



ETHOS
CAPITAL

FINANCIAL RESULTS

for the year ended 30 June 2020

EPE CAPITAL PARTNERS LTD
("ETHOS CAPITAL" OR "THE COMPANY")
INCORPORATED IN THE REPUBLIC OF MAURITIUS
REGISTRATION NUMBER: C138883 C1/GBL
ISIN: MU0522S00005
SHARE CODE: EPE

FINANCIAL AND OPERATIONAL HIGHLIGHTS

→ *A steady performance during the first part (eight months) of the year given macroeconomic headwinds*

R0.7 billion loan facility concluded
(R0.5 billion on uncommitted basis)



R0.75 billion rights issue completed

that improved the liquidity position



R2.7 billion* invested capital and
R9.89* NAVPS



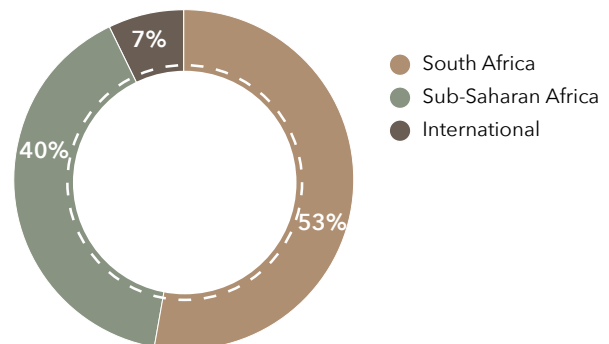
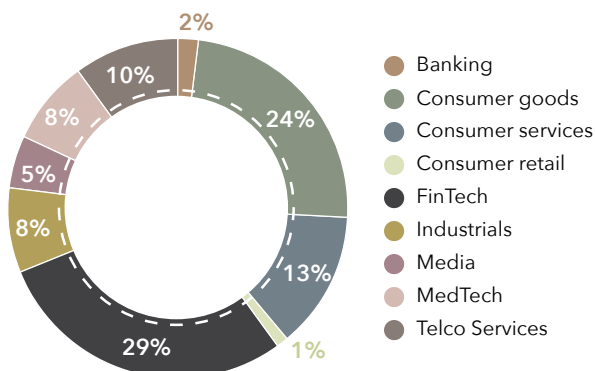
R1.3 billion invested during the year,
including investment in Brait

total assets nearly fully invested in expanding asset base

22x Portfolio Companies

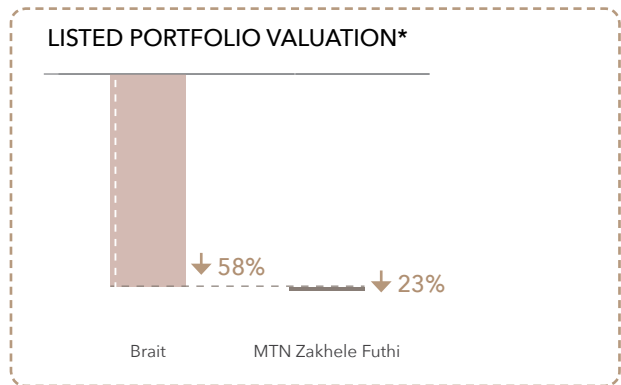
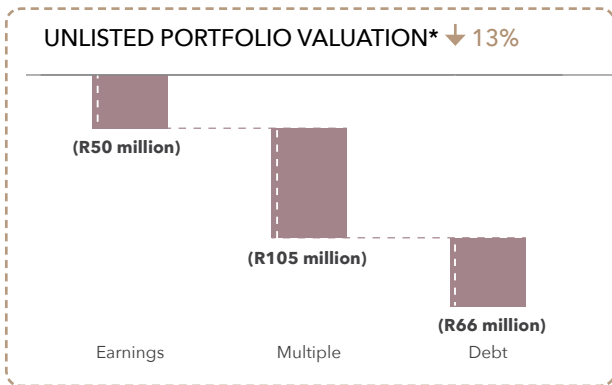


with increased diversification

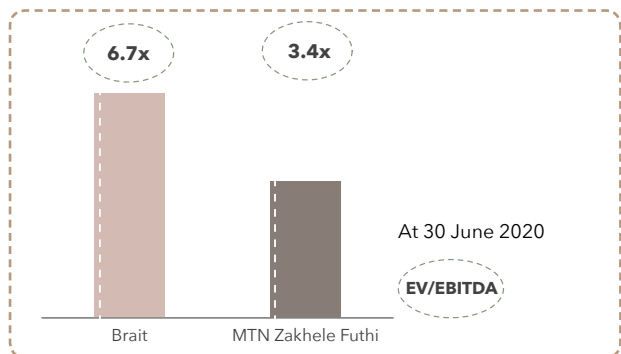
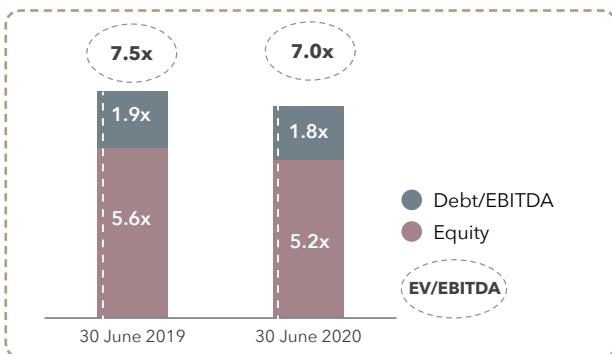


* Implied post rights issue and Brait investment during February 2020.

