1NVEST Global Government Bond Index Feeder ETF

Annual Financial Statements
for the year ended 31 December 2020

STANLIB

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Collective investments
Registered office	17 Melrose Boulevard Melrose Arch Johannesburg 2196
Management company	STANLIB Collective Investments (RF) Proprietary Limited 17 Melrose Boulevard Melrose Arch Johannesburg, South Africa 2196
Third party manager	1NVEST Fund Managers (Pty) Ltd
Auditors	PricewaterhouseCoopers Registered Auditors 5 Silo Square V&A Waterfront Cape Town 8001 P.O. Box 2799 Cape Town 8000
Trustees	Absa Bank Limited (Absa) 160 Jan Smuts Avenue Rosebank 2196, Johannesburg South Africa

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Management Company Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of 1NVEST Global Government Bond Index Feeder ETF for the year ended 31 December 2020.

1. Incorporation

The fund was incorporated on 13 December 2017 and obtained its certificate to commence business on the same day.

2. Nature of business

1NVEST Global Government Bond Index Feeder ETF was incorporated in South Africa with interests in the Financial services industry. The fund operates in South Africa and is listed on the Johannesburg Stock Exchange (JSE).

The principal activities of the fund are to indirectly track FTSE G7 Government Bond Index through investment in an underlying listed ETF.

There have been no material changes to the nature of the fund's business from the prior year.

3. Covid-19 impact on operations

The directors and adminstration team continue to actively monitor the risks and impact of the COVID-19 pandemic on the results and operations of the fund and are comfortable that there are no adjusting impact or risks to the ability of the fund to continue as a going concern for the foreseeable future.

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report which have an adjusting effect to the financial statement.

5. Going concern

The directors believe that the fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the fund is in a sound financial position and that it has access to sufficient cash facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the fund. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the fund.

6. Auditors

PricewaterhouseCoopers continued in office as auditors for the fund for 2020.

At the annual engagement meeting, the management will be requested to reappoint PricewaterhouseCoopers as the independent external auditors of the company and to confirm Mrs Nicolette Jacobs as the designated lead audit partner for the 2021 financial year.

7. Statement of disclosure to the fund's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the fund's auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the fund's auditors are aware of that information.

8. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on Tuesday, 30 March 2021. No authority was given to anyone to amend the annual financial statements after the date of issue.

Management Company Directors' Responsibilities and Approval

The directors of management company are required in terms of the Collective Investment Schemes Control Act, 2002 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors of management company acknowledge that they are ultimately responsible for the system of internal financial control established by the management company for the fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the management company and all employees are required to maintain the highest ethical standards in ensuring the company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the management company is on identifying, assessing, managing and monitoring all known forms of risk across the fund. While operating risk cannot be fully eliminated, the management company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

- STANLIB Collective Investments (RF) Proprietary Limited makes use of the Liberty Group Limited internal audit function which operates independently and unimpaired, and has unrestricted access to the Liberty Group Audit and Risk Committees, appraises, evaluates and, when necessary, recommends improvements in the systems of internal control and accounting practices; and

- The Audit and Risk Committees play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

The directors of the management company are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors of management company have reviewed the fund’s financial position as at 31 December 2020 and, in light of this review and the current financial position, they are satisfied that the fund has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the fund's annual financial statements. The annual financial statements have been examined by the fund's external auditors and their report is presented on pages 7 to 11.

The annual financial statements set out on pages 12 to 30, which have been prepared on the going concern basis, were approved by the board on 25 March 2021 and were signed on 30 March 2021 their behalf by:

Approval of financial statements

DTV Msibi
Director

DC Munro
Director

STANLIB
17 Melrose Boulevard
Melrose Arch, Johannesburg
South Africa

Tuesday, 30 March 2021

Corporate and Investment Banking
Investor Services

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Stanlib Collective Investments Limited
17 Melrose Boulevard
Melrose Arch
Johannesburg
2196

7 March 2021

Stanlib Collective Investment (Pty) Ltd Year end 31 December 2020.

Report in terms of section 70(3) of the Collective Investment Schemes Control Act, 45 of 2002 for period 1 March to 31 December 2020 in respect of STANLIB Collective Investment Managers (Rf) Proprietary Limited ("the Manager").

Absa Bank Limited ("Absa"), in its capacity as trustee of STANLIB ETF Collective Investments Scheme (the "Scheme"), confirms that based on our records, internal processes and procedures we report that we have satisfied ourselves that every income statement, balance sheet and other returns prepared by the manager of the Scheme in terms of Section 90 of the Act and audited by the external auditors fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administrated by the manager for the period 01 March 2020 to 31 December 2020.

Should any investor require any information pertaining to the above-mentioned subject matter, kindly contact Stanlib or Absa.

Yours faithfully

DocuSigned by:
Mohammed Sabir Ballim
F69340C2D5EA462...

Mohammed Sabir Ballim
Head: Absa Investor Services

DocuSigned by:
Deon Lottering
FA338B2AC9CD45A...

