NEWFUNDS COLLECTIVE INVESTMENT SCHEME
HIGH GROWTH EQUITY ETF PORTFOLIO

AUDITED ANNUAL FINANCIAL STATEMENTS
31 December 2021

Prepared under the supervision of Palesa Mkhize CA(SA)
Designation: Head of Financial Decision Support, Corporate Investment Bank, Absa Bank Limited

Contents

NewFunds (RF) Pty Ltd
Sandton Campus North
15 Alice Lane
Sandton
2196

24 March 2022

Attention: The Directors

NewFunds Collective Investment Scheme in Securities (the Scheme) – Year End 31 December 2021

We, Standard Chartered Bank, Johannesburg Branch, in our capacity as trustee of the Scheme, are required in terms of Section 70(3) of the Collective Investments Scheme Control Act, 45 of 2002, as amended (the "**Act**"), to satisfy ourselves that every Statement of Financial Position, Statement of Comprehensive Income and other return prepared by the manager of the Scheme in terms of Section 90 of the Act (the "**Accounts**") fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the manager of the Scheme.

We note that responsibility for the Accounts rests with the manager of the scheme in terms of the Act and that they have the obligation to ensure that the Accounts have been properly drawn up in accordance with both generally accepted accounting principles and the Act and that they fairly represent the financial position of each portfolio of the Scheme. Nothing in this report can be construed as us giving an accounting opinion in relation to the Accounts.

Based on our records, and the Accounts, we hereby report that nothing has come to our attention that would lead us to believe anything other than:

(a) the fact that the Accounts fairly represent the assets and liabilities of every portfolio of the Scheme;
(b) the fact that the Accounts fairly represent the income and distribution of income of every portfolio of the Scheme; and
(c) the fact that the Manager has administered the scheme in accordance the provisions of the Act and the relevant deed.

standard chartered

Sincerely,

Chantell Kruger
Senior Manager, Trustee Services

Chantelle Gertenbach
Manager, Trustee Operations

Standard Chartered Bank
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The directors are responsible for overseeing the preparation, integrity and objectivity of the financial statements that fairly present the state of the affairs of the Scheme at the end of the reporting period and the net income and cash flows for the reporting period, and other information contained in this report.

The Scheme's annual financial statements comprise the statement of comprehensive income, the statement of financial position at the reporting date, changes in net assets attributable to investors, cash flows for the period then ended and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, in the manner required by The Collective Investment Scheme Control Act of South Africa of 2002, International Financial Reporting Standards and the Trust Deed.

To enable the directors to meet these responsibilities:

- All directors will endeavour to maintain the highest ethical standards in ensuring the Scheme's business is conducted in a manner that in all reasonable circumstances is above reproach;
- The directors set standards and management implements systems of internal control and accounting and information systems aimed at providing reasonable assurance that both on and off statement of financial position assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- The directors and management identify all key areas of risk across the Scheme and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems and discipline are applied and managed within predetermined procedures and constraints;
- The internal audit function outsourced to Absa Group Limited Internal Audit, which operates unimpeded and independently from operational management, appraises, evaluates and, when necessary, recommends improvements to the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business; and
- The internal auditors play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the period under review.

The Scheme consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis. The annual financial statements of the Scheme have been prepared in accordance with the provisions of the Collective Investments Scheme Control Act of 2002 and the Trust Deed and comply with International Financial Reporting Standards (IFRS) and all applicable legislation.

The directors have no reason to believe that the Scheme will not be a going concern in the reporting period ahead, based on forecasts and available cash resources. These financial statements have accordingly been prepared on this basis.

It is the responsibility of the independent auditors to report on the annual financial statements. Their report to the investors is set out on pages 4 to 6 of this report.

The annual financial statements set out on pages 9 to 34 were approved by the directors on 24 March 2022 and were signed on its behalf by:

TJ Fearnhead

BM Mgwaba

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INDEPENDENT AUDITOR'S REPORT TO THE MANAGER AND HOLDERS OF SECURITIES IN THE NEWFUNDS COLLECTIVE INVESTMENT SCHEME HIGH GROWTH EQUITY ETF PORTFOLIO

Report on the Audit of Annual Financial Statements

Opinion

We have audited the financial statements of NewFunds Collective Investment Scheme High Growth Equity ETF Portfolio (the Portfolio) as set out on pages 9 to 34, which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, the statement of changes in net assets attributable to investors, the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio as at 31 December 2021, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Collective Investments Schemes Control Act of South Africa.

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 the Separate Financial Statements section of our report. We are independent of the company 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 of the company and 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 of the company and 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Responsibilities and Approval, Trustees' Report and Directors' Report, which we obtained prior to the date of this report. Other information does not include the 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 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 on the other information obtained prior to the date of this auditor's report, 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 for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Collective Investment Schemes Control Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 either intend to liquidate the Portfolio or to cease operations, or has 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 judgment 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.
- Conclude on the appropriateness of the directors' 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 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 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 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, related safeguards.

From the matters communicated with the directors, 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.

Report on other Legal and Regulatory Requirements

In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of the Portfolio within NewFunds Collective Investment Scheme for 9 years.

DocuSigned by:
Ernst & Young Inc.
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Ernst & Young Inc.
Director – Jan H Labuschagne CA(SA)
Registered Auditor
24 March 2022

102 Rivonia Road
Sandton
2146

Management company registration number	2005/034899/07
Country of incorporation and domicile	South Africa
Date of publication	29 March 2022
Nature of business and principle activities	NewFunds Collective Investment Scheme (the Scheme) manages exchange traded fund (ETF) portfolios. Its objective is to track the performance of specific indices on the stock market in each portfolio. The High Growth Equity ETF portfolio ("the portfolio" or "High Growth") was listed on 25 February 2019. The ETF will track and replicate the NewFunds/Absa Volatility Managed SA High Growth Equity Index (the "Index"), an Index created by Absa Bank Limited ("Absa") in collaboration with NewFunds ("the Manager"). The Portfolio will comprise of both equity securities and cash (assets in liquid form), the proportion of which will be determined by the risk management process (the concurrent target volatility control mechanism and drawdown management process). The target volatility control mechanism aims to increase the proportion allocated to equity securities during periods of low volatility; and in turn increases the proportion allocated to cash during periods of high volatility.