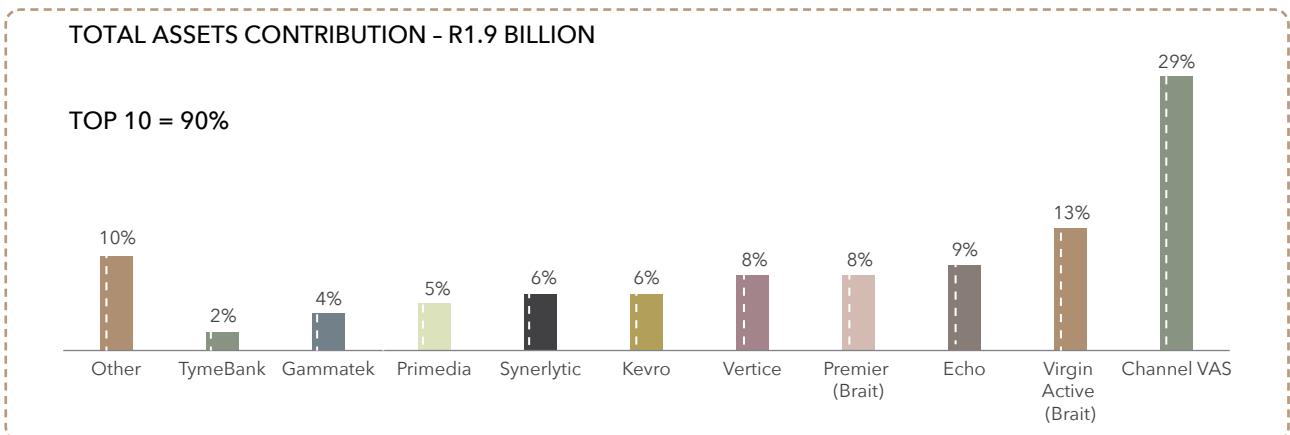
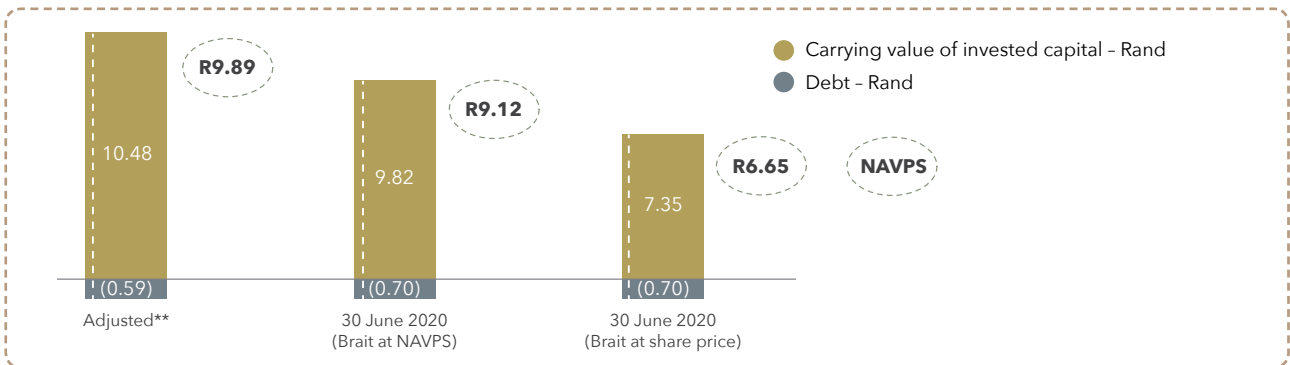
COVID-19 pandemic significantly impacted movements over the last four months of the year



modest valuation multiples



with potential for recovery in NAVPS



* Movements over the last four months of the year.
 ** Implied post Rights Issue and Brait investment during February 2020.

RESULTS FOR THE YEAR ENDED 30 JUNE 2020, AVAILABILITY OF AUDITED AFS AND NOTICE OF AGM

Introduction

EPE Capital Partners Ltd is an investment company, registered and incorporated in Mauritius as a public company. It is listed on the Johannesburg Stock Exchange ("JSE") and offers shareholders long-term capital appreciation by making commitments and investments into Funds or Co-Investments that are managed by Ethos Private Equity (Pty) Limited ("Ethos"), providing the Company with largely indirect exposure to a diversified portfolio of unlisted private equity type investments ("Portfolio Companies"). The Group refers to the consolidated results of the Company and its deemed controlled entity.

The Group's performance is largely measured by the growth in the net asset value ("NAV") and NAV per share ("NAVPS").

A. RESULTS ANNOUNCEMENT

Overview

2020 has been a year of two halves - both challenging - but for different reasons. The economic outlook in South Africa faced significant structural and growth impediments during the first part of the year. Consumer sentiment and business confidence remained at multi-decade lows, GDP growth rates continued to be significantly below market expectations and unexpected load shedding further influenced confidence.

With that backdrop, Ethos Capital achieved a steady performance during the first part of the year to February 2020, evidenced by increased valuations on key Portfolio Companies. It completed a R700 million loan facility and a R750 million fully underwritten Rights Issue in February 2020, with the proceeds used to Fund a R1.03 billion investment into Brait SE ("Brait") for an effective 9.8% stake. A further R0.24 billion was invested into existing investments, bringing invested capital to R2.7 billion. In March 2020, Ethos was appointed as the advisor to the Brait Board which has adopted a strategy of realising value from its existing investments. Since Ethos took over, Brait has sold two of its six Portfolio Companies and realised over R3.0 billion.