Deon Lottering
Head: Trustee Services
Absa Investor Services

Stanlib Collective Investments Limited
17 Melrose Boulevard
Melrose Arch
Johannesburg
2196

8 March 2021

Stanlib Collective Investment (Pty) Ltd Year end 31 December 2020.

Report in terms of section 70(3) of the Collective Investment Schemes Control Act, 45 of 2002 for period 1 March to 31 December 2020 in respect of STANLIB Collective Investment Managers (Rf) Proprietary Limited ("the Manager").

We, Société Générale, in our capacity as trustee of STANLIB ETF Collective Investments Scheme (the "Scheme"), confirms that based on our records, internal processes and procedures we report that we have satisfied ourselves that every income statement, balance sheet and other returns prepared by the manager of the Scheme in terms of Section 90 of the Act and audited by the external auditors fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administrated by the manager for the period 01 January 2020 to 28 February 2020.

Yours sincerely

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Jean - Louis Bernardo
Managing Director

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South Africa
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Registered Bank
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Société Générale
29 BD Haussmann, Paris

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Independent auditor's report

To the directors of STANLIB Collective Investments (RF) Proprietary Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of 1NVEST Global Government Bond Index Feeder ETF (the Portfolio) as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the requirements of the Trust Deed and the requirements of the Collective Investments Control Act of South Africa.

What we have audited

1NVEST Global Government Bond Index Feeder ETF's financial statements, as managed by STANLIB Collective Investments (RF) Proprietary Limited, set out on pages 12 to 30 comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of financial statements* section of our report.

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

Independence

We are independent of the Portfolio in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

Our audit approach

Overview

Overall materiality ● *R349 250 which represents 1% of net assets attributable to unitholders.*
Key audit matters ● *Existence and valuation and existence of listed investments.*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors of the Manager made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	*R349 250*
How we determined it	*1% of net assets attributable to unitholders.*
Rationale for the materiality benchmark applied	*We chose net assets attributable to unitholders as the benchmark because, in our view, it is the benchmark against which the performance of the Portfolio is most commonly measured by users, and is a generally accepted benchmark. We chose 1% which is consistent with quantitative materiality thresholds used for asset-orientated entities in this sector.*

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Key audit matter	***How our audit addressed the key audit matter***
Existence and valuation of listed investments *Refer to the following accounting policy and notes to the financial statements for details:* ● *Note 1.2 - Financial instruments;* ● *Note 6 - Financial assets; and* ● *Note 18 - Fair value information.* *We considered the existence and valuation of the Portfolio's listed investments to be a matter of most significance to the current year's audit due to the following factors:* ● *The magnitude of the investment value at year-end;* ● *The fair value of these investments is a key measure in determining the performance of the Portfolio by unitholders; and* ● *The investments are held in a fiduciary capacity by the Portfolio on behalf of the unitholders.* *The Portfolio's investments comprise an investment in an underlying listed exchange traded Portfolio which is measured at fair value through profit and loss. At 31 December 2020, the carrying value of these investments amounted to R34 713 000 which included a fair value gain of R688 000 recognised in the statement of comprehensive income.* *As disclosed in Note 18 to the financial statements, these investments are classified as level 1 in terms of the fair value hierarchy described in IFRS 13 - Fair value measurement ("IFRS 13"), which implies that the fair value is determined using unadjusted quoted prices in active markets for identical investments that the Portfolio can access at 31 December 2020.*	*Our audit addressed the existence and valuation of listed investments as follows:* *Existence* *We confirmed all of the Portfolio's holdings on 31 December 2020 with the custodian. Where differences were identified, we obtained explanations from management and inspected relevant documentation.* *Valuation* *We obtained an understanding of the design and implementation of internal controls relevant to the valuation of the Portfolio's investments by STANLIB Collective Investments (RF) Proprietary Limited (the "Manager"). We further tested key controls relating to the valuation of investments.* *We evaluated the appropriateness of the fair value measurement methodology applied against the requirements of IFRS 13. We did not note any inconsistencies in this regard. We assessed the appropriateness of the valuation methodology with reference to the definition of an active market as per IFRS 13. We also assessed the adequacy of the disclosure of the fair value hierarchy against the requirements of IFRS 13. No material exceptions noted.* *We independently recalculated the fair value of the listed investments by obtaining the closing prices of the investments from external sources and multiplying these prices with the quantities obtained from confirmations received from the custodian. No material exceptions were noted when compared to management's fair values.*

Other information

The directors of the Manager are responsible for the other information. The other information comprises the information included in the document titled *"1NVEST Global Government Bond Index Feeder ETF Annual Financial Statements for the year ended 31 December 2020"*. The other information does not include financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, 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.

Responsibilities of the directors of the Manager for the financial statements

The directors of the Manager are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors of the Manager 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 of the Manager are responsible for assessing the Portfolio's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Manager either intend to liquidate the Portfolio or to cease operations, or have no realistic alternative but to do so.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Manager.

