

Samsung Bitcoin Futures Active ETF
(HKD Counter Stock Code: 03135)

(Sub-Funds of Samsung ETFs Trust III)

For the period ended 30 September 2024

INTERIM FINANCIAL REPORT

2024

Samsung Bitcoin Futures Active ETF
(Sub-Funds of Samsung ETFs Trust III)

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Investment portfolio (unaudited)
as at 30 September 2024
(Expressed in United States dollars)

Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)

	<u>Maturity date</u>	<u>Market value</u> US\$	<u>% of total net assets attributable to unitholders</u>
Money market fixed deposits			
The Hongkong and Shanghai Banking Corporation Limited	02 October 2024	2,400,000	13.50
CMB Wing Lung Bank Limited	03 October 2024	2,200,000	12.38
Total money market fixed deposits		<u>4,600,000</u>	<u>25.88</u>
Futures contracts			
	<u>Contracts</u>		
CME BITCOIN FUTURE October 2024	7	5,785	0.03
CME BITCOIN FUTURE October 2024	2	1,665	0.01
		7,450	0.04
CME BITCOIN FUTURE October 2024	46	(34,450)	(0.19)
CME MICRO BITCOIN October 2024	30	(716)	(0.00)
		(35,166)	(0.19)
Total futures contracts		<u>(27,716)</u>	<u>(0.15)</u>
Total investments		4,572,284	25.73
Other net assets		13,199,843	74.27
Net assets attributable to unitholders		<u>17,772,127</u>	<u>100.00</u>

Statement of movements in portfolio holdings (unaudited)
for the period ended 30 September 2024
(Expressed in United States dollars)

Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)

<i>Investments</i>	<i>Holdings as at 1 April 2024</i>	<i>Additions</i>	<i>Disposals</i>	<i>Holdings as at 30 September 2024</i>
Money market fixed deposits				
The Hongkong and Shanghai Banking Corporation Limited	US\$1,800,000	US\$58,700,000	(US\$58,100,000)	US\$2,400,000
CMB Wing Lung Bank Limited	US\$3,300,000	US\$59,800,000	(US\$60,900,000)	US\$2,200,000
Futures contracts				
CME BITCOIN FUTURE April 2024	53	5	(58)	-
CME BITCOIN FUTURE May 2024	-	57	(57)	-
CME BITCOIN FUTURE June 2024	-	57	(57)	-
CME MICRO BITCOIN July 2024	-	96	(96)	-
CME BITCOIN FUTURE August 2024	-	56	(56)	-
CME BITCOIN FUTURE September 2024	-	55	(55)	-
CME BITCOIN FUTURE October 2024	-	55	-	55
CME MICRO BITCOIN April 2024	22	21	(43)	-
CME MICRO BITCOIN May 2024	-	38	(38)	-
CME MICRO BITCOIN June 2024	-	44	(44)	-
CME MICRO BITCOIN August 2024	-	12	(12)	-
CME MICRO BITCOIN September 2024	-	45	(45)	-
CME MICRO BITCOIN October 2024	-	30	-	30

Details in respect of financial derivative instruments (unaudited) as at 30 September 2024

(Expressed in United States dollars)

Samsung Bitcoin Futures Active ETF (A Sub-Fund of Samsung ETFs Trust III)

The financial derivative instruments held by the sub-fund as at 30 September 2024 are summarized below:

Futures contracts

The details of futures contracts held by the sub-fund as at 30 September 2024 are as follows:

Description	Underlying assets	Counterparty	Fair value US\$
<u>Financial assets:</u>			
CME BITCOIN FUTURE October 2024	CME BITCOIN FUTURE	Marex Spectron	5,785
CME BITCOIN FUTURE October 2024	CME BITCOIN FUTURE	China Merchants Futures	1,665
			<u>7,450</u>
<u>Financial liabilities:</u>			
CME BITCOIN FUTURE October 2024	CME BITCOIN FUTURE	SinoPac Securities (Asia) Limited	(34,450)
CME MICRO BITCOIN October 2024	MICRO BITCOIN FUTURE	SinoPac Securities (Asia) Limited	(716)
			<u>(35,166)</u>

Statement of financial position (unaudited)
as at 30 September 2024
(Expressed in United States dollars)

Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)