Performance during the second part of the year was significantly impacted by the unprecedented outbreak of the COVID-19 pandemic. Lockdowns imposed by governments have curtailed consumer spend, significantly reduced production capacity and output and resulted in the largest global contraction in GDP. With 18 out of the 22 Portfolio Companies being closed during the lockdown, the unlisted portfolio's short-term profitability was severely impacted and the peer group multiples on which their valuations are based declined significantly, resulting in the implied EV/maintainable EBITDA valuation multiple decreasing to 7.0x (30 June 2019: 7.5x). Furthermore, the share prices of the listed portfolio, consisting of Brait and MTN Zakhele Futhi, reduced by 58% and 23% over the latter part of the year.

At 30 June 2020, Ethos Capital's reported NAVPS, which is based on the respective listed investments' share prices at 30 June 2020, was R6.65 per share. The equivalent NAVPS that is based on Brait's last reported NAVPS at 31 March 2020, is R9.12.

The impact of COVID-19 is likely to be felt for some time. The Board believes that it is unlikely that there will be a material improvement in the macroeconomic outlook for South Africa in the next 12 months. The pandemic has resulted in a significant refocus on operational efficiencies at all of the Portfolio Companies which is likely to benefit these companies when the macroeconomic outlook improves.

Presentation

Ethos Capital will host a webcast presentation at 10h00 am on Monday 28 September 2020 covering the results relating to the year ended 30 June 2020, and outlook. A copy of the presentation is available for download on the Company's website at <https://ethoscapital.mu/investors/reports-results/>

Participants should please register for the webcast in advance by navigating to this website: <https://www.diamondpass.net/7970996>

B. CHIEF EXECUTIVE OFFICER'S REVIEW



"The COVID pandemic has resulted in a significant refocus on operational efficiencies at all of the Portfolio Companies which is likely to benefit these companies when the macroeconomic outlook improves."

Peter Hayward-Butt
Chief Executive Officer

Year in the rearview mirror

First and foremost, I would like to apologise to our shareholders for the reduction in NAVPS during the course of 2020. Ethos prides itself on its track record which over 36 years has delivered a realised IRR of 36%. 2020 has been the most difficult year in the Firm's history and for the first time since listing, the Ethos Capital NAVPS ended the year lower than it started.

Some of the reduction was due to the unforeseen impacts of COVID, some due to the extremely difficult macroeconomic landscape in South Africa leading up to the pandemic, but an element of the decrease was a result of endogenous factors that we could potentially have foreseen and mitigated. I would like to assure investors that as the adviser, Ethos is committed to stabilising the asset base and growing value in the portfolio. Early signs are that the worst of impact of the pandemic on our Portfolio Companies is behind us but lots of work will be required to reposition these companies to grow and thrive in the post-COVID world.

I would like to thank the Portfolio Company management teams and staff for their dedication and focus on mitigating the impacts of the pandemic. I can say without reservation that, without the swift actions taken and the proactivity of the management and boards of these companies, the outcome would have been significantly worse.

The first six months of the year showed promise with increased valuations on key Portfolio Companies and a fully invested capital base with the announcement of the Brait transaction. The unforeseen arrival of COVID and its unprecedented impact on the global economic activity brought any positive momentum to an abrupt halt. Focus changed from profitability and valuation growth to survival across most of the Portfolio Companies.

Many of the companies had to contend with significant reductions in revenue or, in some cases, no revenue which exposed the impact of operating leverage. Thankfully in all cases, the companies were able to put in place liquidity plans that enabled them to survive the storm. More time is required to assess the full impact that the pandemic has had on these businesses however, the management teams are focused on revising their strategies to find ways to thrive in a post-COVID landscape. The tough measures focused on operating efficiencies and cashflow management will stand these businesses in good stead as the economic outlook returns to pre-COVID levels.

The Brait transaction, that was concluded in early February 2020, could not have been timed worse. As the Coronavirus spread globally, the first Virgin Active clubs were closed at the end of February. The majority of the Brait Portfolio Companies were severely impacted by the government lockdowns, including Virgin Active, New Look and Consol Glass. However, in line with the revised Brait strategy to realise value from the existing portfolio,

Ethos as adviser to the Brait Board, was able to drive the completion of the sale of two key assets, Iceland Foods and DGB, realising proceeds in excess of R3.0 billion. In addition, the focus on operating costs, resulted in a reduction in Brait's annual cash costs by c.R466 million. These actions have provided the requisite headroom to enable Brait to continue to drive its strategy of realising value from the Portfolio Companies.

While the operating environment has been extremely tough, Ethos recognises the importance of and demonstrated the benefit of active management in private markets during this period. Private equity as an asset class has outperformed the public markets over an extended period and Ethos is committed to driving and realising value from the Ethos Capital portfolio. As I said at the outset, we apologise for the annual performance and are extremely focused on returning value to shareholders.

