

10. COLLATERAL RECEIVED ON TRS

|                         | Year Ended<br>31 Dec 2017<br>€ | Year Ended<br>31 Dec 2016<br>€ |
|-------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>           |                                |                                |
| Bonds (Market Value)    | 762,609,769                    | 297,157,973                    |
| Equities (Market Value) | <u>16,456,796</u>              | <u>340,095,594</u>             |
| Total Market Value      | <u>779,066,565</u>             | <u>637,253,567</u>             |

The Swap Provider transfers collateral to the Issuer in respect of its obligations under a relevant swap agreement. Collateral is in the form of government bonds or listed equities. The Bank of New York Mellon, as collateral administrator determines the market value of the collateral held on behalf of the Company.

Collateral consists of equities and/or bonds satisfying certain criteria and subject to certain margin percentages and concentration limits. All collateral as at 31 December 2017 consists of listed equities and Government bonds (minimum rating Fitch AA and S&P BBB) (2016: Fitch AA and S&P BBB) meeting the following required criteria:

**Equities**

All equity positions provided as collateral by the Swap Provider must be listed within one of the following indices:

- STOXX Europe Large 200 (LCXP)
- Nikkei 225 (NKY)
- CAC 40 (CAC)
- German Stock Index (DAX)
- S&P 500 (SPX)
- FTSE 100 (UKX)
- Nasdaq 100 Stock (NDX)
- STOXX Europe 600 (SXXP)
- Russell 1000 (RIY)
- Russell 2000 (RTY)
- S&P/TSX Composite (SPTSX)
- IBEX 35 (IBEX)

**10. COLLATERAL RECEIVED ON TRS *(continued)***

FTSE MIB (FTSEMIB)  
AEX (AEX)  
Swiss Market Index (SMI)  
Hang Seng (HSI)  
Hang Seng China Enterprises (HSCEI)  
S&P /ASX 200 (AS51)

**Bonds**

Money Market Companies: AAA Government or Treasury money market companies only with no asset backed securities or collateralised debt obligations.

Sovereign Fixed income: Stripped and unstripped national bonds issued by one of the following countries:

- Stripped and unstripped national bonds issued by USA, G10 and other European government bonds with minimal rating of AA
- Supranational bonds with a L-T issuer rating not lower than AAA
- US Agencies 100 per cent backed by the US Government

**11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS**

**(a) Fair value of financial instruments**

*Fair Value Measurement Principles of ETPs*

The price per ETP is calculated daily to reflect the daily change in the relevant Index of the ETP, and will take into account all applicable fees and adjustments. On the issue date of the class, the price per ETP will be equal to its Issue Price. On any Valuation Date thereafter, the price per ETP is calculated according to a formula which reflects the price per ETP on the immediately preceding valuation date, and adjusted by:

- (i) the change in the level of the Index since such preceding valuation date,
- (ii) Index Adjustments (if applicable), and
- (iii) Fees.

“Index Adjustments” reflect any cash borrowing costs, cash lending revenues, stock borrowing costs, revenues on collateral or costs of transaction taxes, which are not already reflected in the Index. Costs and revenues such as these would be incurred by a hypothetical investor seeking to gain a leveraged or a short exposure to a Benchmark Index.

*Derivatives*

Derivatives comprise TRSs and are valued at fair value utilising predefined formulae and market prices consistent with the ETP valuation process. In the absence of readily available market prices the Swap Provider will provide the inputs for the valuation. Where possible management independently calculate the fair value and verify to the Swap Providers valuation and any variation is investigated. The valuation determined by the swap counterparty may be based on assumptions of market conditions at the time of valuation, similar arms’ length market transactions if available, reference to the current fair value of similar instruments and a variety of different valuation techniques such as the discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(a) Fair value of financial instruments (continued)

The fair value of financial instruments carried at fair value is determined according to the following hierarchy:

(i) Level 1: Financial instruments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and exchange traded derivatives. Quoted prices for these instruments are not adjusted.

(ii) Level 2: 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. These include investment-grade corporate bonds and over-the-counter derivatives. As level 2 financial instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

(iii) Level 3: Financial instruments classified within level 3 have significant unobservable inputs, as they trade infrequently. Pricing inputs are unobservable for the financial instrument and include situations where there is little, if any, market activity for the financial instrument. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value, if applicable.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the last day of the accounting period. There were no transfers during the year between levels of the fair value hierarchy for financial assets which are recorded at fair value.