	As at 30 September 2024 (Unaudited) US\$	As at 31 March 2024 (Audited) US\$
ASSETS		
CURRENT ASSETS		
Derivative financial assets	7,450	252,905
Interest receivable	3,391	1,241
Due from brokers	1,296,224	10,841,010
Money market fixed deposits	4,600,000	5,100,000
Bank balances	11,913,783	2,950,746
	<u>17,820,848</u>	<u>19,145,902</u>
Total assets		
LIABILITIES		
CURRENT LIABILITIES		
Derivative financial liabilities	35,166	536
Management fee payable	12,512	10,466
Trustee fee payable	863	799
Accrued expenses and other payables	180	12,092
	<u>48,721</u>	<u>23,893</u>
Total liabilities		
Net assets attributable to unitholders	<u>17,772,127</u>	<u>19,122,009</u>
Representing:		
Total number of units in issue	<u>6,000,000</u>	<u>5,500,000</u>
Net assets value per unit	<u>2.9620</u>	<u>3.4787</u>

Statement of comprehensive income (unaudited)
for the period ended 30 September 2024
(Expressed in United States dollars)

Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)

	Period from 1 April 2024 to 30 September 2024 (Unaudited) US\$	For the period from 10 January 2023 (date of commencement of operations) to 30 September 2023 (Unaudited) US\$
INCOME		
Bank interest income	167,163	29,893
Net gain on derivative financial instruments	(2,977,084)	887,653
Other income	19,339	6,792
	<u>(2,790,582)</u>	<u>924,338</u>
EXPENSES		
Management fee ^{Note 1}	(81,253)	(25,835)
Trustee fee ^{Note 2}	(5,477)	(6,486)
Safe custody and bank charges	(1,223)	(820)
Accounting and professional fees ^{Note 2}	(6,000)	-
Transaction costs ^{Note 2}	(11,787)	(10,899)
Other operating expenses ^{Note 2}	(85)	(150)
	<u>(105,825)</u>	<u>(44,190)</u>
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD, REPRESENTING CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS	<u>(2,896,407)</u>	<u>880,148</u>

**Statement of comprehensive income (unaudited) (continued)
for the period ended 30 September 2024**

(Expressed in United States dollars)

**Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)**

Note 1: During the period ended 30 September 2024 and 2023, other than Management fees that were paid to the Manager, no other amounts paid to the Manager/connected person of Manager.

Note 2: During the period ended 30 September 2024 and 2023, other than Trustee fee and other operating expenses that paid to the Trustee or its Connected persons, other respective amounts paid to the Trustee or its Connected persons were as follows:

	Period from 1 April 2024 to 30 September 2024 (Unaudited) US\$	For the period from 10 January 2023 (date of commencement of operations) to 30 September 2023 (Unaudited) US\$
Transaction costs	(1,170)	(1,095)

Statement of changes in net assets attributable to unitholders (unaudited)
for the period ended 30 September 2024
(Expressed in United States dollars)

Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)

	Period from 1 April 2024 to 30 September 2024 (Unaudited) US\$	For the period from 10 January 2023 (date of commencement of operations) to 30 September 2023 (Unaudited) US\$
Balance at the beginning of the period	19,122,009	-
Loss/(profit) and total comprehensive income for the period	(2,896,407)	880,148
Subscription of units	2,357,900	4,961,575
Redemption of units	(811,375)	(1,225,500)
	<u>1,546,525</u>	<u>3,736,075</u>
Balance at the end of the period	<u><u>17,772,127</u></u>	<u><u>4,616,223</u></u>

	Period from 1 April 2024 to 30 September 2024 (Unaudited) US\$	For the period from 10 January 2023 (date of commencement of operations) to 30 September 2023 (Unaudited) Units
Number of units in issue at the beginning of the period	5,500,000	-
Units issued	750,000	4,250,000
Units redeemed	(250,000)	(1,000,000)
Number of units in issue at the end of the period	<u><u>6,000,000</u></u>	<u><u>3,250,000</u></u>

Statement of cash flows (unaudited)
for the period ended 30 September 2024
(Expressed in United States dollars)

Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)

	Period from 1 April 2024 to 30 September 2024 (Unaudited) US\$	For the period from 10 January 2023 (date of commencement of operations) to 30 September 2023 (Unaudited) US\$
OPERATING ACTIVITIES		
Profit and total comprehensive income for the period	(2,896,407)	880,148
Adjustments for:		
Bank interest income	(167,163)	(29,893)
Operating cash flows before movements in working capital	(3,063,570)	850,255
Increase in due from brokers	9,544,786	-
Decrease/(increase) in derivative financial assets	245,455	(104,610)
Decrease/(increase) in money market fixed deposits	500,000	(1,370,000)
Increase in derivative financial liabilities	34,630	-
Increase in management fee payable	2,046	2,089
Increase in trustee fee payable	64	740
(Decrease)/increase in accrued expenses and other payables	(11,912)	500
Cash from/(used in) operations	7,251,499	(621,026)
Bank interest received	165,013	29,165
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	7,416,512	(591,861)
FINANCING ACTIVITIES		
Proceeds from subscription of units	2,357,900	4,961,575
Payment on redemption of units	(811,375)	(1,225,500)
NET CASH FROM FINANCING ACTIVITIES	1,546,525	3,736,075
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,963,037	3,144,214
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,950,746	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11,913,783	3,144,214
Analysis of balance of cash and cash equivalents		
Bank balance	11,913,783	3,144,214
Samsung Bitcoin Futures Active ETF		