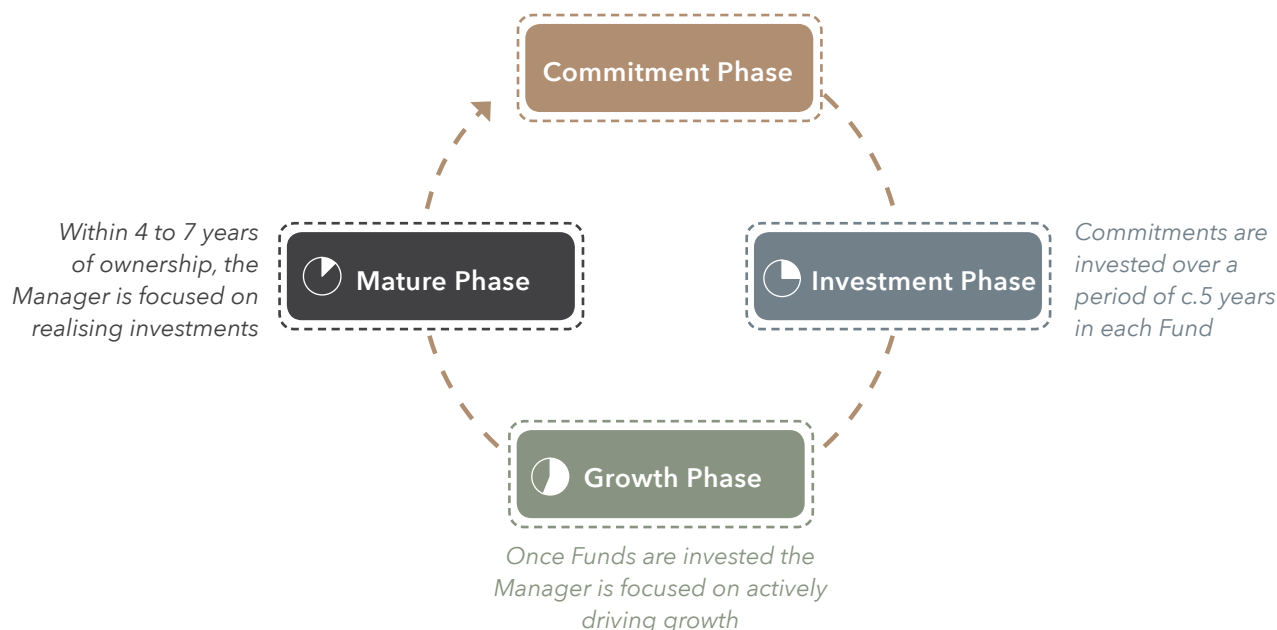
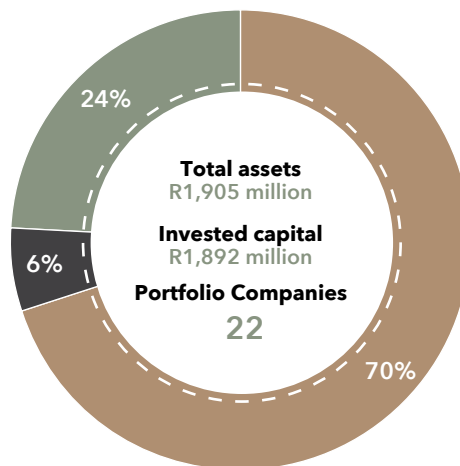
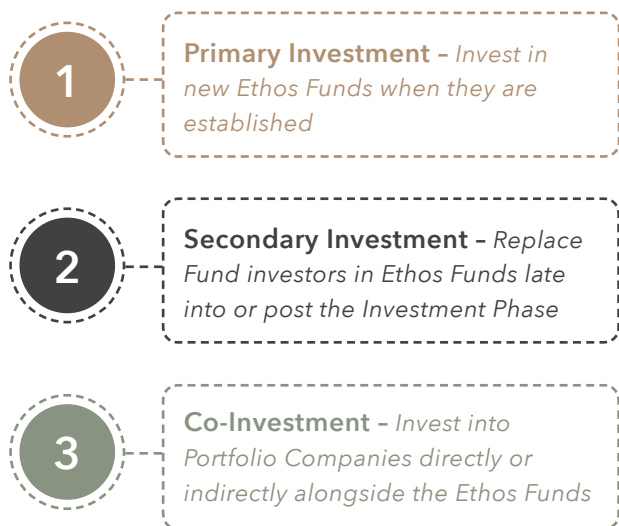
Company strategy

Ethos Capital provides its shareholders with access, both indirectly (through Fund investments) and directly (through Co-Investments), to a diversified portfolio of unlisted companies that are actively managed by Ethos ("the Manager"). Ethos Capital aims to deliver consistent, market-beating returns through these actively managed private equity investments.

Ethos Capital invests using Primary, Secondary and Co- Investment strategies to access private equity backed companies, as set out below.

The Ethos Capital Board and Investment Committee are responsible for allocating capital commitments across these three strategies based on, *inter alia*, the macroeconomic outlook, overall portfolio diversification, liquidity constraints and prevailing market sentiment.

Once the Board has made its decision to invest in the above strategies, the Manager is responsible for driving returns from the underlying Portfolio Companies.



The Investment Phase is the initial period of ownership of an asset. These investments are often held at cost for the first year as the management teams of the underlying investment develop and initiate operational strategies for the Portfolio Company.

The Growth Phase is the period of ownership where the Manager's Value Add capacity and capabilities are institutionalised in the Portfolio Companies to drive growth. This phase is normally between three and five years.