At the reporting date the TRS and ETPs are classed as level 2 as all inputs are observable.

|  | Level 1<br>Quoted price | Level 2<br>Valuation | Level 3<br>Valuation | Net Total     |
|--|-------------------------|----------------------|----------------------|---------------|
|  | €                       | €                    | €                    | €             |
| <b>31 December 2017</b>                    |                         |                      |                      |               |
| <b>Financial Assets at Fair Value</b>      |                         |                      |                      |               |
| TRS – Commodities                          | -                       | 263,293,867          | -                    | 263,293,867   |
| TRS – Equities                             | -                       | 352,585,970          | -                    | 352,585,970   |
| TRS – Fixed Income                         | -                       | 126,399,799          | -                    | 126,399,799   |
| TRS – FX                                   | -                       | 10,283,538           | -                    | 10,283,538    |
| TRS – Other                                | -                       | 5,034,769            | -                    | 5,034,769     |
| Total                                      | -                       | 757,597,943          | -                    | 757,597,943   |
|  |                         |                      |                      |               |
|  | Level 1<br>Quoted price | Level 2<br>Valuation | Level 3<br>Valuation | Net Total     |
|  | €                       | €                    | €                    | €             |
| <b>31 December 2017</b>                    |                         |                      |                      |               |
| <b>Financial Liabilities at Fair Value</b> |                         |                      |                      |               |
| ETPs – Commodities                         | -                       | (263,293,867)        | -                    | (263,293,867) |
| ETPs – Equities                            | -                       | (352,585,970)        | -                    | (352,585,970) |
| ETPs – Fixed Income                        | -                       | (126,399,799)        | -                    | (126,399,799) |
| ETPs – FX                                  | -                       | (10,283,538)         | -                    | (10,283,538)  |
| ETPs – Other                               | -                       | (5,034,769)          | -                    | (5,034,769)   |
| Total                                      | -                       | (757,597,943)        | -                    | (757,597,943) |

There have been no transfers between levels 1 and 2 during the year ended 31 December 2017.

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(a) Fair value of financial instruments (continued)

|  | Level 1<br>Quoted price<br>€ | Level 2<br>Valuation<br>€ | Level 3<br>Valuation<br>€ | Net Total<br>€ |
|--|------------------------------|---------------------------|---------------------------|----------------|
| <b>31 December 2016</b>                    |                              |                           |                           |                |
| <b>Financial Assets at Fair Value</b>      |                              |                           |                           |                |
| TRS – Commodities                          | -                            | 275,955,453               | -                         | 275,955,453    |
| TRS – Equities                             | -                            | 235,582,517               | -                         | 235,582,517    |
| TRS – Fixed Income                         | -                            | 84,248,830                | -                         | 84,248,830     |
| TRS – FX                                   | -                            | 3,587,857                 | -                         | 3,587,857      |
| TRS – Other                                | -                            | 6,175,494                 | -                         | 6,175,494      |
| Total                                      | -                            | 605,550,151               | -                         | 605,550,151    |
|  |                              |                           |                           |                |
|  | Level 1<br>Quoted price<br>€ | Level 2<br>Valuation<br>€ | Level 3<br>Valuation<br>€ | Net Total<br>€ |
| <b>31 December 2016</b>                    |                              |                           |                           |                |
| <b>Financial Liabilities at Fair Value</b> |                              |                           |                           |                |
| ETPs – Commodities                         | -                            | (275,955,453)             | -                         | (275,955,453)  |
| ETPs – Equities                            | -                            | (235,582,517)             | -                         | (235,582,517)  |
| ETPs – Fixed Income                        | -                            | (84,248,830)              | -                         | (84,248,830)   |
| ETPs – FX                                  | -                            | (3,587,857)               | -                         | (3,587,857)    |
| ETPs – Other                               | -                            | (6,175,494)               | -                         | (6,175,494)    |
| Total                                      | -                            | (605,550,151)             | -                         | (605,550,151)  |

There have been no transfers between levels 1 and 2 during the year ended 31 December 2016.

(b) Risk management

The Company is exposed to a variety of financial risks as a result of its activities. These risks include interest rate risk, credit /counterparty risk, market risk, price risk, currency risk and liquidity risk.

