

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2020

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-34589

**ABERDEEN STANDARD PALLADIUM ETF TRUST**

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of incorporation or  
organization)

26-4733157

(I.R.S. Employer Identification No.)

c/o Aberdeen Standard Investments ETFs Sponsor LLC

712 Fifth Avenue, 49<sup>th</sup> Floor

New York, NY

(Address of principal executive offices)

10019

(Zip Code)

(844) 383-7289

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Aberdeen Standard Physical Palladium Shares ETF	PALL	NYSE Arca

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of May 6, 2020, Aberdeen Standard Palladium ETF Trust had 1,375,000 Aberdeen Standard Physical Palladium Shares ETF outstanding.

**ABERDEEN STANDARD PALLADIUM ETF TRUST**

**FORM 10-Q**

**FOR THE QUARTER ENDED MARCH 31, 2020**

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**ABERDEEN STANDARD PALLADIUM ETF TRUST**

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Statements of Assets and Liabilities**

At March 31, 2020 (Unaudited) and December 31, 2019

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
<i>(Amounts in 000's of US\$, except for Share and per Share data)</i>		
<b>ASSETS</b>		
Investment in palladium (cost: March 31, 2020: \$164,557; December 31, 2019: \$170,040)	\$ 303,865	\$ 300,638
<b>Total assets</b>	<u>303,865</u>	<u>300,638</u>
<b>LIABILITIES</b>		
Fees payable to Sponsor	169	153
<b>Total Liabilities</b>	<u>169</u>	<u>153</u>
<b>NET ASSETS (1)</b>	<u>\$ 303,696</u>	<u>\$ 300,485</u>

(1) Authorized share capital is unlimited with no par value per Share. Shares issued and outstanding at March 31, 2020 were 1,400,000 and at December 31, 2019 were 1,675,000. Net asset values per Share at March 31, 2020 and December 31, 2019 were \$216.93 and \$179.39, respectively.

*See Notes to the Financial Statements*

**ABERDEEN STANDARD PALLADIUM ETF TRUST**

Schedules of Investments

At March 31, 2020 (Unaudited) and December 31, 2019

Description	March 31, 2020			
	oz	Cost	Fair Value	% of Net Assets
<b>Investment in palladium</b> (in 000's of US\$, except for oz and percentage data)				
Palladium	131,714.5	\$ 164,557	\$ 303,865	100.06%
<b>Total investment in palladium</b>	<b>131,714.5</b>	<b>\$ 164,557</b>	<b>\$ 303,865</b>	<b>100.06%</b>
Less liabilities			(169)	(0.06)%
<b>Net assets</b>			<b>\$ 303,696</b>	<b>100.00%</b>

Description	December 31, 2019			
	oz	Cost	Fair Value	% of Net Assets
<b>Investment in palladium</b> (in 000's of US\$, except for oz and percentage data)				
Palladium	157,815.0	\$ 170,040	\$ 300,638	100.05%
<b>Total investment in palladium</b>	<b>157,815.0</b>	<b>\$ 170,040</b>	<b>\$ 300,638</b>	<b>100.05%</b>
Less liabilities			(153)	(0.05)%
<b>Net assets</b>			<b>\$ 300,485</b>	<b>100.00%</b>

*See Notes to the Financial Statements*

**ABERDEEN STANDARD PALLADIUM ETF TRUST**

Statements of Operations (Unaudited)

For the three months ended March 31, 2020 and 2019

	<b>Three Months Ended March 31, 2020</b>	<b>Three Months Ended March 31, 2019</b>
<i>(Amounts in 000's of US\$, except for Share and per Share data)</i>		
<b>EXPENSES</b>		
Sponsor's Fee	\$ 548	\$ 329
Total expenses	548	329
Net investment loss	<u>(548)</u>	<u>(329)</u>
<b>REALIZED AND UNREALIZED GAINS / (LOSSES)</b>		
Realized gain on palladium transferred to pay expenses	258	118
Realized gain on palladium distributed for the redemption of Shares	39,238	5,408
Change in unrealized gain / (loss) on investment in palladium	<u>8,711</u>	<u>11,210</u>
Total gain / (loss) on investment in palladium	<u>48,207</u>	<u>16,736</u>
Change in net assets from operations	<u>\$ 47,659</u>	<u>\$ 16,407</u>
Net increase / (decrease) in net assets per Share	\$ 28.84	\$ 9.68
Weighted average number of Shares	1,652,473	1,695,000