Directors of the Management Company

Name	Appointment date	Resignation date
CHM Edwards	24/03/2016	
TJ Fearnhead	25/11/2013	
AB La Grange	10/07/2006	24/06/2021
YM Maitin	26/11/2020	01/10/2021
BM Mgwaba	15/10/2015	
RMH Pitt	17/02/2017	
L Poswa	09/12/2020	

**NewFunds Collective Investment Scheme manages exchange traded fund portfolios. Accordingly, the appointment dates referred to above refer to the dates these directors were appointed to the Scheme.*

Registered office	7th Floor Absa Towers West 15 Troye Street Johannesburg 2001
Bankers	Standard Chartered Bank South Africa
Trustees	Standard Chartered Bank South Africa
Auditors	Ernst & Young Inc. 102 Rivonia Road Sandton Johannesburg 2196

Supervised by	The Scheme is managed by NewFunds (RF) Proprietary Limited, a 100% owned subsidiary of Absa Bank Limited. The preparation of these financial statements therefore falls under the direct supervision of Absa Bank Limited, represented by Palesa Mkhize CA(SA). All references to 'Manager' and 'Management' relate to NewFunds (RF) Proprietary Limited.
Review of financial results	The financial results of the portfolio are set out in the attached financial statements. The results do not, in the opinion of the directors, require further explanation.
Events after the reporting date	Events material to the understanding of these financial statements, has occurred in the period between the financial year end and the date of this report. Events after the reporting date are disclosed in Note 17.
Going concern	The financial statements have been prepared on the basis of accounting policies applicable to a going concern. Refer to note 18 for disclosure on the COVID-19 impact on the Scheme.
Special resolution	No special resolutions were passed during the period under review.
Related party event	Absa Group Limited and its subsidiaries (“Absa”) and Sanlam Limited and its subsidiaries (“Sanlam”) have agreed to combine Absa’s investment management business with Sanlam Investment Holdings (Pty) Ltd (“SIH”) to establish one of the largest black owned asset management companies in South Africa, subject to regulatory approvals. As a result of the proposed transaction the management of all the NewFunds ETFs are included in the transaction and relevant information shall be communicated to investors via a market announcement.Retirement of NewFunds (RF) Proprietary Limited (“NewFunds”) as Manager of the NewFunds Collective Investment Scheme in Securities:

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - HIGH GROWTH EQUITY ETF PORTFOLIO
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2021

	Notes	2021 R	2020 R
Effective interest income		**14 503**	11 611
Investment income	3	**2 854 281**	2 099 945
Net gain/(loss) on financial assets and liabilities at fair value through profit and loss	6.1	**14 051 072**	(15 786 170)
Total Net Gain/(Loss)		**16 919 856**	(13 674 614)
Management and administration expenses		**(358 384)**	(312 559)
Increase/(Decrease) in net assets attributable to investors before distribution	4	**16 561 472**	(13 987 173)
Dividend withholding tax relating to reinvestment of distributions	15	**(543 690)**	(197 914)
(Decrease)/Increase in net assets attributable to investors after distribution		**16 017 782**	(14 185 087)
Represented by:			
Income attributable to investors		**1 966 710**	1 601 083
Capital attributable to investors		**14 051 072**	(15 786 170)

STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Notes	2021 R	2020 R
Assets			
Non-current assets			
Portfolio Investments at fair value through profit or loss	6	**77 960 620**	61 890 944
Total non-current assets		**77 960 620**	61 890 944
Current assets			
Portfolio Investments	6	**28 813**	28 177
Other receivables	7	**86**	134 939
Cash and cash equivalents	10	**674 821**	586 888
Total current assets		**703 720**	750 004
Total assets		**78 664 340**	62 640 948
Liabilities			
Current liabilities			
Other payables	8	**32 081**	26 471
Total Liabilities		**32 081**	26 471
Net assets attributable to investors		**78 632 259**	62 614 477

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - HIGH GROWTH EQUITY ETF PORTFOLIO
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO INVESTORS
for the period ended 31 December 2021

	Capital attributable to investors R	Income attributable to investors R	Net assets attributable to investors R
Balance at 01 January 2020	58 661 127	1 933 819	60 594 946
New issues for the period	16 204 618		16 204 618
Increase in net assets attributable to investors	(15 786 170)	1 601 083	(14 185 087)
Balance at 31 December 2020	59 079 575	3 534 902	62 614 477
Balance at 01 January 2021	**59 079 575**	**3 534 902**	**62 614 477**
New issues for the period	**-**	**-**	**-**
Increase/(Decrease) in net assets attributable to investors	**14 051 072**	**1 966 710**	**16 017 782**
Balance at 31 December 2021	**73 130 647**	**5 501 612**	**78 632 259**

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - HIGH GROWTH EQUITY ETF PORTFOLIO
STATEMENT OF CASH FLOWS
for the period ended 31 December 2021