The Company has attempted to match the properties of its financial liabilities to its financial assets, to avoid significant elements of risk generated by mismatches of investment performance against its obligations together with any maturity or interest rate risk. The Company uses the net proceeds of the issuance of ETPs to enter into a TRS transaction to hedge its payment obligations in respect of each Class of the ETPs with one or more Swap Providers once the Swap Provider has delivered eligible collateral. The TRS for each Class of ETPs will produce net cash flows to service all of the Company's payment obligations in respect of that Class. This provides a hedge for the Company against market risk, price risk, currency risk and liquidity risk.

This hedge is executed through the company's activities as described above and through its agreements with its counterparties, including in particular the Swap Providers, the Collateral Administrator and Authorised Participants. Certain of the Company's daily operational activities and processes are outsourced to Capita International Financial Service (Ireland) Limited. See "Operational Risk" section below.

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS *(continued)*

(b) Risk management *(continued)*

The risk profile of the Company is such that market, credit, liquidity and other risks of the investment securities are borne fully by the holders of ETPs issued. The ETPs issued are initially recorded at the value of the net proceeds received and are carried as financial liabilities at fair value through profit or loss. The ultimate amount to be repaid to the ETP holders will depend on the proceeds from the related TRS. All substantial risks and rewards associated with the performance of the TRS are ultimately borne by the ETP holders. Therefore any change in risk variables would not affect the equity or the results of the Company.

Following on below is an analysis and description of the risk types.

(c) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards to corporate behaviour.

Operational risks arise from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. Certain management and administration functions are outsourced to Capita International Financial Services (Ireland) Limited and Boost Management Limited.

The Company is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of collateral held in custody occasioned by the insolvency or negligence of the collateral administrator. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Company to transfer the securities might be temporarily impaired.

(d) Credit risk

Credit/Counterparty risk refers to the risk that each counterparty to a Swap Agreement will default on its contractual obligations as Swap Provider resulting in the Company being unable to make payment of amounts due to the ETP holders. Accordingly, the Company and the ETP holders are exposed to the creditworthiness of each relevant Swap Provider.

In order to mitigate this risk the Swap Provider will collateralise its obligations to the Issuer with eligible collateral being delivered with respect to the Issuer's net exposure to the Swap Provider in respect of all swap transactions entered into. Collateral is monitored on a daily basis with the aggregate euro market value of eligible collateral required to be transferred to the Issuer by the relevant Swap Provider in respect of any London Business Day calculated based on the Issuer's net exposure to the Swap Provider in respect of each swap transaction entered into with that Swap Provider daily (converted, if applicable, into euros at the prevailing currency exchange rate).



**11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS *(continued)***

**(d) Credit risk *(continued)***

At the reporting date, the Company's investment securities at fair value through profit or loss were concentrated in the following asset types:

|                            | 2017        | 2016        |
|----------------------------|-------------|-------------|
|                            | €           | €           |
| TRS – BNP Arbitrage S.N.C. | 757,597,943 | 605,550,151 |

*(credit rating as at date of signing of financial statements S&P: A (2016: A))*

The Collateral Administrator for all collateral held on 31 December 2017 is The Bank of New York Mellon *(credit rating as at date of signing of financial statements S&P: AA- (2016: A))*.

The Company's cash is held at Allied Irish Banks Plc *(credit rating as at date of signing of financial statements S&P: BBB- (2016: BBB-))* in Ireland. The Directors feel that there is minimal risk to the Company by holding the Company cash with the one bank, as the Company has minimal cash held in the bank account at any given time.

**(e)(i) Market risk**

The Company's liabilities in respect of the ETPs issued is referenced to various equity and commodity indices and is managed by the Company by entering into a TRS with swap providers which exactly match the liability created by the issue of ETPs. If the price of an underlying index has gone up/down 5%, the prices of the ETPs and TRSs tracking that index will go up/down depending on the "Product Leverage Factor" (as defined in the base prospectus), in accordance with the formula for the price of the ETP in the base prospectus. For example, if the Product Leverage Factor is +3 then if the price of the underlying index has gone up/down by 5% over a period of one day, then both the ETP's price and the price of the matching TRS will go up/down respectively by 15% on that day (neglecting fees and funding and borrowing adjustments as detailed in the base prospectus). Any movement in the value of the ETPs issued will be offset by an equal movement in the matching TRS. Therefore the Company's sensitivity to market movements is fully hedged.

**(e)(ii) Interest rate risk**

As the Company has entered into TRS to match the ETPs in issue there is deemed to be no interest rate risk to the Company.