The Mature Phase entails preparing the Portfolio Company for exit and executing the sales process. The proceeds are then returned to investors.

Ethos has a long, successful track record. Since 1984, Ethos' large equity Funds have invested in 110 Portfolio Companies, 97 of which have been sold generating a realised IRR of 36%.

The key factors that differentiate Ethos and have led to this sustained outperformance are:

- the largest and most experienced team of private equity professionals in sub-Saharan Africa (31 investment professionals, including 16 investment partners);
- a world-class governance platform and investment process which leverages the experience of doing deals on the continent for 36 years; and
- sector expertise and domain knowledge (such as artificial intelligence ("Ai")) in addition to an extensive understanding of all aspects of the private equity life cycle.

A combination of the above and the industry expertise and oversight of the Ethos Capital Board, provide a unique investment opportunity to enable shareholders to benefit from the sustained outperformance that private equity can deliver.

Performance overview

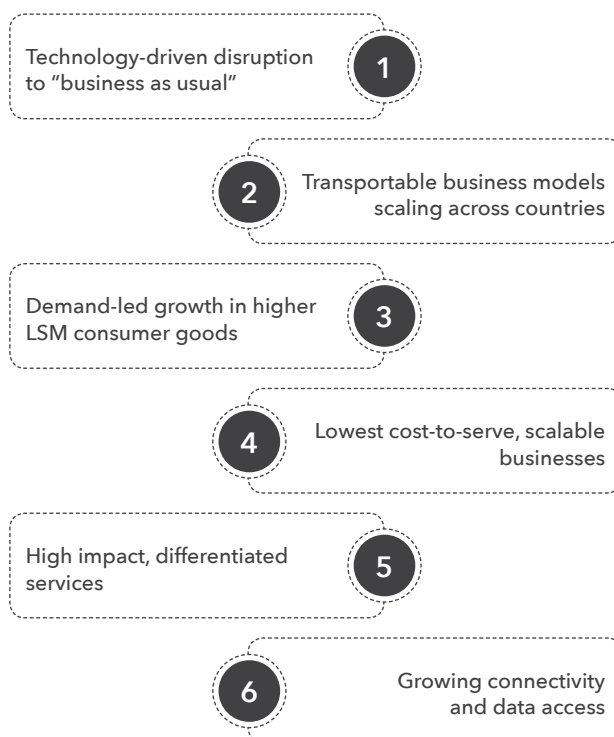
2020 has been a year of two halves - both challenging - but for different reasons.

In South Africa, pre-COVID, the progress on initiatives announced by Cyril Ramaphosa's government, have been very slow and, in the main, disappointing with respect to their impact on the economic outlook. Consumer sentiment remained at multi-decade lows and GDP growth rates continued to be significantly below market expectations. Industrial output remained muted with many corporates choosing to delay investment and expansion pending further clarity of key sectoral policies.

By contrast, the strong GDP growth rates of some of the other countries in sub-Saharan Africa have provided a strong platform for growth in key sectors of these economies. Enhanced policy certainty has been a key focus for many of these countries, which has resulted in above-average direct foreign investment which has fuelled economic growth. While strong growth rates provide a solid platform for investment in these sub-Saharan African countries, political and currency stability remain key risk factors.

Since February 2020, the impact of COVID on almost all sub-Saharan countries has been significant. Lockdowns imposed by governments have curtailed consumer spend, significantly decreased production capacity and output and resulted in the largest global contraction in GDP.

Ethos took a strategic decision five years ago to focus on investments in those regions, sectors and companies that have the propensity to benefit from the following key growth tailwinds:



Investments that have one or more of the above attributes have a demonstrably better chance of creating a sustainable business niche and delivering market-leading returns. The decision has resulted in investments in companies that have been less severely impacted by the COVID pandemic. However, very few sectors have been completely immune from the global economic fallout.

Pleasingly, the performance of some of Ethos Capital's larger Portfolio Companies has remained strong despite the operating conditions. Channel VAS has shown strong operational growth during the past 12 months, Echo has continued to grow its revenue base and order book and Vertice has grown organically and has added three bolt-on acquisitions during the year and significantly grown its profitability.

During the year, Ethos Capital invested R242 million into existing Portfolio Companies, most notably the acquisition of Gondwana by Echo. It also completed a R750 million rights issue and invested over R1.0 billion to acquire an effective 9.8% stake in Brait. Ethos was appointed as the adviser to the Board of Brait which has adopted a strategy of realising value from its existing Portfolio Company investments. Since taking over as adviser on 1 March 2020, Brait has sold two of its six Portfolio Company investments realising over R3.0 billion.

At a Group level, the NAVPS increased from R11.34 at 30 June 2019 to R11.48 as at 31 December 2019. As a result of the R750m rights issue, the NAVPS on an adjusted basis reduced to R9.89. The NAVPS as at 30 June 2020 decreased to R9.12 based on a "look through" to Brait's last reported NAVPS at 31 March 2020 or to R6.65 assuming the Brait share price as at 30 June 2020.

The significant write down in valuation reflects:

- the significant decrease in many of the valuation multiples of the Portfolio Company peer groups as a result of COVID;
- the impact of COVID on the maintainable EBITDA in the Portfolio Companies; and
- the increase in net debt adjustments to reflect the fact that many of the Portfolio Companies have deferred paying expenses during the lockdown period and require increased levels of working capital to resume trading.