(A Sub-Fund of Samsung ETFs Trust III)

Notes to the Financial Statements

1. GENERAL

Samsung Bitcoin Futures Active ETF (the “Sub-Fund”) is a sub-fund of Samsung ETFs Trust III, an umbrella unit trust established under Hong Kong law. Units of the Sub-Fund (the “Units”) are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”). These Units are traded on the SEHK like listed stocks. The Sub-Fund is an actively managed exchange traded fund (“ETF”) falling under Chapter 8.10 of the Code on Unit Trusts and Mutual Funds issued by the SFC (the “Code”).

As at 30 September 2024, the Trust has established the Fund with the dates of commencement of operations set out below. The Sub-Funds are listed on the Stock Exchange of Hong Kong Limited.

Date of commencement of operations

Samsung Bitcoin Futures Active ETF

10 January 2023

The investment activities of the Trust are managed by Samsung Asset Management (Hong Kong) Limited (the "Manager") and the trustee of the Trust is delegated to HSBC Institutional Trust Services (Asia) Limited (the "Trustee").

The financial statements of the Samsung Bitcoin Futures Active ETF is presented in United States dollars ("US\$"). The financial statement is prepared on a standalone basis.

Samsung Bitcoin Futures Active ETF

The investment objective of the Sub-Fund is to seek to provide economic exposure to the value of bitcoin by investing predominately in front-month bitcoin futures contracts and/or micro bitcoin futures contracts traded on the Chicago Mercantile Exchange (“CME”) (collectively the “Bitcoin Futures on CME”).

The Sub-Fund does not seek to track any index or benchmark. The Sub-fund tracks the performance of multiple contract months for the Bitcoin Future Contracts traded on CME.

The Manager anticipates that no more than 80% of the net assets value of the Sub-Fund from time to time will be used as margin to acquire the CME Bitcoin Futures Contracts. Not less than 20% of the net asset value of the Sub-Fund will be invested in US\$ denominated cash, bank deposits, as well as high-quality money market instruments such as government bills, certificates of deposit, commercial papers, fixed and floating rate short-term notes and banker’s acceptance.

**Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)**

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements of the Sub-Fund have been prepared in accordance with IFRSs, the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code issued by the Securities and Futures Commission.

Samsung Bitcoin Futures Active ETF has adopted for the first time all the applicable and effective IFRSs.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. For the purpose of preparation of the financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The financial statements of Samsung Bitcoin Futures Active ETF was issued for the period ended 30 September 2024 since it was the first period of the Sub-Funds' operation. As such, amounts presented in these financial statements and related explanatory notes for the period ended 30 September 2024 were presented for a period shorter than one year.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The 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 future periods if the revision affects both current and future periods.

**Samsung Bitcoin Futures Active ETF
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Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Sub-Funds takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Sub-Funds become a party to the contractual provisions of the instruments.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)**

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Interest income which are derived from the Sub-Funds' ordinary course of business are presented as revenue.

Dividends from financial assets at FVTPL are recognised in profit or loss when the Sub-Funds' right to receive the dividends is established.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

All other financial assets of the Sub-Fund are subsequently measured at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Sub-Fund manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

**Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)**

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "net gain/(loss) on derivative financial instruments and net gain/(loss) on financial assets at fair value through profit or loss" line items.

Impairment of financial assets

The Sub-Fund recognises a loss allowance for expected credit loss ("ECL") on financial assets including interest receivable, dividend receivable, due from brokers, due from unitholders, other receivables, money market fixed deposits and bank balances, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-months ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Sub-Funds' historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For interest receivable, dividend receivable, due from brokers, due from unit holders, other receivables, money market fixed deposits and bank balances, the Sub-Fund measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Sub-Fund recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Sub-Fund compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Sub-Fund consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

**Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)**

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Sub-Fund presume that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Sub-Fund have reasonable and supportable information that demonstrates otherwise.

The Sub-Fund regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Sub-Fund consider an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Sub-Funds, in full.

Irrespective of the above, the Sub-Fund consider that default has occurred when a financial asset is more than 90 days past due unless the Sub-Fund have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) it is becoming probable that the issuer of the financial asset will enter bankruptcy or other financial reorganisation; or
- (d) the disappearance of an active market for that financial asset because of financial difficulties.