	Notes	2021 R	2020 R
Cash flows from operating activities			
Cash used in operations	9	**(352 774)**	(311 752)
Purchase of equity securities due to rebalancing		**(119 005 173)**	(134 080 066)
Proceeds from sale of equity securities due to rebalancing		**116 986 568**	126 337 269
Transfers out of call deposit due to rebalancing		**-**	65 666 894
Transfers into call deposit due to rebalancing		**-**	(65 400 000)
Real Estate Investment Trust (REIT) income received		**-**	-
Dividends received	9.2	**2 988 002**	1 350 657
Interest received	9.1	**14 999**	434 026
Dividend withholding tax relating to reinvestment of distributions		**(543 689)**	(197 914)
Net cash generated by/(used in) operating activities		**87 933**	(6 200 886)
Cash flows from investing activities			
Purchase of underlying constituents on IPO*		-	-
Net cash generated by/(used in) investing activities		-	-
Cash flows from financing activities			
Cash portion received on creation of High Growth Equity Index Securities**		-	**6 576 931**
Net cash generated by financing activities		-	**6 576 931**
Net increase in cash and cash equivalents		**87 933**	**376 045**
Cash and cash equivalents at the beginning of the period		**586 888**	**210 842**
Cash and cash equivalents at the end of the year	10	**674 821**	**586 888**

*** Creations and redemptions are non-cash transactions which are done in specie with the market maker. The cash portion relates to the income that has accrued upon creation or redemption.*

1. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRS-IC) and the requirements of the Collective Investments Schemes Control Act of 2002, the Trust Deed, JSE Listing Requirements and the FRSC Financial Reporting Guides.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the current year, the Scheme has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRS-IC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2021. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Scheme's accounting policies. For details of the new and revised accounting policies refer to note 19.

2.2 BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting. Apart from certain items that are carried at fair valued amounts, as explained in the accounting policies below, the financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The financial statements are presented in South African Rands (R), the presentation and functional currency of the Scheme. All financial information is presented to the nearest Rand.

2.3 EFFECTIVE INTEREST INCOME

Effective interest income on amortised cost financial instruments is recognised in profit or loss using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to that instrument’s net carrying amount on initial recognition.

2.4 INVESTMENT INCOME

Investment income comprises dividend income, real estate investment income and interest on call accounts.

Dividends are recognised when the right to receive the dividend has been established.

Real Estate Investment Income (REIT) income in the form of cash distributions from the REIT is recognised when the right to receive income is established.

Interest on the call deposits is recognised once it has been capitalised. The call deposits form part of the portfolio investment measured at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 FINANCIAL INSTRUMENTS

2.3.1 INITIAL RECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are recognised when it becomes a party to the terms of the contract, which is the trade date. All financial instruments are measured initially at fair value plus/minus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss, where transaction costs are expensed upfront.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of significant unobservable inputs, the difference between the model valuation and the initial transaction price ("Day One profit") is recognised in profit or loss either on a straight-line basis over the term of the transaction, or over the reporting period until all model inputs will become observable where appropriate, or released in full when previously unobservable inputs become observable.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

On initial recognition, financial assets are classified into the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

The classification and subsequent measurement of financial assets depends on:
- The business model within which the financial assets are managed; and
- The contractual cash flow characteristics of the asset (that is, whether the cash flows represent "solely payments of principal and interest").

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 FINANCIAL INSTRUMENTS (continued)

2.3.1 INITIAL RECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Business model assessment:

The business model reflects how the NewFunds Collective Investment Scheme manages the financial assets in order to generate cash flows and returns. The NewFunds Collective Investment Scheme makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and infomation is provided to management. The factors considered in determining the business model include (i) how the financial assets' performance is evaluated and reported to management, (ii) how the risks within the portfolio are assessed and managed and (iii) the frequency, volume, timing for past sales, sales expectations in future periods, and the reasons for such sales. The NewFunds Collective Investment Scheme reclassifies debt instruments when, and only when, the business model for managing those assets changes. Such changes are highly unlikely and therefore expected to be very infrequent.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI):

In making the assessment of whether the contractual cash flows have SPPI characteristics, the NewFunds Collective Investment Scheme considers whether the cash flows are consistent with a basic lending arrangement. That is, the contractual cash flows recovered must represent solely the payment of principal and interest. Principal is the fair value of the financial asset on initial recognition. Interest typically includes only consideration for the time value of money and credit risk but may also include consideration for other basic lending risks and costs, such as liquidity risk and administrative costs, together with a profit margin. Where the contractual terms include exposure to risk or volatility that is inconsistent with a basic lending arrangement, the cash flows would not be considered to be SPPI and the assets would be mandatorily measured at fair value through profit or loss, as described below. In making the assessment, the NewFunds Collective Investment Scheme considers, inter alia, contingent events that would change the amount and timing of cash flows, prepayment and extension terms, leverage features, terms that limit the NewFunds Collective Investment Scheme's claim to cash flows from specified assets (e.g. non-recourse asset arrangements), and features that modify consideration of the time value of money (e.g. tenor mismatch). Contractual cash flows are assessed against the SPPI test in the currency in which the financial asset is denominated.

Debt Instruments:

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds. The NewFunds Collective Investment Scheme classifies its debt instruments as follows:

i. Amortised cost - Financial assets are classified within this measurement category if they are held within a portfolio whose primary objective is the collection of contractual cash flows, where the contractual cash flows on the instrument are SPPI, and that are not designated at fair value through profit or loss. These financial assets are subsequently measured at amortised cost where interest is recognised as Effective interest within Interest and similar income using the effective interest rate method. The carrying amount is adjusted by the cumulative expected credit losses recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 FINANCIAL INSTRUMENTS (continued)

2.3.1 INITIAL RECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

ii. Fair value through other comprehensive income - This classification applies to financial assets which meet the SPPI test, and are held within a portfolio whose objectives include both the collection of contractual cash flows and the selling of financial assets. These financial assets are subsequently measured at fair value with movements in the fair value recognised in other comprehensive income, with the exception of interest income, expected credit losses and foreign exchange gains and losses that are recognised within profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to "Gains and losses from banking and trading activities" in profit or loss. Interest income from these financial assets is included within "Effective interest" using the effective interest rate method.

iii. Fair value through profit or loss - Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are mandatorily measured at fair value through profit or loss. Gains and losses on these instruments are recognised in fair value adjustment in profit or loss. The NewFunds Collective Investment Scheme may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise. These will be subsequently measured at fair value through profit or loss with gains and losses recognised as fair value adjustment in profit or loss.