The Company holds a current account at Allied Irish Banks Plc in Ireland. Due to the level of cash held in the account the Directors do not believe that any move in interest rates would affect the operations of the Company.

**(e)(iii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the Company has entered into TRS to match the ETPs in issue there is deemed to be no currency risk to the Company.

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(e)(iv) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company does not consider price risk to be a significant risk to the Company as any fluctuation in the value of financial assets designated at fair value through profit or loss held by the Company will be offset by movements in the fair value of the issued ETPs.

Sensitivity Analysis

Any changes in the values of the TRS held by the Company would not have any effect on the equity or profit or loss of the Company as any fair value fluctuations are ultimately borne by either the swap counterparties or the holders of the ETPs issued by the Company.

A change of 100 basis points in the underlying index of ETPs in issue at the reporting date would have increased or (decreased) the fair value of financial liabilities by €5,469,345 (2016: €2,569,970). A change of 100 basis points in the underlying index of TRSs entered into at the reporting date would have increased (or decreased) the fair value of financial assets by €5,469,345 (2016: €2,569,970).

(f) Liquidity risk

Liquidity risk is the risk that the Company may be unable to fulfil its obligations (by delivery of cash) whether expected or unexpected. The legal maturity of the ETPs is 30 November 2062. ETPs cannot be issued without a matching TRS being in place. The maturity profile of the TRS is a minimum of two years with one year rolling contracts thereafter. Should the swap counterparty wish to terminate there is a requirement for one year notice of termination to be issued to the Company. This allows the Company the time to obtain a new Swap Provider. If no replacement Swap Provider can be identified the Issuer would redeem all outstanding ETPs. ETPs can be issued and redeemed daily, therefore this is the earliest maturity date for the purpose of the maturity analysis below.

The following are the earliest contractual maturities of financial assets as at 31 December 2017:

| 31 December 2017                                      | Carrying Amount<br>€ | Less than one year<br>€ | One to five years<br>€ | More than five years<br>€ |
|---|----------------------|-------------------------|------------------------|---------------------------|
| Cash and cash equivalents                             | 18,493               | 18,493                  | -                      | -                         |
| Due from Swap Provider                                | 470,794              | 470,794                 | -                      | -                         |
| Financial Assets at fair value through profit or loss | 757,597,943          | -                       | 757,597,943            | -                         |
| Other debtors   | 2,083                | 2,083                   | -                      | -                         |
|   | <u>758,089,313</u>   | <u>491,370</u>          | <u>757,597,943</u>     | <u>-</u>                  |

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(f) Liquidity risk (continued)

| 31 December 2016                                      | Carrying Amount<br>€ | Less than one year<br>€ | One to five years<br>€ | More than five years<br>€ |
|---|----------------------|-------------------------|------------------------|---------------------------|
| Cash and cash equivalents                             | 11,084               | 11,084                  | -                      | -                         |
| Due from Swap Provider                                | 403,486              | 403,486                 | -                      | -                         |
| Financial Assets at fair value through profit or loss | 605,550,151          | -                       | 605,550,151            | -                         |
| Other debtors   | 57,257               | 57,257                  | -                      | -                         |
|   | <u>606,021,978</u>   | <u>471,827</u>          | <u>605,550,151</u>     | <u>-</u>                  |

The following are the earliest contractual maturities of financial liabilities:

| 31 December 2017  | Carrying Amount<br>€ | Less than one year<br>€ | One to five years<br>€ | More than five years<br>€ |
|---|----------------------|-------------------------|------------------------|---------------------------|
| Due to Manager Financial Liabilities at fair value through profit or loss | 477,432              | 477,432                 | -                      | -                         |
| Other creditors   | 757,597,943          | 757,597,943             | -                      | -                         |
|   | <u>200</u>           | <u>200</u>              | <u>-</u>               | <u>-</u>                  |
|   | <u>758,075,575</u>   | <u>758,075,575</u>      | <u>-</u>               | <u>-</u>                  |

| 31 December 2016  | Carrying Amount<br>€ | Less than one year<br>€ | One to five years<br>€ | More than five years<br>€ |
|---|----------------------|-------------------------|------------------------|---------------------------|
| Due to Manager Financial Liabilities at fair value through profit or loss | 403,489              | 403,489                 | -                      | -                         |
| Other creditors   | 605,550,151          | 605,550,151*            | -                      | -                         |
|   | <u>55,349</u>        | <u>55,349</u>           | <u>-</u>               | <u>-</u>                  |
|   | <u>606,008,990</u>   | <u>606,008,990</u>      | <u>-</u>               | <u>-</u>                  |

\* In the 2016 Financial Statements, Financial Liabilities at fair value through profit or loss were displayed in the "More than five years" section of the maturity analysis according to the contractual maturity of the ETPs. Following a review it was decided to display these figures in the "Less than one year" section to reflect the fact that ETPs can be issued or redeemed daily.