*See Notes to the Financial Statements*

**ABERDEEN STANDARD PALLADIUM ETF TRUST**

Statements of Changes in Net Assets (Unaudited)

For the three months ended March 31, 2020 and 2019

<i>(Amounts in 000's of US\$, except for Share data)</i>	<b>Three Months Ended March 31, 2020</b>	
	<b>Shares</b>	<b>Amount</b>
Opening balance at January 1, 2020	1,675,000	\$ 300,485
Net investment loss		(548)
Realized gain on investment in palladium		39,496
Change in unrealized gain on investment in palladium		8,711
Creations	250,000	53,808
Redemptions	(525,000)	(98,256)
Closing balance at March 31, 2020	<u>1,400,000</u>	<u>\$ 303,696</u>

	<b>Three Months Ended March 31, 2019</b>	
Opening balance at January 1, 2019	1,550,000	\$ 185,465
Net investment loss		(329)
Realized gain on investment in palladium		5,526
Change in unrealized gain on investment in palladium		11,210
Change in unrealized loss on unsettled creations or redemptions		(179)
Creations	350,000	48,313
Redemptions	(150,000)	(19,896)
Closing balance at March 31, 2019	<u>1,750,000</u>	<u>\$ 230,110</u>

*See Notes to the Financial Statements*

**ABERDEEN STANDARD PALLADIUM ETF TRUST**

**Financial Highlights (Unaudited)**

For the three months ended March 31, 2020 and 2019

	<b>Three Months Ended March 31, 2020</b>	<b>Three Months Ended March 31, 2019</b>
<b>Per Share Performance (for a Share outstanding throughout the entire period)</b>		
Net asset value per Share at beginning of period	\$ 179.39	\$ 119.66
<i>Income from investment operations:</i>		
Net investment loss	(0.33)	(0.19)
Total realized and unrealized gains or losses on investment in palladium	37.87	12.03
Change in net assets from operations	37.54	11.84
Net asset value per Share at end of period	\$ 216.93	\$ 131.50
<i>Weighted average number of Shares</i>	1,652,473	1,695,000
<i>Expense ratio (1)</i>	0.60%	0.60%
<i>Net investment loss ratio (1)</i>	(0.60)%	(0.60)%
<i>Total return, at net asset value (2)</i>	20.93%	9.89%

(1) Annualized for periods of less than one year.

(2) Total return is not annualized.

*See Notes to the Financial Statements*

## ABERDEEN STANDARD PALLADIUM ETF TRUST

### Notes to the Financial Statements (Unaudited)

#### 1. Organization

The Aberdeen Standard Palladium ETF Trust (the “Trust”) is a common law trust formed on December 30, 2009 (the “Date of Inception”), under New York law pursuant to a depositary trust agreement (the “Trust Agreement”) executed by Aberdeen Standard Investments ETFs Sponsor LLC (the “Sponsor”) and The Bank of New York Mellon as Trustee (the “Trustee”). The Trust holds palladium bullion and issues Aberdeen Standard Physical Palladium Shares ETF (“Shares”) in minimum blocks of Shares (also referred to as “Baskets”) in exchange for deposits of palladium and distributes palladium in connection with the redemption of Baskets. Prior to April 1, 2019, the number of Shares that constituted a Basket was 50,000 Shares. Effective April 1, 2019, the Basket size was reduced to 25,000 Shares. Shares represent units of fractional undivided beneficial interest in and ownership of the Trust which are issued by the Trust. The Sponsor is a Delaware limited liability company and a wholly-owned subsidiary of Aberdeen Standard Investments Inc. (“ASII”). ASII is a wholly-owned indirect subsidiary of Standard Life Aberdeen plc. The Trust is governed by the Trust Agreement.

The investment objective of the Trust is for the Shares to reflect the performance of the price of palladium, less the Trust’s expenses and liabilities. The Trust is designed to provide an individual owner of beneficial interests in the Shares (a “Shareholder”) an opportunity to participate in the palladium market through an investment in securities. The fiscal year end for the Trust is December 31.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions for Form 10-Q. In the opinion of the Trust’s management, all adjustments (which consist of normal recurring adjustments) necessary to present fairly the financial position and results of operations as of and for the three months ended March 31, 2020 and for all periods presented have been made.

These financial statements should be read in conjunction with the Trust’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019. The results of operations for the three months ended March 31, 2020 are not necessarily indicative of the operating results for the full year.