Financial Liabilities

Financial liabilities arising from the securities issued by the Portfolio are measured at fair value representing the investor's right to an interest in the Portfolio's net assets, i.e. the Net Asset Value ("NAV") of the Portfolio. Changes in the fair value are included in profit or loss in the period in which the change arises and these financial liabilities are designated at fair value through profit or loss. Gains and losses on financial liabilities are presented in OCI to the extent that they relate to changes in own credit risk. For current period there were no significant changes in own credit risk.

Equity instruments

IFRS 9 provides that at initial recognition, an irrevocable election may be made to present subsequent changes in the fair value of an equity instrument in other comprehensive income, provided that the instrument is neither held for trading nor constitutes contingent consideration recognised in a business combination. Amounts recognised in other comprehensive income are not subsequently recognised in profit or loss. Dividends, when representing a return on investment, continue to be recognised in profit or loss when the Scheme's right to receive payment is established. All equity instruments for which the designation at fair value through other comprehensive income has not been applied are required to be recognised at fair value through profit or loss. Gains and losses on equity instruments at fair value through profit or loss are recognised as "Net gain loss on financial assets and liabilities at fair value through profit and loss" in the statement of comprehensive income

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 FINANCIAL INSTRUMENTS (continued)

2.3.1 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Net assets attributable to investors (redeemable securities)

All redeemable securities provided by the portfolios provide investors with the right to request redemption for cash or in specie at the value proportionate to each investor's share. The securities are redeemable at any time at the option of the security holder and are therefore classified as financial liabilities. These are measured at the redemption amounts.

OTHER RECEIVABLES

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Other receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

OTHER PAYABLES

Other payables are measured at amortised cost except for liabilities designated at fair value which are held at fair value through profit and loss. Amortised cost is the initial fair value (which is normally the amount borrowed) adjusted for premiums, discounts, repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the liability.

FAIR VALUE

The listed underlying investments are carried at fair value through profit or loss.

The fair value of a financial instrument 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.

DERECOGNITION OF FINANCIAL INSTRUMENTS

Derecognition of financial assets

Full derecognition only occurs when the rights to receive cash flows from the asset have been discharged, cancelled or have expired, or the Scheme transfers both its contractual right to receive cash flows from the financial assets (or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment) and substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 FINANCIAL INSTRUMENTS (continued)

2.3.1 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.3.2 OFFSETTING

In accordance with IAS 32 Financial Instruments: Presentation, the Scheme reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a current legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.4 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

2.5 SEGMENTAL REPORTING

The portfolio trades under the umbrella of the NewFunds Collective Investment Scheme ("CIS") as a separate exchange traded fund. The fund is a separately listed and trades on the JSE. Thus each of the separate portfolios fall within the scope of IFRS 8: Operating Segments. This Scheme has a narrowly defined mandate and operates a single line of business. Therefore the Scheme as a whole is considered to be one operating segment.

2.6 DISTRIBUTIONS

The portfolio tracks a total return index and therefore all distributions from the constituents are not paid to investors but are reinvested through the additional constituent securities.

2.7 TAXATION

Income is taxed in the hands of the investor if the portfolio distributes within 12 months of having received income, failing which income will be deemed to be received by, and accrued to the portfolio and will be taxed in its hands. Capital gains and losses are ultimately taxed in the investor's hands on disposal of their participatory interest.

The portfolio has distributed income within 12 months of receiving it within in the current period. Therefore, no income tax has been provided for in the portfolio in the current period.

	2021	**2020**
	R	**R**

3. INVESTMENT INCOME

Interest on call deposits	**1 136**	614 431
Dividend income	**2 853 145**	1 485 514
	2 854 281	2 099 945

4. INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO INVESTORS BEFORE DISTRIBUTION

Included in net assets attributable to investors before distribution are the following significant transactions:

Management fees	**(357 763)**	(310 671)

5. TOTAL EXPENSE RATIO

Increased customer demand for greater transparency in financial services and the recognition thereof by the collective investment industry requires Collective Investment Scheme managers to calculate and publish a Total expense Ratio (TER) for each portfolio under management. This is a requirement in terms of the Association of Collective Investment Scheme (ACI) standard on the calculation and publication of TER.

The ACI Guidelines on the TERs require that a fund must be in existence for more than 6 months before expense ratios can be calculated and published.

The total expense ratio by definition as expressed in the ACI standards is a measure of the portfolio's assets that were relinquished as payment for services rendered in the management of the portfolio. This is expressed as a percentage of the fraction; total expenses paid for by a portfolio for the previous 12 months divided by the daily average net asset value for the previous 12 months.

	2021	**2020**
	%	**%**
High Growth Equity ETF	**0.52**	0.50

6. PORTFOLIO INVESTMENTS

These financial assets are mandatorily measured at fair value through profit and loss as the business model of the portfolio is to manage the instruments on a fair value basis.

	2021 R	2020 R
6.1 RECONCILIATION OF THE FAIR VALUE OF INVESTMENTS		
Balance at 1 January	**61 919 121**	60 408 440
Fair value adjustments	**14 051 072**	(15 786 170)
Creations during the period	**-**	9 627 687
Rebalancing effect	**2 018 604**	7 475 902
Interest capitalised on call deposits	**636**	193 262
Balance at 31 December	**77 989 433**	61 919 121

Creations and redemptions
Creations and redemptions are recorded on trade date using historic cost being the previous day closing index price.