**Samsung Bitcoin Futures Active ETF
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Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Sub-Fund writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Sub-Funds' recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. The magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Sub-Fund in accordance with the contract and the cash flows that the Sub-Fund expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Sub-Fund recognise an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

The Sub-Fund derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)**

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

Debts and units issued by the Sub-Fund are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity. Puttable financial instruments include contractual obligations for the Sub-Fund to repurchase or redeem the related instruments for cash or another financial asset on exercise of the put. As an exception to the definition of financial liability, a unit which includes such obligation is classified as equity if the unit has all the following features:

- it entitles the holder to a pro rata share of the Sub-Funds' net assets in the event of the Sub-Funds' liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinated to all other classes of instruments have identical features;
- apart from the contractual obligation for the Sub-Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund over the life of the instrument.

In addition to the redeemable units meeting all of the above conditions, the Sub-Fund must have no other financial instrument or contract that has:

- total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund; and
- the effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The Sub-Funds' redeemable units meet these conditions and are classified as equity. Units issued by the Sub-Fund are recognised at the proceeds received, net of direct issue costs, if any.

**Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)**

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at FVTPL

The Sub-Funds' financial liabilities at FVTPL are held for trading.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Sub-Fund manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Derivative financial liabilities of the Sub-Fund classified as FVTPL are initially measured at fair value, with any gains or losses arising on re-measurement recognised in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities including due to unitholders, due to brokers, management fee payable, trustee fee payable and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Sub-Fund derecognise a financial liability when, and only when, the Sub-Funds' obligations is discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and at banks and bank deposits with original maturities of three months or less.

Due from and due to brokers

Due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date and payables for trades that have been settled through margin financing. Margin accounts represent cash deposits held with brokers as collateral against open derivative contracts.

**Samsung Bitcoin Futures Active ETF
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Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Due from and due to brokers (continued)

Due to brokers include payables for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date and payables for trades that have been settled through margin financing.

Expenses

All expenses are recognised in statement of comprehensive income on an accrual basis.

Transaction costs

Transactions costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to brokers. Transactions costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

Establishment costs

Establishment costs are recognised as an expense in the period in which they are incurred.

Distributions to unitholders

Distributions are at the discretion of the Sub-Fund. A distribution to the Sub-Funds' unitholders is accounted for as a deduction from net assets attributable to unitholders. A distribution is recognised as a liability in the period in which it is approved by the Manager.

Subscriptions and redemptions

Subscriptions and redemptions of units are recognised on the dealing date on which the subscription application or redemption application is received and accepted.

Foreign currencies

Foreign currency transactions during the year/period are translated into the functional currency of the Sub-Fund at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency of the Sub-Fund at the foreign exchange rates ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in profit or loss.

Foreign currency exchange differences relating to monetary items are presented separately in statement of comprehensive income.

**Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)**

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Manager, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

Related parties

A party is considered to be related to the Sub-Fund if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Sub-Fund;
 - (ii) has significant influence over the Sub-Fund; or
 - (iii) is a member of the key management personnel of the Sub-Funds or of a parent of the Sub-Fund;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Sub-Fund are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Sub-Fund are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(ii) has significant influence over the entity or (a)(iii) is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Sub-Fund or to the parent of the Sub-Fund.

Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the income of the Sub-Fund is exempt from taxation under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

In some jurisdiction, investment income and capital gains are subject to withholding tax deducted at the source of income. The Sub-Fund present the withholding tax separately from the gross investment income in the statements of profit and loss and other comprehensive income. For the purpose of the statements of cash flows, cash flows from investments are presented net of withholding taxes, when applicable.

**Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)**

**Distribution disclosure (unaudited)
for the period ended 30 September 2024**
(Expressed in United States dollars)

For the period ended 30 September 2024, no distributions were made to the unitholders of the Sub-Fund.

**Samsung Bitcoin Futures Active ETF
(A Sub-Fund of Samsung ETFs Trust III)**

**Performance of the underlying index and the Sub-Fund (Unaudited)
for the period ended 30 September 2024**
(Expressed in United States dollars)

	<i>Performance</i>
	%
Sub-Fund	
Samsung Bitcoin Futures Active ETF	-14.85%

Source: Unit-prices are provided by HSBC Institutional Trust Services (Asia) Limited. The performance information of the Sub-Fund is provided by the Manager.

Investors should note that all investment involves risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Management and administration

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PARTICIPATING DEALERS

*Please refer to the Manager's website (www.samsungetfhk.com)
for the latest lists of Market Makers and Participating Dealers
for the Sub-Fund of Samsung ETFs Trust*