Ethos Mid Market Fund

The Ethos Mid Market Fund I ("EMMF I") has a relatively unique position as a majority black owned and controlled entity which has provided the Fund with a significant number of investment opportunities.

EMMF I has completed eight acquisitions to 30 June 2020 and during the year, completed the acquisition of Gondwana, a follow-on investment in Echo for R94 million.

Ethos Capital has committed R950 million to this Fund out of the Fund's total commitments of R2.5 billion of which R341 million remains outstanding for Ethos Capital.

Ethos Mezzanine Fund

The pipeline of opportunities for Ethos Mezzanine Partners Fund 3 ("EMP 3") remains strong, with particular application of the mezzanine product to growth opportunities in sub-Saharan Africa for investee companies looking to access growth capital.

Ethos Capital had originally committed R250 million to this Fund out of the total commitments of US\$120 million (c.R2.1 billion). Ethos Capital has subsequently agreed to reduce its commitment to EMP3 to a maximum of R125m of which R100 million remains undrawn; further discussions with Ethos are ongoing.

Ethos Fund VI

Ethos Fund VI ("EF VI") concluded a number of investments (both follow-on capital and bolt-on investments by the Portfolio Companies) during the year to complete the Fund's investment programme.

While Ethos Capital's commitment to Ethos Fund VI is small (US\$10 million), the Company has made a number of Co-Investments alongside the Fund, including Primedia and Vertice.

In January 2020, EF VI completed the sale of Eaton Towers to American Towers. The investment has been a highly successful one for the Fund which realised a 2.5x money back multiple and an IRR of 22% in ZAR over the 4.5-year investment period.

Ethos Healthcare Platform

The Ethos Healthcare Platform ("EHP") has continued to invest behind the buy-and-build strategy for Vertice, a medical technology ("MedTech") business that it acquired in May 2018. In addition to the two acquisitions that were completed to June 2019, a further three complementary MedTech businesses were acquired during the year and the company is in advanced discussions with other acquisition targets to create a high-end market-leading, scaled supplier of high-end medical devices. Ethos Capital has invested R93.5 million into the platform to date.

Ethos Fund VII

Ethos Fund VII ("EF VII") is the successor equity fund for EF VI (which is now fully invested) and had its first close in October 2018.

Shortly after the closing, the Fund completed its first investment into Channel VAS, an airtime credit service provider with operations and contracts with mobile network operators across 28 countries in Africa. Ethos Capital also made a Co-Investment in Channel VAS, alongside the Fund.

In November 2019, EF VII completed a Co-Investment alongside EMMF I to facilitate the acquisition of Gondwana by Echo. In February 2020, EF VII invested R700 million to acquire a stake alongside Ethos Capital in Brait.

EF VII is now fully invested and is focused on realising value from its six Portfolio Companies (including the Brait underlying investments). Ethos Capital invested c. R800 million into EF VII and has no further outstanding commitment to EF VII. Ethos Capital has discretion over any further participation in the Fund.

Ethos Ai Fund I

The Ethos Ai Fund I ("EAiF I") was established as a Co-Investment vehicle to invest alongside other Ethos Funds in businesses that will benefit from the adoption and implementation of algorithmic decision making. The Fund had its first close in October 2018 and has invested alongside EF VII in Channel VAS, alongside the EHP in Vertice and into TymeBank, alongside African Rainbow Capital Limited.

The Fund is exploring a number of interesting data-driven transactions, some of which are at an advanced stage of due diligence.

Ethos Capital has committed R150 million as a first close investor to EAiF I and its outstanding commitments total R56 million.

Valuations

COVID had a significant impact on Portfolio Company valuations both from its impact on maintainable EBITDA and also valuation multiples of the Portfolio Companies. While the valuation multiples of some sectors did increase towards the end of Q2 2020, Ethos decided to keep most of the multiples at similar levels to March 2020 until the sustainability of the rally and Portfolio Company performance could be ascertained.

As at 30 June 2020, the implied EV/maintainable EBITDA of the unlisted portfolio that is valued on an earnings-based methodology, is 7.0x (7.5x equivalent at 30 June 2019) and the implied price earnings ratio ("PER") is 12.0x.

Excluding Channel VAS whose valuation multiple remained unchanged the EV/maintainable EBITDA of the unlisted portfolio fell to 6.7x.

Based on the Ethos Capital share price as at 30 June 2020, the equivalent "market implied" EV/maintainable EBITDA and PER are 4.6x and 7.9x respectively.

Share price performance

The objective of the Board is to maximise long-term, sustainable returns for investors. As part of that strategy, the Company repurchased to date a total of 9 million shares, representing 3.2% of the Company's unencumbered issued A Ordinary Shares. The Board is conscious of the prevailing share price discount to NAVPS and is assessing opportunities to address the discount and maximise value for shareholders. Based on an analysis of a number of globally listed private equity firms, the Board believes that, while buybacks are accretive on a NAVPS basis, buybacks have been unsuccessful at materially closing the discount to NAVPS. Ultimately, strong underlying growth in NAVPS will drive a closing of the discount to NAVPS and the Board will continue to focus on achieving this through underlying portfolio performance and opportunistic share buybacks, subject to available liquidity.

By nature, private equity is a long-term investment, requiring long-term thinking and a patient strategy. Ethos Capital remains confident of its ability to generate sustainable, market-leading returns for its investors.