(g) Offsetting Financial Assets and Financial Liabilities

The Company does not offset Financial Assets and Financial Liabilities. These are presented separately in the Statement of Financial Position.

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(g) Offsetting Financial Assets and Financial Liabilities (continued)

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Financial assets and liabilities subject to offsetting, enforceable master netting agreements and similar agreements:

As at 31 December 2017:

|  | Gross Amount<br>of recognised<br>financial<br>assets      | Amount of recognised<br>financial assets set<br>off in the statement of<br>financial position      | Net Amount of<br>recognized financial<br>assets set off in the<br>statement of<br>financial position   | Financial<br>instruments<br>received | Net Amount  |
|--|---|--|--|--------------------------------------|-------------|
|  | €   | €  | €  | €                                    | €           |
| Financial<br>Assets at fair<br>value through<br>profit or loss         | 757,597,943   | -  | 757,597,943  | 757,597,943                          | -           |
|  | Gross Amount<br>of recognised<br>financial<br>liabilities | Amount of recognised<br>financial liabilities set<br>off in the statement of<br>financial position | Net Amount of<br>recognized financial<br>assets presented in<br>the statement of<br>financial position | Financial<br>instruments<br>pledged  | Net Amount  |
|  | €   | €  | €  | €                                    | €           |
| Financial<br>Liabilities at<br>fair value<br>through profit<br>or loss | 757,597,943   | -  | 757,597,943  | -                                    | 757,597,943 |

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(g) Offsetting Financial Assets and Financial Liabilities (continued)

As at 31 December 2016:

|  | Gross Amount<br>of recognised<br>financial<br>assets      | Amount of recognised<br>financial assets set<br>off in the statement of<br>financial position      | Net Amount of<br>recognized financial<br>assets set off in the<br>statement of<br>financial position   | Financial<br>instruments<br>received | Net Amount  |
|--|---|--|--|--------------------------------------|-------------|
|  | €   | €  | €  | €                                    | €           |
| Financial<br>Assets at fair<br>value through<br>profit or loss         | 605,550,151   | -  | 605,550,151  | 605,550,151                          | -           |
|  | Gross Amount<br>of recognised<br>financial<br>liabilities | Amount of recognised<br>financial liabilities set<br>off in the statement of<br>financial position | Net Amount of<br>recognized financial<br>assets presented in<br>the statement of<br>financial position | Financial<br>instruments<br>pledged  | Net Amount  |
|  | €   | €  | €  | €                                    | €           |
| Financial<br>Liabilities at<br>fair value<br>through profit<br>or loss | 605,550,151   | -  | 605,550,151  | -                                    | 605,550,151 |

12. POST BALANCE SHEET EVENTS

There were no significant events since 31 December 2017.

13. COMMITMENTS AND CONTINGENCIES

The Company had no commitments or contingencies as at 31 December 2017.

**14. RELATED PARTY TRANSACTIONS**

Boost Management Limited provides management services to the Company. The Company paid fees for such services amounting to €6,397,880 (2016: €4,012,874) to Boost Management Limited during the year ended 31 December 2017.

In addition, Boost Management Limited pays directly to Monte Titoli (Borsa Italiana) the Italian Financial Transaction Tax ("FTT") due from the Company in respect of the ETPs listed in the Borsa Italiana. The Company reimburses Boost Management Limited upon receipt of the FTT from the Authorised Participants.

Link IFS Limited ("Link") provides services such as Accounting and Reporting, Company Secretarial, Issuing and Paying Agent and other administration services to the Company. John Walsh and Lisa Hand are both employees of Link and directors of the Company. Boost Management Limited, in respect of the aforementioned services, paid fees amounting to €142,928 (2016: €140,400) to Link during the year ended 31 December 2017.

Other than the above, there were no related party transactions during the year under review.

**15. APPROVAL OF FINANCIAL STATEMENTS**

The Directors authorised the financial statements for issue on 30 April 2018.