## ABERDEEN STANDARD PALLADIUM ETF TRUST

Notes to the Financial Statements (Unaudited)

### 2. Significant Accounting Policies

The preparation of financial statements in accordance with U.S. GAAP requires those responsible for preparing financial statements to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Trust.

#### 2.1. Basis of Accounting

The Sponsor has determined that the Trust falls within the scope of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 946, *Financial Services—Investment Companies*, and has concluded that for reporting purposes, the Trust is classified as an Investment Company. The Trust is not registered as an investment company under the Investment Company Act of 1940 and is not required to register under such act.

#### 2.2. Valuation of Palladium

The Trust follows the provisions of ASC 820, *Fair Value Measurement* (“ASC 820”). ASC 820 provides guidance for determining fair value and requires increased disclosure regarding the inputs to valuation techniques used to measure fair value. ASC 820 defines fair value as 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.

Palladium is held by JPMorgan Chase Bank, N.A. (the “Custodian”), on behalf of the Trust, at its London, England vaulting premises. Palladium may also be held by UBS AG, or any other firm selected by the Custodian to hold the Trust’s palladium in the Trust’s allocated account in the firm’s Zurich, Switzerland vault premises on a segregated basis and whose appointment has been approved by the Sponsor (the “Zurich Sub-Custodian”). At March 31, 2020, approximately 96.5% of the Trust’s palladium was held by the Zurich Sub-Custodian.

Palladium is recorded at fair value. The cost of palladium is determined according to the average cost method and the fair value is based on the afternoon session of the twice daily fix of an ounce of palladium administered by the London Metal Exchange (“LME”) (the “LME PM Fix”). Realized gains and losses on transfers of palladium, or palladium distributed for the redemption of Shares, are calculated on a trade date basis as the difference between the fair value and average cost of palladium transferred.

The LME is responsible for the administration of the electronic palladium price fixing system (“LMEbullion”) that replicates electronically the manual London palladium fix processes previously employed by the London Platinum and Palladium Fixing Company Ltd (“LPPFCL”), as well as providing electronic market clearing processes for palladium bullion transactions at the fixed prices established by the LME pricing mechanism. LMEbullion, like the previous London palladium fix processes, establishes and publishes fixed prices for troy ounces of palladium twice each London trading day during fixing sessions beginning at 9:45 a.m. London time (the “LME AM Fix”) and 2:00 p.m. London time (the “LME PM Fix”).

Once the value of palladium has been determined, the Net Asset Value (the “NAV”) is computed by the Trustee by deducting all accrued fees, expenses and other liabilities of the Trust, including the remuneration due to the Sponsor (the “Sponsor’s Fee”), from the fair value of the palladium and all other assets held by the Trust.

The Trust recognizes changes in fair value of the investment in palladium as changes in unrealized gains or losses on investment in palladium through the Statement of Operations.

The per Share amount of palladium exchanged for a purchase or redemption is calculated daily by the Trustee, using the LME PM Fix to calculate the palladium amount in respect of any liabilities for which covering palladium sales have not yet been made, and represents the per Share amount of palladium held by the Trust, after giving effect to its liabilities, to cover expenses and liabilities and any losses that may have occurred.

## ABERDEEN STANDARD PALLADIUM ETF TRUST

Notes to the Financial Statements (Unaudited)

### 2. Significant Accounting Policies (Continued)

#### 2.2. Valuation of Palladium (continued)

##### *Fair Value Hierarchy*

ASC 820 establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of inputs are as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access.
- Level 2 Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments and similar data.
- Level 3 Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the Trust's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The investment in palladium is classified as a level 2 asset, as the Trust's investment in palladium is calculated using primary market pricing sources supported by observable, verifiable inputs.

The categorization of the Trust's assets is as shown below:

*(Amounts in 000's of US\$)*

**March 31, 2020**

**December 31, 2019**

##### *Level 2*

Investment in palladium	\$	303,865	\$	300,638
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There were no transfers between levels during the three months ended March 31, 2020, or the year ended December 31, 2019.

#### 2.3. Palladium Receivable and Payable

Palladium receivable or payable represents the quantity of palladium covered by contractually binding orders for the creation or redemption of Shares respectively, where the palladium has not yet been transferred to or from the Trust's account. Generally, ownership of palladium is transferred within two business days of the trade date. At March 31, 2020 and December 31, 2019, respectively, the Trust had no palladium receivable or payable for the creation or redemption of Shares.