- Conclude on the appropriateness of the directors of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Portfolio's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Portfolio to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: NA Jacobs

Registered Auditor

Cape Town

30 March 2021

Statement of Financial Position as at 31 December 2020

	Note(s)	2020 R '000	2019 R '000
Assets			
Current Assets			
Financial assets at fair value through profit or loss	6	34,713	14,633
Trade and other receivables	7	134	95
Cash and cash equivalents	8	137	34
Total Assets		**34,984**	**14,762**
Liabilities			
Current Liabilities			
Trade and other payables	9	59	51
Total Liabilities excluding Net Assets Attributable to Unitholders		**59**	**51**
Net Assets Attributable to Unitholders	21	**34,925**	**14,711**

The accounting policies on pages 15 to 19 and the notes on pages 20 to 30 form an integral part of the annual financial statements.

Statement of Comprehensive Income

	Note(s)	2020 R '000	2019 R '000
Investment income	3	218	79
Sundry income		97	118
Fair value gains / (losses) on financial instruments	4	688	(440)
Net income		**1,003**	**1,379**
Operating expenses	5	(148)	(100)
Net Income for the year before distributions		**855**	**(343)**
Distributions		(327)	(112)
Increase / (Decrease) in net assets attributable to unitholders from operations		**528**	**(455)**

The accounting policies on pages 15 to 19 and the notes on pages 20 to 30 form an integral part of the annual financial statements.

Statement of Cash Flows

	Note(s)	2020 R '000	2019 R '000
Operating activities			
Cash (used in) operations	10	(19,474)	(10,692)
Interest / (paid) received	11	(13)	2
Dividend received	12	231	77
Net cash (used in) operating activities		**(19,256)**	**(10,613)**
Financing activities			
Income distributions paid	13	(327)	(112)
Gross creation of units (including income adjustments on creations)	21	35,367	10,750
Gross (cancellation) of units	21	(15,681)	-
Net cash from financing activities		**19,359**	**10,638**
Net change in cash and cash equivalents		**103**	**25**
Cash and cash equivalents at the beginning of the year		34	9
Cash and cash equivalents at end of the year	8	**137**	**34**

The accounting policies on pages 15 to 19 and the notes on pages 20 to 30 form an integral part of the annual financial statements.

Significant Accounting Policies and Notes to Annual Financial Statements

Fund information

1NVEST Global Government Bond Index Feeder ETF is an Exchange Traded Fund incorporated and domiciled in South Africa and listed on the Johannesburg Stock Exchange.

The Stanlib ETF Collective Investment Scheme ("the Scheme") is registered in terms of Collective Investment Schemes Control Act, 2002 as set out in the Supplemental Portfolio Trust Deed.

STANLIB Collective Investments (RF) Proprietary Limited is the management company of the Scheme with 1NVEST Fund Managers (Pty) Ltd as the third party manager of the scheme, both are appointed by the scheme to manage the operations of the fund. Absa Bank Limited (Absa) is the Trustee and a custodian of the fund, the assets of the funds are kept under their custody and they also act as a banker for the fund's operations.

The annual financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 25 March 2021 and signed on Tuesday, 30 March 2021.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board (the “IASB”), including interpretations issued by the IFRS Interpretations Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Institute of Chartered Accountants (“SAICA”) Financial Reporting Guides as issued by the Accounting Practices Committee, and the provisions of the CISCA.

These financial statements comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, and the statement of cash flows for the year then ended, as well as the notes comprising of a summary of significant accounting policies and other explanatory notes.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands rounded to the nearest thousand, which is the fund's functional currency.

These accounting policies are consistent with the previous period.

1.2 Financial instruments

Financial instruments held by the fund are classified in accordance with the provisions of IFRS 9.

Classification

Financial assets at amortised cost:

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and

- where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows.

Financial assets at amortised cost include trade and other receivables and cash and cash equivalents.

Financial assets at fair value through profit and loss

All financial assets not measured at amortised cost are subsequently measured at fair value through profit and loss (“FVPL”).

1.2 Financial instruments (continued)

Financial liabilities:

- Financial liabilities at amortised cost include trade and other payables and accrued expenses.
- Financial liabilities at fair value through profit or loss - This category includes net assets attributable to unitholders, which is a puttable financial instrument arising on redeemable units and mandatory distributions of income.

Recognition, derecognition and measurement

Financial assets

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 marketplace. It is a market practice that financial assets are delivered on a trade date, which is the confirmation date by the brokers and settled with the broker on trade date plus three days.

Financial assets at FVPL are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets at FVPL are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets at FVPL category are presented in the statement of comprehensive income.

Financial assets at amortised cost are recognised when the fund becomes a party to the contractual provisions of the particular instrument. Financial assets at amortised cost are measured, at initial recognition, at fair value plus transaction costs, if any and are subsequently measured at amortised cost using the effective interest rate method.

Financial assets at amortised cost which are cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially measured at fair value and subsequently recorded at amortised cost.