Liquidity

As at 30 June 2020, Ethos Capital had invested 99% of its total assets across a portfolio of 22 private companies with a combined EBITDA of more than R3 billion (excluding Brait and the MTN Group).

Ethos Capital, like its local and global listed private equity peers, follows an "over-commitment" strategy. Ethos Capital makes commitments to Funds, secondaries and Co-Investment transactions that exceed the current cash and debt facilities available to the Company. The Board closely monitors the liquidity profile and the non-discretionary Fund commitments of the Company. A liquidity model is maintained alongside Ethos to best forecast the timing and quantum of anticipated realisations and drawdowns against the commitments.

Ethos Capital has concluded a debt facility with Rand Merchant Bank ("RMB") in February 2020. The Board believes that it is prudent to utilise limited leverage to supplement its equity invested into various Funds and Co-Investments. The Board considers both the asset cover (total assets/ net debt) and the "look-through" net debt:EBITDA ratio of the portfolio in determining the optimal level of debt to utilise for investment purposes. The current maintainable net debt:maintainable EBITDA of the Portfolio Companies is 1.8x and R40 million of the debt facility has been drawn.

Outlook

The impact of COVID is likely to be felt for some time. The Board believes that it is unlikely that there will be a material improvement in the macroeconomic outlook for South Africa in the next 12 months. However, it is likely that the number of investment opportunities will continue to remain robust and economic growth in other sub-Saharan African countries will also provide exciting investment opportunities for the various Funds.

The COVID pandemic has resulted in a significant refocus on operational efficiencies at all of the Portfolio Companies which is likely to benefit these companies when the macroeconomic outlook improves. Many of the Portfolio Companies continue to assess strategic bolt-on transactions to enhance their position in their respective markets.

Ethos made good progress on a number of disposals (Iceland, DGB and Eaton Towers) despite the difficult market conditions and this remains a focus of the fund teams over the next 12 months.

Given the uncertain economic outlook, the Board believes that remaining focused on theme/tailwind led investing, leveraging the sector, value add and domain expertise of the Manager while exercising price discipline, will result in strong investment returns in excess of the Company's cost of equity.

The Board's strategy is not to commit to any new Fund commitments until the underlying Funds' realisation strategies and distributions to shareholders have been demonstrated.

Peter Hayward-Butt
Chief Executive Officer

C. REVIEW OF THE INVESTMENT PORTFOLIO AND RETURNS

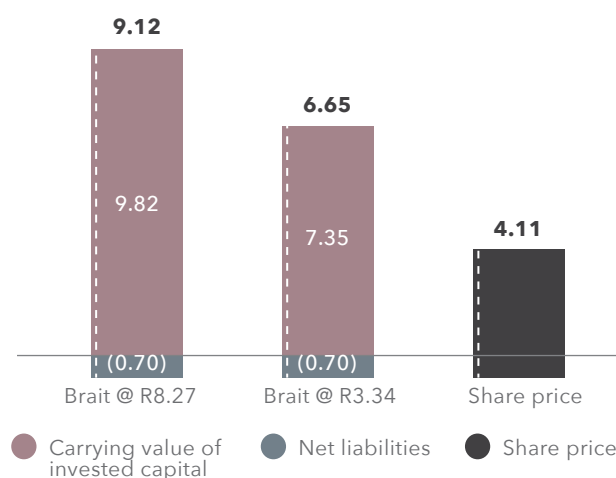
Performance

NAV and NAVPS

As an investment Company, the performance of the NAV and NAVPS is considered the most appropriate measurement of the Group's financial performance. The NAVPS is derived from the underlying NAV of the Group, consisting of the aggregate of invested capital and net cash or liabilities, and the number of its shares outstanding (net of treasury and encumbered shares). During the first half of the year, the NAVPS increased from R11.34 to R11.48 at 31 December 2019, which was a very modest increase given the tough trading conditions in the South African market. In February 2020, the Group completed a Rights Issue at R7.50 per share, increasing the ordinary shares by 100 million; the post-Rights-Issue adjusted NAVPS at 31 December 2019 was R9.89.

The second half of the year was significantly impacted by the unprecedented outbreak of the COVID pandemic, that lead to national lockdowns across the world. Portfolio Companies' short-term profitability was impacted and peer group multiples, on which their valuations are based, declined significantly. That resulted in Ethos Capital's NAVPS declining to R6.65 at 30 June 2020. It should be noted that the listed investment in Brait is valued at fair value, which is based

GROUP NAVPS AND SHARE PRICE AT 30 JUNE 2020 - RAND



on its 30 June 2020 share price of R3.34; valuing Brait at its last reported NAVPS at 31 March 2020 of R8.27 results in a NAVPS at 30 June 2020 for Ethos Capital of R9.12.

The Group's share price at 30 June 2020 was R4.11, implying a 38% discount to the 30 June 2020 NAVPS; and a 55% discount to the NAVPS based on Brait's NAVPS.

An analysis of the movements in the Group's NAV and NAVPS are detailed below:

	NAV R'000	NAVPS Cents
At 30 June 2019	1,785,549	11.34
Net rights issue proceeds	735,327	(1.55)
Net return on Temporary Investments	16,444	0.06
Net return on investment portfolio (incl. portfolio expenses)	(773,913)	(3.01)
Operating expenses	(11,112)	(0.04)
Finance costs	(12,799)	(0.05)
Fees paid to Ethos	(24,010)	(0.09)
Taxation	(3,736)	(0.01)
At 30 June 2020	1,711,750	6.65

The net return on the Temporary Investments portfolio (consisting of liquid NCDs, cash and call accounts) was R16.4 million or 6.9% based on the average balance during the year, net of administration fees of R0.3 million that was payable to Ashburton Fund Managers Proprietary Limited ("Ashburton") for managing the portfolio.