## ABERDEEN STANDARD PALLADIUM ETF TRUST

Notes to the Financial Statements (Unaudited)

### 2. Significant Accounting Policies (Continued)

#### 2.4. Creations and Redemptions of Shares

The Trust expects to create and redeem Shares from time to time, but only in one or more Baskets (a Basket equals a block of 25,000 Shares effective April 1, 2019. Prior to April 1, 2019, the number of Shares that constituted a Basket was 50,000 Shares). The Trust issues Shares in Baskets to Authorized Participants on an ongoing basis. Individual investors cannot purchase or redeem Shares in direct transactions with the Trust. An Authorized Participant is a person who (1) is a registered broker-dealer or other securities market participant such as a bank or other financial institution which is not required to register as a broker-dealer to engage in securities transactions, (2) is a participant in The Depository Trust Company, (3) has entered into an Authorized Participant Agreement with the Trustee and the Sponsor, and (4) has established an Authorized Participant Unallocated Account with the Trust's Custodian or other palladium bullion clearing bank. An Authorized Participant Agreement is an agreement entered into by each Authorized Participant, the Sponsor and the Trustee which provides the procedures for the creation and redemption of Baskets and for the delivery of the palladium required for such creations and redemptions. An Authorized Participant Unallocated Account is an unallocated palladium account, either loco London or loco Zurich, established with the Custodian or a palladium bullion clearing bank by an Authorized Participant.

The creation and redemption of Baskets is only made in exchange for the delivery to the Trust or the distribution by the Trust of the amount of palladium represented by the Baskets being created or redeemed, the amount of which is based on the combined NAV of the number of Shares included in the Baskets being created or redeemed determined on the day the order to create or redeem Baskets is properly received.

Authorized Participants may, on any business day, place an order with the Trustee to create or redeem one or more Baskets. The typical settlement period for Shares is two business days. In the event of a trade date at period end, where a settlement is pending, a respective account receivable and/or payable will be recorded. When palladium is exchanged in settlement of a redemption, it is considered a sale of palladium for financial statement purposes.

The amount of palladium represented by the Baskets created or redeemed can only be settled to the nearest 1/1000<sup>th</sup> of an ounce. As a result, the value attributed to the creation or redemption of Shares may differ from the value of palladium to be delivered or distributed by the Trust. In order to ensure that the correct amount of palladium is available at all times to back the Shares, the Sponsor accepts an adjustment to its management fees in the event of any shortfall or excess on each transaction. For each transaction, this amount is not more than 1/1000<sup>th</sup> of an ounce of palladium.

As the Shares of the Trust are subject to redemption at the option of Authorized Participants, the Trust has classified the outstanding Shares as Net Assets. Changes in the number of Shares outstanding are presented in the Statement of Changes in Net Assets.

#### 2.5. Income Taxes

The Trust is classified as a "grantor trust" for U.S. federal income tax purposes. As a result, the Trust itself will not be subject to U.S. federal income tax. Instead, the Trust's income and expenses will "flow through" to the Shareholders, and the Trustee will report the Trust's proceeds, income, deductions, gains, and losses to the Internal Revenue Service on that basis.

The Sponsor has evaluated whether or not there are uncertain tax positions that require financial statement recognition and has determined that no reserves for uncertain tax positions are required as of March 31, 2020 or December 31, 2019.

**ABERDEEN STANDARD PALLADIUM ETF TRUST**

Notes to the Financial Statements (Unaudited)

**2. Significant Accounting Policies (Continued)**

**2.6. Investment in Palladium**

Changes in ounces of palladium and their respective values for the three months ended March 31, 2020 and 2019 are set out below:

<i>(Amounts in 000's of US\$, except for ounces data)</i>	<b>Three Months Ended March 31, 2020</b>	<b>Three Months Ended March 31, 2019</b>
<b>Ounces of palladium</b>		
Opening balance	157,815.0	146,915.9
Creations	23,524.8	33,134.3
Redemptions	(49,385.6)	(9,464.5)
Transfers of palladium to pay expenses	(239.7)	(222.9)
Closing balance	<u>131,714.5</u>	<u>170,362.8</u>
<b>Investment in palladium</b>		
Opening balance	\$ 300,638	\$ 185,555
Creations	53,808	48,313
Redemptions	(98,257)	(13,500)
Realized gain on palladium distributed for the redemption of Shares	39,238	5,408
Transfers of palladium to pay expenses	(531)	(300)
Realized gain on palladium transferred to pay expenses	258	118
Change in unrealized gain on investment in palladium	8,711	11,210
Closing balance	<u>\$ 303,865</u>	<u>\$ 236,804</u>

## ABERDEEN STANDARD PALLADIUM ETF TRUST

Notes to the Financial Statements (Unaudited)

### 2. Significant Accounting Policies (Continued)

#### 2.7. Expenses / Realized Gains / Losses

The primary expense of the Trust is the Sponsor's Fee, which is paid by the Trust through in-kind transfers of palladium to the Sponsor.