Interest on cash is recognised in the statement of comprehensive income within interest received based on the effective interest rate. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash repayments (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 (where appropriate) a shorter period, to the amortised cost of a financial asset.

Impairment

The fund recognises a loss allowance for expected credit losses on financial assets at amortised cost. The amount of expected credit losses is updated at each reporting date.

At each reporting date, the Fund measures the loss allowance on amounts due from counterparties at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. Significant financial difficulties at a counterparty, probability that a counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 3 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset at amortised cost or group of financial assets at amortised cost has increased significantly since initial recognition, the fund compares the risk of a default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition.

1.2 Financial instruments (continued)

The fund considers 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. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

By contrast, if a financial asset at amortised cost is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

The fund regularly monitors 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 increases in credit risk before the amount becomes past due.

Measurement and recognition of expected credit losses

The fund aggregates counterparties segments which share similar credit risk characteristics for purposes of determining the credit loss allowance. An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of financial assets at amortised cost, through use of a loss allowance account. The impairment loss is included in impairment expenses in profit or loss as a movement in credit loss allowance.

Write off policy

The fund writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivable written off may still be subject to enforcement activities under the fund recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the ‘financial instruments and risk management’ note (note 17).

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities

Financial liabilities at fair value through profit or loss are recognised when the fund becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value.

The financial liabilities at fair value through profit or loss consists of the net assets attributable to unitholders, which is a puttable financial instrument arising on redeemable units. Units may be put back to the fund by unitholders at any dealing date for cash equal to a proportionate share of the fund’s net asset value attributable to that unit. There are no transaction costs pertaining to the units in issue as the unitholders pay in advance for income accrued in the fund to equalise income distributions when the fund makes a distribution to unitholders as per trust deed.

Net assets attributable to unit holders, evidence a residual interest in the assets of the Fund after deducting all of its liabilities. The value of the net assets attributable to unitholders will vary with the changes in the underlying value of the investments, net of receivables and payables. The total movement in the statement of comprehensive income is transferred to the net assets attributable to unit holders.

The Fund makes mandatory distributions of income to unitholders. The fund does not have an unconditional right to avoid delivering cash or any other financial asset to settle the contractual obligation should a unitholder exercise a right to put their interest back to the fund. For this reason, the unitholder’s interest does not meet the requirements to be classified as equity in terms of IAS 32 and is thus classified as a liability. Distributions are automatically reinvested in additional units, other than distributions that are paid in cash.

Financial liabilities at amortised cost are recognised when the fund becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs (if any) and are subsequently measured at amortised cost using the effective interest method.

1.2 Financial instruments (continued)

Financial liabilities at amortised cost expose the fund to liquidity risk and possibly to interest rate risk. Refer to note 17 for details of risk exposure and management thereof.

Derecognition

The Fund derecognises a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired. Gains and losses arising from the sale of financial assets and liabilities are recognised within fair value gains in the period in which they arise (and are presented in the statement of comprehensive income).The units in issue are redeemable instruments and are derecognised when the unitholders put back their units at the net asset value applicable at the time of repurchase. The net asset value represents the fair value of units issued.

Reclassification

Financial assets

The fund only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.3 Fair value gains or losses on financial assets

Fair value gains or losses consists of realised gains or losses when financial assets are sold during the year and unrealised gains or losses on financial assets held at year end. Both realised and unrealised gains or losses are capital in nature and are not distributed to unitholders as part of net investment income attributable to unitholders during the year.

1.4 Creations and cancellations

The Management Company can purchase any number of units offered to it at the price calculated in accordance with the requirements of the Collective Investment Schemes control Act, 2002, as amended, and on the terms and conditions set forth in the Trust Deeds. No preferencial price is granted to management company when units are being issued by the fund.

Income not distributed is included in net assets attributed to unitholders

Net assets attributable to unitholders are a residual interest after deducting liabilities from assets. it is also classified as a liability due to nature of redeemable units at a holder's option and the fund must make distributions of income to unitholders.

An adjustment to Net assets attributable to unitholders arises on creation and cancellation of units since the price of a unit includes accrued income and expenses. The income adjustment is recognised as part of the creation or cancellation of unitholder interests and disclosed within the note of 'Net assets attributable to unitholders', as the adjustment forms part of the cash flow on these transactions.

1.5 Sundry income

Sundry income are profits and losses due to rebalancing the fund, this includes and not limited to rebates of audit fees, trustee fees, custody fees and bank charges.

1.6 Financing costs

All financing costs are recognised as an expense in the period in which they are incurred, this includes interest charged on overdraft within the limit as agreed with respective trustees.

Significant Accounting Policies and Notes to Annual Financial Statements

1.7 Investment Income

Investment income comprises:

- Dividends from listed exchange traded fund (ETF); and
- Interest on cash and cash equivalents.

Dividend Income is recognised when the fund's right to receive the payment has been established, normally being the ex-dividend date.