Rebalancing
Fund rebalancing activities are undertaken periodically to ensure proper tracking of performance of the Benchmark Index and to keep adequate cash balance. It is recorded on trade date using historic cost being the previous day closing index price.

Interest capitalised on call deposit
Interest capitalised refers to interest earned on call accounts that has been re-invested into the call account instead of being paid out of the account.

6.2 RECONCILIATION OF THE NUMBER OF UNITS

Balance at 1 January	**7 375 042**	5 375 042
Creations during the year	**-**	2 000 000
Balance at 31 December	**7 375 042**	7 375 042

6.3 PARTICIPATION INTEREST

The Scheme is the primary issuer of participatory interests for the NewFunds CIS ETF's. The Scheme is obliged to sell and repurchase one or more basket(s) of participatory interests requested or offered from or to it by investors. There is a provision that the schemes can never be obliged to deliver part of a basket. As participatory interests are listed on the JSE, typically, investors can buy or sell partial baskets of their participatory interests on the secondary market (and may contact either of the participating brokers or the market maker in this regard). Partial baskets of the portfolio are traded on the secondary market as High Growth Equity Securities (NFEHGH) on the JSE.

Proceeds received from the issue of High Growth Equity securities are utilised to buy High Growth Equity index baskets of selected constituents.

Net asset value per High Growth Equity Security, after distributable amounts at 31 December 2021 was **R10.66** (31 December 2020: R8.49).

6. PORTFOLIO INVESTMENTS

6.4 HIGH GROWTH EQUITY SECURITY BASKET OF CONSTITUENTS

	No. of shares	Cost R	Current pric Cents	Market Value R	% of the fund %
2021					
Banks					
Capitec Bank Holding	3 487	5 743 021	203 980	7 112 783	9.12
Firstrand Limited	62 722	3 649 180	6 080	3 813 498	4.89
Nedbank Group Limited	18 384	3 204 907	17 502	3 217 568	4.13
Basic Resources					
Glencore Xstrata Plc	64 735	4 199 189	8 115	5 253 245	6.74
Chemicals					
Sasol Limited	9 605	2 469 531	25 900	2 487 695	3.19
Consumer Products and Services					
Com Finance Richmont Sa	36 360	4 526 491	24 136	8 775 850	11.25
Energy					
Exxaro Resources Limited	27 497	4 346 969	15 287	4 203 466	5.39
Financial Services					
Remgro Limited	34 859	3 909 133	13 115	4 571 758	5.86
Health Care					
Aspen Pharmacare Holdings	24 060	5 856 993	22 444	5 400 026	6.92
Insurance					
Sanlam Limited	75 855	4 773 833	5 936	4 502 753	5.77
Personal Care, Drug and Grocery Stores					
Clicks Group Limited	24 678	6 901 306	31 553	7 786 649	9.98
Retail					
Woolworths Holdings Limited	89 097	4 954 941	5 186	4 620 570	5.93
Mr Price Group Limited	20 067	4 320 262	19 950	4 003 367	5.13
Telecommunications					
Vodacom Group	53 512	6 784 579	13 462	7 203 785	9.24
Mtn Group Limited	29 334	2 768 351	17 071	5 007 607	6.42
Total Equities		68 408 686		77 960 620	99.96
Call Deposit		28 813		28 813	0.04
Total Investments		68 437 499		77 989 433	100

6. PORTFOLIO INVESTMENTS (continued)

6.4 HIGH GROWTH EQUITY SECURITY BASKET OF CONSTITUENTS (continued)

	No. of shares	Cost R	Current price Cents	Market Value R	% of the fund %
2020					
Basic Resources					
BHP Group Public Limited Company	10 044	3 474 372	38 906	3 907 719	6.31
Gold Fields Limited	12 211	2 025 987	13 757	1 679 867	2.71
Harmony Gold Mining	28 772	2 737 987	7 160	2 060 075	3.33
Impala Platinum Holdings	11 886	1 908 888	20 190	2 399 783	3.88
Kumba Iron Ore Limited	5 815	2 827 644	62 281	3 621 640	5.85
Mondi Public Listed Company	12 805	4 223 995	34 312	4 393 652	7.10
Northam Platinum Limited	11 620	1 813 540	20 953	2 434 739	3.93
Sibanye Stillwater Limited	33 595	1 684 041	6 000	2 015 700	3.26
Media					
Naspers Limited	1 320	4 041 836	301 935	3 985 542	6.44
Personal & Household Goods					
British American Tobacco Public Limited					11.03
Company	12 517	7 512 681	54 545	6 827 398	
Compagnie Financière Richemont SA	44 898	5 201 087	13 110	5 886 128	9.51
Retail					
Shoprite Holdings Limited	36 579	4 773 885	14 000	5 121 060	8.27
Spar Group Limited	38 891	6 922 597	18 954	7 371 400	11.90
Telecommunications					
Prosus N.V.	2 673	4 353 567	160 616	4 293 266	6.93
Vodacom Group	47 375	5 992 254	12 439	5 892 976	9.52
Total Equities		59 494 360		61 890 944	99.95
Call Deposit		28 177		28 177	0.05
Total Investments		59 522 537		61 919 121	100

		2021 R	2020 R
7.	**OTHER RECEIVABLES**		
	Dividend receivable	**-**	134 857
	Interest income receivable	**86**	82
		86	134 939
8.	**OTHER PAYABLES**		
	Management fee	**32 081**	26 471
		32 081	26 471
9.	**CASH USED IN OPERATIONS**		
	Management fee	**(357 763)**	(310 671)
	Transaction fee	**(621)**	(1 888)
	Movement in other payables	**5 610**	807
	Cash used in operations	**(352 774)**	(311 752)

Cash used in operations represents the cash paid on management and administration expenses.