The Trust will transfer palladium to the Sponsor to pay the Sponsor's Fee that accrues daily at an annualized rate equal to 0.60% of the adjusted net asset value ("ANAV") of the Trust, paid monthly in arrears.

The Sponsor has agreed to assume administrative and marketing expenses incurred by the Trust, including the Trustee's monthly fee and out of pocket expenses, the Custodian's fee and the reimbursement of the Custodian's expenses, exchange listing fees, United States Securities and Exchange Commission (the "SEC") registration fees, printing and mailing costs, audit fees and up to \$100,000 per annum in legal expenses.

For the three months ended March 31, 2020 and 2019, the Sponsor's Fee was \$547,590 and \$329,045, respectively.

At March 31, 2020 and at December 31, 2019, the fees payable to the Sponsor were \$169,297 and \$152,293, respectively.

With respect to expenses not otherwise assumed by the Sponsor, the Trustee will, at the direction of the Sponsor or in its own discretion, sell the Trust's palladium as necessary to pay these expenses. When selling palladium to pay expenses, the Trustee will endeavor to sell the smallest amounts of palladium needed to pay these expenses in order to minimize the Trust's holdings of assets other than palladium. Other than the Sponsor's Fee, the Trust had no expenses during the three months ended March 31, 2020 and 2019.

Unless otherwise directed by the Sponsor, when selling palladium the Trustee will endeavor to sell at the price established by the LME PM Fix. The Trustee will place orders with dealers (which may include the Custodian) through which the Trustee expects to receive the most favorable price and execution of orders. The Custodian may be the purchaser of such palladium only if the sale transaction is made at the next LME PM Fix or such other publicly available price that the Sponsor deems fair, in each case as set following the sale order. A gain or loss is recognized based on the difference between the selling price and the average cost of the palladium sold. Neither the Trustee nor the Sponsor is liable for depreciation or loss incurred by reason of any sale.

Realized gains and losses result from the transfer of palladium for Share redemptions and / or to pay expenses and are recognized on a trade date basis as the difference between the fair value and average cost of palladium transferred.

#### 2.8. Subsequent Events

In accordance with the provisions set forth in FASB ASC 855-10, *Subsequent Events*, the Trust's management has evaluated the possibility of subsequent events impacting the Trust's financial statements through the filing date. During this period, no material subsequent events requiring adjustment to or disclosure in the financial statements were identified.

### 3. Related Parties

The Sponsor and the Trustee are considered to be related parties to the Trust. The Trustee's and Custodian's fees are paid by the Sponsor and are not separate expenses of the Trust. The Trustee and the Custodian and their affiliates may from time to time act as Authorized Participants, and purchase or sell Shares for their own account, as agent for their customers and for accounts over which they exercise investment discretion. In addition the Trustee and the Custodian and their affiliates may from time to time purchase or sell palladium directly, for their own account, as agent for their customers and for accounts over which they exercise investment discretion.

## **ABERDEEN STANDARD PALLADIUM ETF TRUST**

Notes to the Financial Statements (Unaudited)

### **4. Concentration of Risk**

The Trust's sole business activity is the investment in palladium and substantially all the Trust's assets are holdings of palladium, which creates a concentration of risk associated with fluctuations in the price of palladium. Several factors could affect the price of palladium, including: (i) global palladium supply and demand, which is influenced by such factors as production and cost levels in major palladium-producing countries, recycling, autocatalyst demand, industrial demand, jewelry demand, investment demand, and sales of existing stockpiles of palladium, which have been a key source of supply and are likely to be exhausted soon, placing a higher burden on new mine supply; (ii) investors' expectations with respect to the rate of inflation; (iii) currency exchange rates; (iv) interest rates; (v) investment and trading activities of hedge funds and commodity funds; and (vi) global or regional political, economic or financial events and situations. In addition, there is no assurance that palladium will maintain its long-term value in terms of purchasing power in the future. In the event that the price of palladium declines, the Sponsor expects the value of an investment in the Shares to decline proportionately. Each of these events could have a material effect on the Trust's financial position and results of operations.