Interest on cash and cash equivalents is accrued on a time-proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.8 Expenses

Expenses are recognised in the statement of comprehensive income as incurred.These are operating expenses and transactions fees as permissible by CISCA s93 and incured by the fund during the period. They comprises of: Audit fees, Bank charges,Trustees fees, Custody fees and Service fees - Management fees and transaction fees incured when trading financial instruments.

1.9 Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to holders of redeemable shares are recognised in the statement of comprehensive income.

1.10 Distributions

Proposed distributions to unitholders are recognised in the statement of comprehensive income when they are appropriately authorised and no longer at the discretion of the Fund. This typically occurs when proposed distribution is approved by the Management Company. The distribution to unitholders is recognised as an expense in the statement of comprehensive income.

1.11 Fair value estimation

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.

Investments are valued by various methods depending on the primary market or exchange on which they trade. Securities traded in active markets are valued using the closing price or the last sale price in the principal market where they are traded. When the last sale price on the local exchange is unavailable, the last available quote or last bid price are used.

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

1.12 Critical accounting estimates and judgements in applying accounting policies

No significant accounting estimates and judgements have been applied in the annual financial statements of the Fund. All investments at FVPL are measured at fair value based on quoted prices in active markets and do not require the use of judgement or estimates.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year.

In the current year, the fund has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:

Definition of Material –Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

The effective date is year beginning on 1 January 2020 and the impact is not material.

Standard/ Interpretation:

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and

stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The effective date is year beginning on 1 January 2020 and the impact is not material.

There are no new standards, interpretations or amendments not yet effective that may significantly impact the fund's results or disclosures.

Notes to the Annual Financial Statements

	2020 R '000	2019 R '000

3. Investment income

	2020 R '000	2019 R '000
Dividends	231	77
Interest	(13)	2
Total investment income	**218**	**79**

Total interest income on financial instruments not at fair value through profit or loss amounted to R (13) (2019: R 2).

4. Fair value gains / (losses) on financial assets

	2020 R '000	2019 R '000
Fair value gains / (losses)		
Financial assets at fair value through profit or loss:		
Realised gains / (losses)	1,381	(11)
Unrealised / (losses)	(693)	(429)
Total investment gains / (losses)	**688**	**(440)**

5. Operating expenses

Net Income for the year before distributions for the year is stated after charging (crediting) the following, amongst others:

	2020 R '000	2019 R '000
Auditor's remuneration - external		
Audit fees	70	76
Custody charges	8	5
Service fees	69	19
Trustee fees	1	-

6. Financial instruments

Financial assets comprise:

	2020 R '000	2019 R '000
At fair value through profit or loss		
Exchange traded funds	34,713	14,633
The fund indirectly track FTSE G7 Government Bond Index through an underlying listed ETF		

Financial assets at fair value through profit or loss are denominated in the following currencies and converted to Rand:

	2020 R '000	2019 R '000
Exchange traded funds (denominated in US Dollar)	34,713	14,633

7. Trade and other receivables

	2020 R '000	2019 R '000
Financial assets: at amortised cost		
Rebates	134	95

Split between non-current and current portions

	2020 R '000	2019 R '000
Current assets	134	95

Exposure to credit risk of financial assets at amortised cost

Trade receivables inherently expose the fund to credit risk, being the risk that the fund will incur financial loss if counterparties fail to make payments as they fall due.

Notes to the Annual Financial Statements

	2020 R '000	2019 R '000

7. Trade and other receivables (continued)

In order to mitigate the risk of financial loss from defaults, the fund only deals with reputabe brokers with consistent payment histories and creditworthy. The exposure to credit risk and the creditworthiness of counterparties, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The average credit period on trade receivables is 3 days (2019: 3 days). No interest is charged on outstanding trade receivables.

The fund's historical credit loss experience does not show significantly different loss patterns for different counterparties. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance has been assessed to be immaterial as shown below:

	2020	2020	2019	2019
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance**	**Estimated gross carrying amount at default**	**Loss allowance**
Trade and other receivables not past due: 0% (2019: 0%)	134	-	95	-

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

8. Cash and cash equivalents

Cash and cash equivalents comprise of:

	2020	2019
Bank balances local	134	34
Interest accrued on cash	3	-
Total cash and cash equivalents	**137**	**34**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

The regulatory ratings reported is the lowest rating assigned by a Rating Agency. (i.e. if more than 1 rating agency rates an issuer then the most conservative (lowest) rating is selected as the Stanlib rating.

A short-term obligation rated 'F1+' is rated in the highest category. The obligor's capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments on these obligations is extremely strong. ('F2' applies the same defination and is lower than 'F1+'). An external equivalent of F1+ is AAA+.

Impairments on cash and cash equivalents held at amortised cost are measured on a 12 month expected credit loss basis and reflects the short-term maturities of the exposures. The fund considers that its cash and cash equivalents has a low probability of default, based on the external credit ratings of the counterparty (also the fund's trustee). Impairment losses for cash and cash equivalents, held at amortised cost, were assessed and considered immaterial.