9. 1	**INTEREST RECEIVED**		
	Interest received is calculated as follows:		
	Opening interest accrual	**82**	1 327
	Interest income on current account	**14 503**	11 611
	Interest income on call deposits	**1 136**	614 431
	Less interest receivable	**(86)**	(82)
	Less interest capitalised in call deposits	**(636)**	(193 261)
	Interest received	**14 999**	434 025
9.2	**DIVIDEND RECEIVED**		
	Dividend received is calculated as follows:		
	Opening dividend accrual	**134 857**	**-**
	Dividend income	**2 853 145**	1 485 514
	Less dividend receivable	**-**	(134 857)
	Dividend received	**2 988 002**	1 350 657
10.	**CASH AND CASH EQUIVALENTS**		
	Current account	**674 821**	586 888

11. RISK MANAGEMENT

11.1 CAPITAL RISK MANAGEMENT

The Scheme monitors capital on the basis of the value of net assets attributable to investors. The Scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for investors and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Scheme may adjust the amount of distributions paid to investors. There are no externally imposed capital requirements on the Scheme.

11.2 FINANCIAL RISK MANAGEMENT

The Scheme's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Scheme's risk management are to identify all key risks for the Scheme, measure these risks and manage the risk positions and determine capital allocations. The Scheme regularly reviews its risk management policies and systems to reflect changes in markets and products and best market practice.

The Scheme's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Scheme's financial performance. The Scheme defines risk as the possibility of losses or profits foregone which may be caused by internal or external factors.

The risks arising from financial instruments to which the Scheme is exposed are financial risks which include credit risk liquidity risk and market risk which are discussed below. Market risk has been identified as the most significant risk to the Scheme.

With regards to the portfolio, the financial instruments consist mainly of underlying listed investments, cash and cash equivalents, other receivables and other payables.

11.3 MARKET RISK

Market risk exists where significant changes in equity prices will affect the value of the portfolio’s index securities. The Scheme's investment mandate is to passively manage the portfolio. As a result it is subjected to a similar nature and level of market risk as the benchmark portfolio.

There is no guarantee that the Scheme's portfolios will achieve its investment objective of perfectly tracking the index. The value of portfolio index securities and distributions payable by the Scheme’s portfolios will rise and fall as the capital values of the underlying securities housed in the portfolio and the income flowing therein fluctuates. Prospective investors should be prepared for the possibility that they may sustain a loss.

The Scheme’s portfolios may not be able to perfectly replicate the performance of an index because:

- The scheme is liable for certain costs and expenses not taken into account in the calculation of the Index this is applicable to a total return index;
- Certain Index constituents may become temporarily unavailable; or
- Other extraordinary circumstances may result in a deviation from precise index weightings.

11. RISK MANAGEMENT (continued)

11.3 MARKET RISK (continued)

Price Sensitivity Analysis

All the investments in portfolios of the Scheme's portfolios are listed on the JSE. Index Securities are created with an objective to track the performance of specific portfolio indexes (customised indexes).

Any movement or adjustment in the specific portfolio index will have an impact on the price of the investment in the portfolio. At any point in time the market value of one unit in the portfolio may be expected to reflect 1/1000th of the Index level plus an amount which reflects a pro rata portion of any accrued distribution amount within the portfolio.

Actual market values may be affected by supply and demand and other market factors however the ability of a holder to switch out of any ETF portfolio securities by redeeming them in specie for one or more baskets of the constituent securities should operate to substantially avoid or minimise any differential which may otherwise arise between the relevant basket and the value at which any portfolio securities trade from time to time.

The High Growth Equity Securities investment portfolio of **R77 960 620** (2020: R61 890 944) is affected by price fluctuations.

At reporting date a 10% increase in the value of the investment in the portfolio's security price will increase the index and resulting net assets attributable to investors of the portfolio by **R7 796 062** (2020: R6 189 094).

At reporting date a 10% decrease in the value of the investment in the portfolio's security price at the reporting date will decrease the index and resulting net assets attributable to investors of the portfolio by **R7 796 062** (2020: R6 189 094).

11.4 INVESTMENT RISK

There can be no assurance that the investment in portfolios will achieve their investment objectives of replicating the price and yield performance of the portfolio index securities. The net asset value of the portfolio index securities will rise and fall as the value of the underlying portfolio fluctuates. The return achieved on portfolio index securities can be expected to fluctuate in response to changes in the return achieved by the underlying portfolio.

On a quarterly basis the index is adjusted to ensure that the constituent companies in the index are the top performing companies. Thus adjustments such as removing a company that is not performing well or a change in the weighting of the shares are performed.

The following factors could negatively impact on the investment performance of the portfolios:
- Certain costs and expenses incurred by the portfolio could cause the underlying portfolio to mistrack against the Index;
- Temporary unavailability of securities in the secondary market or other extraordinary circumstances could cause deviations from the exact weightings of the Index;
- In circumstances where securities comprising the Index are suspended from trading or other market disruptions occur it may be impossible to rebalance the portfolio of securities held by the portfolio and this may lead to tracking error.

11. RISK MANAGEMENT (continued)

11.5 SECONDARY TRADING RISK

There can be no guarantee that the portfolio index securities will remain listed on the JSE. Despite the presence of market makers the liquidity of the portfolio index securities cannot be guaranteed. The portfolio index securities may trade at a discount or premium to their net asset value. Any termination of a listing would be subject to the JSE Limited Listing Requirements.

11.6 INTEREST RATE RISK

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Scheme is exposed to interest rate risk on its' cash balance.