### **5. Indemnification**

Under the Trust's organizational documents, the Trustee (and its directors, employees and agents) and the Sponsor (and its members, managers, directors, officers, employees and affiliates) are indemnified by the Trust against any liability, cost or expense it incurs without gross negligence, bad faith, willful misconduct or willful malfeasance on its part and without reckless disregard on its part of its obligations and duties under the Trust's organizational documents. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred.

## ABERDEEN STANDARD PALLADIUM ETF TRUST

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*This information should be read in conjunction with the financial statements and notes to the financial statements included in Item 1 of Part 1 of this Form 10-Q. The discussion and analysis that follows may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and within the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements may relate to the Trust's financial condition, operations, future performance and business. These statements can be identified by the use of the words "may", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential" or similar words and phrases. These statements are based upon certain assumptions and analyses the Sponsor has made based on its perception of historical trends, current conditions and expected future developments. Neither the Trust nor the Sponsor is under a duty to update any of the forward-looking statements, to conform such statements to actual results or to reflect a change in management's expectations or predictions.*

#### **Introduction**

The Trust is a common law trust, formed under the laws of the state of New York on December 30, 2009. The Trust is not managed like a corporation or an active investment vehicle. It does not have any officers, directors, or employees and is administered by the Trustee pursuant to the Trust Agreement. The Trust is not registered as an investment company under the Investment Company Act of 1940 and is not required to register under such act. It does not hold or trade in commodity futures contracts, nor is it a commodity pool, or subject to regulation as a commodity pool operator or a commodity trading adviser in connection with issuing Shares.

The Trust holds palladium and is expected to issue Baskets in exchange for deposits of palladium, and to distribute palladium in connection with redemptions of Baskets. Shares issued by the Trust represent units of undivided beneficial interest in and ownership of the Trust. The investment objective of the Trust is for the Shares to reflect the performance of the price of palladium, less the Trust's expenses. The Sponsor believes that, for many investors, the Shares will represent a cost effective investment relative to traditional means of investing in palladium.

The Trust issues and redeems Shares only with Authorized Participants in exchange for palladium and only in aggregations of 25,000 Shares, effective April 1, 2019, or integral multiples thereof. Prior to April 1, 2019, the Trust issued and redeemed Shares in aggregations of 50,000 Shares or integral multiples thereof. A list of current Authorized Participants is available from the Sponsor or the Trustee.

Shares of the Trust trade on the New York Stock Exchange (the "NYSE") Arca under the symbol "PALL".

#### **Valuation of Palladium and Computation of Net Asset Value**

On each day that the NYSE Arca is open for regular trading, as promptly as practicable after 4:00 p.m., New York time, on such day (the "Evaluation Time"), the Trustee evaluates the palladium held by the Trust and determines the NAV of the Trust.

At the Evaluation Time, the Trustee values the Trust's palladium on the basis of that day's LME PM Fix or, if no LME PM Fix is made on such day, the next most recent LME PM Fix determined prior to the Evaluation Time will be used, unless the Sponsor determines that such price is inappropriate as a basis for evaluation. In the event the Sponsor determines that the LME PM Fix or such other publicly available price as the Sponsor may deem fairly represents the commercial value of the Trust's palladium is not an appropriate basis for evaluation of the Trust's palladium, it shall identify an alternative basis for such evaluation to be employed by the Trustee. Neither the Trustee nor the Sponsor shall be liable to any person for the determination that the LME PM Fix or such other publicly available price is not appropriate as a basis for evaluation of the Trust's palladium or for any determination as to the alternative basis for such evaluation provided that such determination is made in good faith.

Once the value of the palladium has been determined, the Trustee subtracts all estimated accrued but unpaid fees (other than the fees accruing for such day on which the valuation takes place that are computed by reference to the value of the Trust or its assets), expenses and other liabilities of the Trust from the total value of the palladium and all other assets of the Trust (other than any amounts credited to the Trust's reserve account, if established). The resulting figure is the adjusted net asset value (the "ANAV") of the Trust. The ANAV of the Trust is used to compute the Sponsor's Fee.

All fees accruing for the day on which the valuation takes place that are computed by reference to the value of the Trust or its assets are calculated using the ANAV calculated for such day. The Trustee subtracts from the ANAV the amount of accrued fees so computed for such day and the resulting figure is the NAV of the Trust. The Trustee also determines the NAV per Share by dividing the NAV of the Trust by the number of the Shares outstanding as of the close of trading on the NYSE Arca (which includes the net number of any Shares created or redeemed on such evaluation day).