Credit rating	2020	2019
F1+	137	34

Notes to the Annual Financial Statements

	2020 R '000	2019 R '000
9. Trade and other payables		
Financial assets: at amortised cost		
Trade payables	1	-
Accruals for service fee payable	17	8
Accruals for audit fees payable	41	43
Total trade and other payables	**59**	**51**

All trade and other payables are payable within one year from financial year end

	2020 R '000	2019 R '000
10. Cash flows from operating activities		
Total comprehensive income for the year	528	(455)
Adjustments for:		
Dividend income	(231)	(77)
Interest (received) paid	13	(2)
Distributions	327	112
Adjustments for non-cash items:		
Fair value losses on financial instruments	693	429
Changes in working capital:		
Trade and other receivables	(39)	(42)
Net movement in financial assets	(20,773)	(10,681)
Trade and other payables	8	24
Cash generated / (used in) operations	**(19,474)**	**(10,692)**
11. Interest received		
Interest income	(13)	2
12. Dividends received		
Dividend income	231	77
13. Distributions paid		
Distributions	327	112

14. Unit prices

The following table indicates the fluctuations in the price of the scheme's units during the year under review:

	Repurchase price (cents)					
	2020 Minimum	**2020 Maximum**	**2020 last price**	**2019 Minimum**	**2019 Maximum**	**2019 last price**
Class A	8,825.00	10,440.00	8,945.63	7,189.13	8,872.90	7,870.53

Notes to the Annual Financial Statements

15. Income Distributions to unitholders quarterly

	Distributions (Cents)							
	2020	2019	2020	2019	2020	2019	2020	2019
	31 March		30 June		30 September		31 December	
Class A	63.92	60.13	-	-	14.64	29.60	-	-

16. Nature and classification of the Scheme's portfolio

The Stanlib Collective Investment Scheme invests in a wide spread of financial instruments in terms of the unit portfolios' investment mandate and based on the Collective Investment Schemes Control Act of South Africa.

Nature of portfolios

The nature of the unit portfolios are determined by the trust deed. Unit portfolios are firstly classified in terms of their geographical location, secondly, by their underlying investments and thirdly by their main investment focus.

Geographically, unit portfolios are classified as follows:
- South African - these unit portfolios invest at least 60% of their assets in South African markets,
- Global - these unit portfolios invest at least 80% of their assets outside South Africa,
- Worldwide - these portfolios have no restrictions; and
- Regional - These are portfolios that invest at least 80% of their assets outside South Africa in a specified geographical region, including Africa, other than South Africa.

In terms of the underlying investments, unit portfolios are classified as equity, interest bearing, real estate and multi asset. This second tier is further sub-classified into specific sectors of the market.

In terms of the underlying investments, unit portfolios are classified as equity, fixed interest, real estate and asset allocation. This second tier is further sub-classified into specific sectors of the market. The definitions below have been sourced from the Association of Savings and Investment South Africa (ASISA).

South African Portfolios:

Interest Bearing Portfolios are collective investment portfolios that invest exclusively in bond, money market investments and other interest earning securities. These portfolios may not include equity securities, real estate securities or cumulative preference shares.

The Stanlib Collective Investment Scheme’s unit portfolio is categorized as follows:

Fund	Geographical	Asset class	Sector
1NVEST Global Government Bond Index Feeder ETF	Global	Interest Bearing	Variable Term

17. Financial instruments and risk management

Exposure to credit, index, investment, liquidity and market risks arise in the normal course of investment activities in securities. The fund's acceptance of risk is directly attributable to the risks associated with its investment in its financial assets at fair value through profit or loss.

The objectives for managing the risks associated with financial instruments held for investment purposes as well as a brief description of the relevant risks and methods adopted to mitigate these risks are outlined in more detail below.

The scheme has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk
- Index risk
- Investment risk
- Interest rate risk

The above mentioned risks have been addressed below in more detail.

Credit risk

The Scheme's exposure to credit risk could be as a result of counterparty to a transaction failing to meet its contractual obligations. This could arise primarily from the Scheme's investments activities.

Management monitors the scheme's exposure to credit risk on an ongoing basis through its credit risk committee and its internal compliance structures. The credit risk committee assigns an internal rating to each institution which may not be higher than the lowest rating from Fitch Rating, Standard and Poor's and Moody's Investor Services. This ensures compliance with the Collective Investment Schemes Control Act of South Africa and the investment mandate.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The maximum credit exposure, comprising of debtors, bank balances and deposits amounts to:

Financial instrument	**2020** **R'000**	**2019** **R'000**
Cash and cash equivalents	137	34
Trade and other receivables	134	95

Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations towards investors when they fall due. This is applicable to the fund, especially as unit holders are able to cancel units on a daily basis.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold redemption requests for a period of no more than one month. Under extraordinary circumstances the Fund also has the ability to suspend redemptions if this is deemed to be in the best interest of all unit holders. The Fund did not withhold any redemptions or implement any suspension during 2020 and 2019.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis.