Interest Rate Sensitivity

The cash and cash equivalents, including cash amounts within the portfolio R703 634 (2020: R615 055) are affected by interest rate fluctuations.

At reporting date a 1% decrease in the interest rate would decrease the profit of the portfolio by **R7 036** (2020: R6 151).

At reporting date a 1% increase in the interest rate would increase the profit of the portfolio by **R7 036** (2020: R6 151).

11.7 CREDIT RISK

Credit risk is the risk of financial loss to the Scheme if a party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the scheme. Credit risk arises from other receivables and cash and cash equivalents. The carrying amounts of other receivables and cash and cash equivalents represent the maximum exposure; which are neither past due nor impaired with the total concentration of risk being in the financial services sector.

Risk limits control and mitigation policies: The credit risk relating to the other receivables is limited as it relates mainly to interest income receivable on cash balances held with reputable financial institutions and dividend receivable from listed securities.

11. RISK MANAGEMENT (continued)

11.7 CREDIT RISK (Continued)

	2021 R	2020 R
Maximum credit risk		
Portfolio Investments *	**28 813**	28 177
Other receivables	**86**	82
Cash and cash equivalents	**674 821**	586 888
	703 720	615 417

Credit exposure by industry

Financial Services	**703 720**	615 417
	703 720	615 417

* Portfolio Investments represents the call account portion.

The Scheme's financial assets subject to the expected credit loss within IFRS 9 are only short-term receivables. There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the period.

All other receivables are expected to be received in three months or less. An amount is considered to be in default if it has not been received 30 days after it is due.

11.8 LIQUIDITY RISK

Liquidity risk results from both the differences between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. Liquidity risk management deals with the overall time profile of the current financial position as well as the expected future structure.

Liquidity risk management process: The availability of funding through liquid cash positions with various institutions ensures that the Scheme has the ability to fund day-to-day operations. During rebalancing proceeds received from the sale of selected constituents are utilised to buy a basket of selected constituents. The approach to managing liquidity risk is to ensure that the portfolio would be able to pay suitable distributions or deemed distributions to investors on a quarterly basis. All dividend distributions or deemed distributions are approved by the trustee and calculated by the administrators.

All of the portfolios' securities are listed instruments and are bought and sold on the JSE through a JSE member. The participatory interest in the portfolio securities can be sold to the market maker 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 all the Scheme's portfolio participatory interests at prices around NAV of the participatory interest thereby ensuring tight buy and sell spreads.

11. RISK MANAGEMENT (continued)

11.8 LIQUIDITY RISK (Continued)

Under normal circumstances and conditions the investor will be able to buy or sell the portfolio securities from the market makers.

Per the Trust Deed the managing Scheme can sell the underlying portfolio assets to meet any short or long term obligation and can borrow up to 10% of the market value of the underlying assets.

The following tables represent the maturity analysis of the financial liabilities:

	On demand R	0-12 months R	Total R
2021			
Other payables	**-**	**32 081**	**32 081**
Net assets attributable to investors	**78 632 259**	**-**	**78 632 259**
	78 632 259	**32 081**	**78 664 340**
2020			
Other payables	-	26 471	26 471
Net assets attributable to investors	62 614 477	-	62 614 477
	62 614 477	26 471	62 640 948

12. FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES HELD AT FAIR VALUE

12.1 FAIR VALUE HIERARCHY

The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from quoted prices in active markets and inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below shows the portfolio's financial instruments that are recognised and subsequently measured at fair value analysed by level of the fair value hierarchy. The classification of instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. All the fair values disclosed are recurring fair value measurements.

12. FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES HELD AT FAIR VALUE (continued)

12.1 FAIR VALUE HIERARCHY (continued)

The table below sets out the fair value of Level 1 and Level 2 financial instruments:

	Level 1 R	**Level 2 R**	**Level 3 R**
2021			
Recurring fair value measurements			
Financial Instruments			
Mandatorily measured at Fair Value Through Profit and Loss:			
Portfolio investments	**77 960 620**	**28 813**	
Net assets attributable to investors		**(78 632 259)**	
	77 960 620	**(78 603 446)**	
2020			
Recurring fair value measurements			
Financial Instruments			
Mandatorily measured at Fair Value Through Profit and Loss:			
Portfolio investments	61 890 944	28 177	
Net assets attributable to investors		(62 614 477)	
	61 890 944	(62 586 301)	

The valuation technique applied in order to value Level 2 financial instruments is the Net Asset Value which is linked to the adjusted price of the underlying market traded instruments.

13. RELATED PARTIES

NewFunds (RF) Proprietary Limited, a subsidiary of Absa Bank Limited, has been established to act as an agent for all management and administrative services in respect of the Scheme's portfolios. The fees payable to them have been included in management and administration expenses.

Trustee: Standard Chartered Bank South Africa

Ultimate holding company: Absa Group Limited.

Market Maker:Absa Bank Limited.

14. RELATED PARTIES (continued)

Key Management Personnel

The Scheme's key management personnel are the trustees listed in the Trustee's Report and the directors of NewFunds (RF) Proprietary Limited who act as an agent for all management and administrative services in respect of NewFunds CIS portfolios. Trustee fees are incurred by NewFunds (RF) Proprietary Limited.

Other than trustee fees and management fees paid to Standard Chatered Bank South Africa and NewFunds (RF) Proprietary Limited there were no material transactions with key management personnel or their families during the year.