## ABERDEEN STANDARD PALLADIUM ETF TRUST

The Trustee's estimation of accrued but unpaid fees, expenses and liabilities is conclusive upon all persons interested in the Trust and no revision or correction in any computation made under the Trust Agreement will be required by reason of any difference in amounts estimated from those actually paid.

### *The Quarter Ended March 31, 2020*

The NAV of the Trust is obtained by subtracting the Trust's liabilities on any day from the value of the palladium owned and receivable by the Trust on that day; the NAV per Share is obtained by dividing the NAV of the Trust on a given day by the number of Shares outstanding on that day.

The Trust's NAV increased from \$300,485,250 at December 31, 2019 to \$303,695,978 at March 31, 2020, a 1.07% increase for the quarter. The increase in the Trust's NAV resulted primarily from an increase in the price per ounce of palladium, which rose 21.10% from \$1,905.00 at December 31, 2019 to \$2,307.00 at March 31, 2020, and a decrease in outstanding Shares, which fell from 1,675,000 at December 31, 2019 to 1,400,000 at March 31, 2020 as a result of 525,000 Shares (21 Baskets) being redeemed and 250,000 Shares (10 Baskets) being created during the quarter.

The NAV per Share increased 20.93% from \$179.39 at December 31, 2019 to \$216.93 at March 31, 2020. The Trust's NAV per Share rose slightly less than the price per ounce of palladium on a percentage basis due to the Sponsor's Fee, which was \$547,590 for the quarter, or 0.60% of the Trust's ANAV on an annualized basis.

The NAV per Share of \$261.67 at February 19, 2020 was the highest during the quarter, compared with a low of \$146.44 at March 16, 2020.

The increase in net assets from operations for the quarter ended March 31, 2020 was \$47,659,193, resulting from a realized gain of \$257,600 on the transfer of palladium to pay expenses, a realized gain of \$39,238,246 on palladium distributed for the redemption of Shares, and a change in unrealized gain on investment in palladium of \$8,710,937, offset by the Sponsor's Fee of \$547,590. Other than the Sponsor's Fee, the Trust had no expenses during the quarter ended March 31, 2020.

### *The Quarter Ended March 31, 2019*

The NAV of the Trust is obtained by subtracting the Trust's liabilities on any day from the value of the palladium owned and receivable by the Trust on that day; the NAV per Share is obtained by dividing the NAV of the Trust on a given day by the number of Shares outstanding on that day.

The Trust's NAV increased from \$185,465,009 at December 31, 2018 to \$230,109,954 at March 31, 2019, a 24.07% increase for the quarter. The increase in the Trust's NAV resulted primarily from an increase in the price per ounce of palladium, which rose 10.06% from \$1,263.00 at December 31, 2018 to \$1,390.00 at March 31, 2019 and an increase in outstanding Shares, which rose from 1,550,000 Shares at December 31, 2018 to 1,750,000 Shares at March 31, 2019, a result of 350,000 Shares (14 Baskets) being created and 150,000 Shares (6 Baskets) being redeemed. *Effective April 1, 2019, the number of shares in a block that constitutes a basket decreased from 50,000 Shares to 25,000 Shares (the "Basket Size Change"). The information presented attributable to periods prior to the Basket Size Change has been adjusted to reflect the effect of the Basket Size Change.*

The NAV per Share increased 9.89% from \$119.66 at December 31, 2018 to \$131.50 at March 31, 2019. The Trust's NAV per Share rose slightly less than the price per ounce of palladium on a percentage basis due to the Sponsor's Fee, which was \$329,045 for the quarter, or 0.60% of the Trust's ANAV on an annualized basis.

The NAV per Share of \$151.76 at March 21, 2019 was the highest during the quarter, compared with a low of \$120.03 at January 2, 2019.

The increase in net assets from operations for the quarter ended March 31, 2019 was \$16,407,604, resulting from a realized gain of \$118,118 on the transfer of palladium to pay expenses, a realized gain of \$5,407,780 on palladium distributed for the redemption of Shares, and a change in unrealized gain on investment in palladium of \$11,210,751, offset by the Sponsor's Fee of \$329,045. Other than the Sponsor's Fee, the Trust had no expenses during the quarter ended March 31, 2019.



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### *Liquidity & Capital Resources*

The Trust is not aware of any trends, demands, commitments, events or uncertainties that are reasonably likely to result in material changes to its liquidity needs. In exchange for the Sponsor's Fee, the Sponsor has agreed to assume most of the expenses incurred by the Trust. As a result, the only ordinary expense of the Trust during the period covered by this report was the Sponsor's Fee.