The table below analyses the fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Annual Financial Statements

17. Financial instruments and risk management (continued)

At 31 December 2020	**On demand Less than 1 year R'000**
Financial liabilities	
• Trade and other payables	58
• Net assets attributable to unitholders	34,926

At 31 December 2019	**On demand Less than 1 year R'000**
Financial liabilities	
• Trade and other payables	51
• Net assets attributable to unitholders	14,711

Market risk

Market risk exists where significant changes in equity prices will affect the value of the fund's financial instruments. The fund may be exposed to market risk as a result of investing in financial instruments in different sectors in the economy. The value of the underlying investment fluctuates due to changing economic factors and market expectations. Management ensures that exposures are in accordance with investment objectives and the trust deed.

The scheme has exposure to the following market risks from its use of financial instruments:

- Currency risk
- Interest rate risk
- Price risk

The above mentioned risks have been addressed below in more detail.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to change in the foreign exchange rates. Currency risk is not specifically managed. Management ensures that exposures are in accordance with investment objectives and the trust deed.

The fund does not hedge foreign exchange fluctuations.

At 31 December 2020, if the currency had weakened/strengthened by 11% against the US dollar with all other variables held constant, Increase in net assets attributable to unitholders from operations for the year would have been R 3,818 (2019: R 1,610) higher or lower, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated, financial assets at fair value through profit or loss.

Foreign currency exposure at the end of the reporting period

Current assets	**2020 R'000**	**2019 R'000**
Financial assets	34,713	14,633

Exchange rates used for conversion of foreign items were:

USD	14.69	14.00

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. Fluctuations in the interest rates affect the market value of these financial instruments. At 31 December 2020, if interest rates on Rand-denominated cash and cash equivalents had been 1% higher/lower with all other variables held constant, Increase in net assets attributable to unitholders from operations for the year would have been R 0.137 (2019: R 0.034) lower/higher, mainly as a result of higher/lower interest expense/ income.

Notes to the Annual Financial Statements

17. Financial instruments and risk management (continued)

Management ensures that exposures are in accordance with investment objectives and the trust deed.

Cash flow interest rate risk

Financial instrument	**Current interest rate**	**Due in less than a year R'000**
Cash and cash equivalents	4.13 %	137

Risks associated with the ETF Scheme

The investment policy of the exchanged traded funds is to track the FTSE G7 Government Bond Index as closely as possible, by buying only the index securities in the same weightings in which they are included in the Index and selling only securities which are excluded from the Index from time to time as a result of Quarterly Index Reviews or corporate actions or which are required to be sold to ensure that the Scheme holds index securities in the same weightings as they are in the Index. However the Scheme shall also be entitled at its discretion and only on a temporary basis: to employ such other investment techniques and instruments as will most effectively give effort to the object or investment policies of the Scheme. The Scheme will not be managed according to traditional methods of analysis and investing judgement. The scheme does not buy or sell securities for trading purposes or for any purpose other than to track the Index as closely as possible.

Tracking error is a risk that the fund may deviate away from the linear relationship with the index being tracked or benchmarked to, this is managed by the closely monitoring of the index and rebalancing the fund in line with the index and also to certain extent, the manager can rebate certain fees as incurred by the fund.

As a further objective, the securities held by the Scheme shall be managed to generate income for the benefit of the investors, i.e. income is generated from scrip lending activities which is applied to reduce expenses and the related tracking error.

The Scheme will be adjusted as determined by the stipulations of the CITI G-7 Bond Index (CG7) calculation methodology to conform to changes in the basket of securities comprising the relevant Stanlib Scheme so as to substantially reflect the composition and weighting of the securities comprising the Index at all times. It is recorded that the Scheme's ability to replicate the price and yield performance of the FTSE G7 Government Bond Index will be affected by the costs and expenses incurred by the Scheme. Costs and expenses may result in the Index not being replicated perfectly by the Scheme.

Index risk

There is no assurance that the Index will continue to be calculated and published on the same or similar basis indefinitely. The Index was created by the JSE as a measure of market performance and not for the purposes of trading Scheme’s Index securities. The past performance of the Index is not necessarily a guide to its future performance.

The Index may be adjusted from time to time as a result of mergers, re-organisations, schemes of arrangement or other corporate activity involving constituent companies. Any adjustments to the Index will be implemented as determined from time to time in terms of the relevant Index stipulations, for example, if a constituent company pays a special dividend.

The adjustments may require the removal of a constituent company from the Index and the substitution thereof with a new constituent company while at the same time, if necessary, adjusting the base level. The adjustments to the Schemes will be made in such a way that the Schemes will remain substantially aligned with the Index level at all times.

A 1% increase in the value of the assets will results in a profit of R 347.13 (2019:R 146.33) and a 1% decrease will result in a loss of R 347.13 (2019:R 146.33).