	Admin and management fees expense R	Bank Charges R	Interest Income R	Dividend Income R	Cash and Cash Equivalents R	Other receivables R	Other Payables R	Participatory Interest Held R	Portfolio Investment R
2021									
NewFunds (RF) Proprietary Limited	**(357 463)**	**-**	**-**	**-**	**-**	**-**	**(32 081)**	**-**	**-**
Absa Group Limited	**-**	**-**	**994**	**78 002**	**-**	**86**	**-**	**(69 064 795)**	**24 406**
Standard Bank of South Africa Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Standard Chartered Bank	**-**	**(621)**	**14 465**	**-**	**674 821**	**-**			**4 393**
2020									
NewFunds (RF) Proprietary Limited	(310 671)	-	-	-	-	-	(26 471)	-	-
Absa Group Limited	-	-	328 017	-	-	82	-	(59 151 169)	23 912
Standard Bank of South Africa Limited	-	(1 733)	127 440	-	-	-	-	-	-
Standard Chartered Bank	-	(155)	170 586	-	586 888	-			4 253

15. DISTRIBUTIONS

The Index Securities will effect quarterly distributions after paying all the accrued expenses of the NewFunds Collective Investment Scheme. All distributions are made out of the income of each ETF portfolio.

The quarterly record dates are 23 April 2021, 23 July 2021, 22 October 2021 and 21 January 2022. Holders of the ETF securities ("investors") recorded in the register on the below record dates were entitled to the respective distribution declared.

During the period under review the following distributions were affected by NewFunds CIS portfolios:

	2021 R	2020 R
2021 : 7.21 cents per security declared on 14 January 2021 and re-invested 25 January 2021	**531 751**	674 816
2021: 8.39 cents per security announced on 15 April 2021 and reinvested on 26 April 2021. (2020 : 5.95 cents per security announced 16 April 2020 and re-invested on 28 April 2020)	**618 774**	379 538
2021: 5.16 cents per security announced on 15 July 2021 and reinvested on 26 July 2021. (2020 : 5.47 cents per security announced 16 July 2020 and re-invested 27 July 2020)	**380 254**	403 633
2021: 17.15 cents per security announced on 14 October 2021 and reinvested on 25 October 2021. (2020 : 6.54 cents per security announced 15 October 2020 and re-invested 26 October 2020)	**1 264 970**	482 460
	2 795 749	**1 940 446**

Distributions declared after year end

2022: 3.34 cents per security announced on 13 January 2022 and reinvested on 24 January 2022. (2021 : 7.21 cents per security declared on 14 January 2021 and re-invested 25 January 2021)	**246 400**	531 751

Dividend withholding tax on the above dividends declared amounts to **R543 690** (2020: R197 914).

16. QUARTERLY REVIEW OF PORTFOLIO PRICES

	31 March (cents)	30 June (cents)	30 September (cents)	31 December (cents)
2021				
High Growth Equity Securities	**919**	**923**	**1 004**	**1 066**
2020				
High Growth Equity Securities	811	833	831	849

17. EVENTS AFTER THE REPORTING DATE

Distributions occurred post year end, refer to Note 15.

18. COVID-19

Due to the coronavirus (COVID-19) pandemic, governments across the world have declared national lockdowns, which have resulted in extensive travel restrictions and quarantine measures being implemented. Businesses globally have had to limit or suspend their operations and as such, the COVID-19 measures implemented by governments globally have severely impacted a wide range of industries, including the financial sector. Due to the global economic downturn, a significant increase in the volatility of the financial and commodities market worldwide has been noted.

This Portfolio is a passively managed portfolio. Although the impact of COVID-19 can be seen in fluctuation in the market values of the underlying investments in the portfolio, the nature of business and conduct of the portfolio has remained unchanged. The objective of the portfolio remains to replicate the NewFunds/Absa Volatility Managed SA High Growth Equity Index as closely as possible regardless of the fluctuations in the price or changes in the constituents of the Index.

The continuing COVID-19 pandemic has not affected the Portfolio's ability to continue as a going concern and the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

19. NEW ACCOUNTING PRONOUNCEMENTS

Adoption of new and revised Standards

During the current year, the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRS-IC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2021. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Company's accounting policies.

The Company adopted the following standards, interpretations and amended standards during the year:

Interest Rate Benchmark Reform (IBOR) Phase II	*Interest Rate Benchmark Reform (IBOR) Phase II* The amendments, which are applicable for financial periods beginning on or after 1 January 2021, address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are as follows:
•	Modifications to financial instruments and lease liabilities which arise as a direct consequence of IBOR reform are accounted for by updating the effective interest rate
•	Hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships must be amended to reflect modifications, and amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and
•	Additional disclosure requirements have been included.

New and revised International Financial Reporting Standards issued not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

	Standard	**Annual periods beginning on or after**
Annual Improve-ments	Amendments resulting from annual improvements 2018-2020 Cycle for the following standards:	1 January 2022
•	IFRS 1 - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.	
•	IFRS 9 - The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.	

19. NEW ACCOUNTING PRONOUNCEMENTS (continued)

IAS 37	*Provisions, Contingent Assets and Contingent Liabilities* - Amendments specifying which costs an entity needs to include when assessing whether a contract is onerous or loss-making. Costs that are required to be included are those that relate directly to a contract to provide goods or services, and include both incremental costs, as well as an allocation of costs directly related to contract activities.	1 January 2022
IAS 1	*Classification of liabilities as current or non-current* - Amendments which aim to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	1 January 2023
IAS 1 and IFRS Practice State-ment 2	*Disclosure of Accounting Policies* - The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the four-step materiality process' described in IFRS Practice Statement 2.	1 January 2023
IAS 8	*Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* - The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.	1 January 2023
IAS 12	*Income taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*: Amendments aim at clarifying how companies account for deferred tax on leases; when a lessee recognizes an asset and a liability at the lease commencement.	1 January 2023

Apart from the instances detailed above the Company is in the process of assessing the potential impact that the adoption of these standards and interpretations may have on its future financial performance or disclosures in the annual financial statements.