The Trustee will, at the direction of the Sponsor or in its own discretion, sell the Trust's palladium as necessary to pay the Trust's expenses not otherwise assumed by the Sponsor. The Trustee will not sell palladium to pay the Sponsor's Fee but will pay the Sponsor's Fee through in-kind transfers of palladium to the Sponsor. At March 31, 2020, the Trust did not have any cash balances.

### *Off-Balance Sheet Arrangements*

The Trust has no off-balance sheet arrangements.

### *Critical Accounting Policies*

The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements relies on estimates and assumptions that impact the Trust's financial position and results of operations. These estimates and assumptions affect the Trust's application of accounting policies.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable.

### **Item 4. Controls and Procedures**

The Trust maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Chief Executive Officer and Chief Financial Officer of the Sponsor, and to the audit committee, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer of the Sponsor, the Sponsor conducted an evaluation of the Trust's disclosure controls and procedures, as defined under Exchange Act Rules 13a-15(e) and 15d-15(e). Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer of the Sponsor concluded that, as of March 31, 2020, the Trust's disclosure controls and procedures were effective.

There have been no changes in the Trust's or Sponsor's internal control over financial reporting during the quarter ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Trust's or Sponsor's internal control over financial reporting.

## ABERDEEN STANDARD PALLADIUM ETF TRUST

### PART II. OTHER INFORMATION

#### Item 1. Legal Proceedings

None.

#### Item 1A. Risk Factors

Except for the risk factor set forth below, there have been no material changes to the risk factors previously disclosed in the Trust's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

##### *Uncertainty regarding the effects of COVID-19*

The respiratory illness COVID-19 caused by a novel coronavirus has resulted in a global pandemic and major disruption to economies and markets around the world, including the United States. Financial markets have experienced extreme volatility and severe losses, and trading in many instruments has been disrupted. Liquidity for many instruments has been greatly reduced for periods of time. Some interest rates are very low and in some cases yields are negative. Some sectors of the economy and individual issuers have experienced particularly large losses. These circumstances may continue for an extended period of time, and may continue to affect adversely the value and liquidity of the Trust's investments. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual issuers, including the Shares of the Trust, are not known. Governments and central banks, including the Federal Reserve in the U.S., have taken extraordinary and unprecedented actions to support local and global economies and the financial markets. The impact of these measures, and whether they will be effective to mitigate the economic and market disruption, will not be known for some time.

#### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 2(a). None.

Item 2(b). Not applicable.

Item 2(c). For the three months ended March 31, 2020:

10 Baskets were created.

21 Baskets were redeemed.

Period	Total Baskets Redeemed	Total Shares Redeemed	Average ounces of palladium per Share
January 2020	3	75,000	0.094
February 2020	-	-	-
March 2020	18	450,000	0.094
	21	525,000	0.094

#### Item 3. Defaults Upon Senior Securities

None.

#### Item 4. Mine Safety Disclosures

Not applicable.

#### Item 5. Other Information

None.

## ABERDEEN STANDARD PALLADIUM ETF TRUST

### Item 6. Exhibits

- 31.1 [Chief Executive Officer's Certificate, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Chief Financial Officer's Certificate, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Chief Executive Officer's Certificate, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Chief Financial Officer's Certificate, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 The following financial statements from the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, formatted in Inline XBRL: (i) Statements of Assets and Liabilities, (ii) Statements of Operations, (iii) Statements of Changes in Net Assets, and (iv) Notes to the Financial Statements.
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Document
- 101.DEF Inline XBRL Taxonomy Extension Definitions Document
- 101.LAB Inline XBRL Taxonomy Extension Labels Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Document
- 104 The cover page from the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, formatted in Inline XBRL (included as Exhibit 101).

**ABERDEEN STANDARD PALLADIUM ETF TRUST**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned in the capacities thereunto duly authorized.

ABERDEEN STANDARD INVESTMENTS ETFS SPONSOR LLC

Date: May 8, 2020

/s/ Christopher Demetriou

Christopher Demetriou\*

President and Chief Executive Officer

(Principal Executive Officer)

Date: May 8, 2020

/s/ Andrea Melia

Andrea Melia\*

Chief Financial Officer and Treasurer

(Principal Financial Officer and Principal Accounting Officer)

\* The Registrant is a trust and the persons are signing in their capacities as officers of Aberdeen Standard Investments ETFs Sponsor LLC, the Sponsor of the Registrant.