Notes to the Annual Financial Statements

17. Financial instruments and risk management (continued)

Investment risk

There can be no assurance that the Schemes will achieve its objectives of replicating the price and yield performance of the indices.

The following factors could impact negatively on the investment performance of the Schemes:
- Certain costs and expenses incurred by the fund could cause it to miss-track against the indices;
- Temporary unavailability of securities in the secondary market or other extraordinary circumstances could cause deviations from the exact weightings of the indices;

The Schemes could also be exposed to liquidity risk in cases where insufficient liquidity on certain securities is available to effect the necessary changes in index constituents. The need to employ alternative investment techniques would only arise in the event of a liquidity problem, for example, it is not possible to acquire certain securities comprising the index due to there being no sellers of such securities.

Stanlib Index securities are listed instruments, they are bought and sold on the JSE through the JSE member. The participatory interest can be sold to the Management Company, which is obliged to buy them from the investor.

Market makers will attempt to maintain a high degree of liquidity through continuously offering to buy and sell Stanlib participatory interests at prices around NAV of the participatory interest, thereby ensuring tight buy and sell spreads. Under normal circumstances and conditions, the investor will be able to buy or sell Stanlib securities from the market makers.

Price risk

The fund is indirectly exposed to exchanged traded funds securities price risk because of investments held by the fund and classified on the statement of financial position at fair value through profit or loss. The fund is not exposed to commodity price risk. To manage its price risk arising from investments in exchanged traded funds securities, the fund diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the fund.

The fund's investments in exchanged traded funds that are publicly traded track the following Bond index: FTSE G7 Government Bond Index.The table below summarises the impact of increases/decreases of the indexes on the fund's Increase in net assets attributable to unitholders from operations for the year and on exchanged traded funds. The analysis is based on the assumption that the equity indexes has increased/decreased by 5% with all other variables held constant and all the fund's exchanged traded funds instruments moved according to its historical correlation with the index:

	Impact on Increase in net assets attributable to unitholders from operations in Rand		**Impact on financial assets in Rand**	
Financial instrument	**2020 R'000**	**2019 R'000**	**2020 R'000**	**2019 R'000**
FTSE G7 Government Bond Index	1,736	732	(1,736)	(732)

Increase in net assets attributable to unitholders from operations for the year would increase/decrease as a result of gains or losses on exchanged traded funds securities classified as at fair value through profit or loss.

Notes to the Annual Financial Statements

18. Fair value information

Fair value hierarchy of financial assets

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the fund can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The ETF is tracking the FTSE G7 Government Bond Index, all underlying securities are valued at quoted unadjusted share prices on the index.

Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets

Financial assets at fair value through profit or loss	2020	2019
	R'000	R'000
Exchange traded funds	34,713	14,633
Total financial assets at fair value through profit or loss	**34,713**	**14,633**

19. Related parties

Ultimate holding company of Liberty Holdings Limited	Standard Bank Group Limited
Holding company of Stanlib Collective Investments (RF) (Proprietary) Limited	Liberty Holdings Limited
Management company of the fund	Stanlib Collective Investments (RF) (Proprietary) Limited

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties	2020 R'000	2019 R'000
Stanlib Collective Investments (RF) (Proprietary) Limited	(17)	(8)

Related party transactions

Administration fees paid to (received from) related parties		
Stanlib Collective Investments (RF) (Proprietary) Limited	69	19

20. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Notes to the Annual Financial Statements

	2020 R '000	2019 R '000

21. Net assets attributable to unitholders

	2020 R '000	2019 R '000
Class A	34,925	14,711
Reconciliation of number of units issued:		
Reported as at 01 January 2020 (2019)	187	57
Units created during the year	353	130
Units cancelled during the year	(150)	-
As at 31 December	**390**	**187**
Reconciliation of net assets attributable to unitholders		
Reported as at 01 January 2020 (2019)	14,711	4,416
Units created during the year	35,367	10,750
Units cancelled during the year	(15,681)	-
Increase / (Decrease) in net assets attributable to unitholders from operations	528	(455)
As at 31 December	**34,925**	**14,711**

Net assets attributable to unitholders can be put back to the fund at any point in time. The units issued do not have a defined maturity date.

Net assets attributable to unitholders are classified as level 1 in terms of the fair value hierarchy.

22. Operating segments

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

The head of investments is responsible for the Fund’s entire portfolio and considers the Fund to have a single operating segment. The head of investments’s asset allocation decisions are based on a single, integrated investment strategy, and the Fund’s performance is evaluated on an overall basis.

The internal reporting provided to the head of investments for the Fund’s assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

The Fund has no assets classified as non-current assets.

The Fund also has a diversified unitholder population. As at 31 December 2020, there was no unitholders who held more than 20% of the Fund’s net asset value.

23. Events after the reporting period

No events after the reporting period management has to report which have an adjusting effect to the financial statement.

Total Expense Ratios (TERs)

	2020	2019
Class A	0.39	0.40

The supplementary information presented does not form part of the annual financial statements and is unaudited