The investment portfolio reflected a net loss – largely unrealised – of R773.9 million. As noted previously, the investment portfolio was significantly impacted by the COVID pandemic. Since February 2020, the listed portfolio declined by R0.6 billion and the unlisted portfolio by R0.2 billion. The net loss includes investment portfolio expenses of R3.9 million, which largely relate to transaction fees (completed and aborted), Fund establishment costs and Fund operating expenses (general legal fees, shared investor expenses, etc.).

Operating expenses which in 2020 totalled R11.1 million, principally relate to Directors' remuneration (R4.4 million), legal fees incurred on the revolving facility and audit, listing, administration, insurance, travel and other general costs. The operating expense equalled 0.6% of the Group's average NAV over the year.

The fees payable to Ethos as the Company's Investment Advisor and Investment Manager of the Funds totalled R24.0 million. These include advisory and management

fees on Primary, Secondary and Co-Investments (R23.7 million), and administration fees on Temporary Investments (R0.3 million). The Ethos fees equalled 1.4% of the Group's average NAV over the year.

Finance costs relate to accrued interest on the Group's facility, interest paid on the Company's revolving credit facility and commitment and arrangement fees levied on the latter.

Taxation of R3.7 million was largely as a result of withholding tax (R2.2 million) from income distributions received during the year and the Mauritian income tax charges for the year.

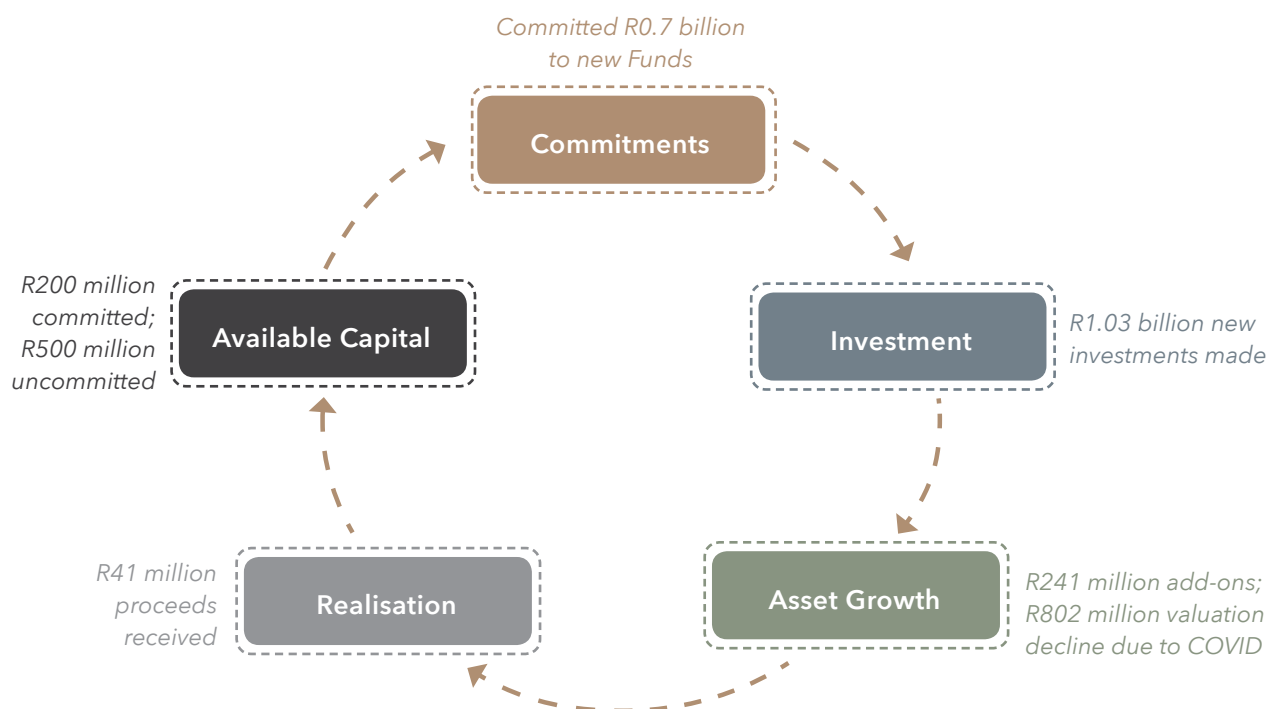
Further details on expenses are provided in notes 14 and 17 of the Notes to the Annual Financial Statements.

Share price analysis

Ethos Capital's share price achieved a high of R8.00 per share during the year before suffering, similar to most listed companies, a large decline following the COVID pandemic during Quarter 1 of 2020. The share price ended the year at R4.11 which represented a 38% discount to the Group's 30 June 2020 reported NAVPS, and 55% compared to the increased NAVPS that reflects the Brait investment at its last reported NAVPS. The average discount to NAV during the year was c.38%.

Private equity activity cycle

The Group follows the life cycle of a private equity Fund. The Board is responsible for making commitments either to existing or new Ethos Funds or to Co-Investments (Direct Investments) alongside the Funds. Once these commitments are made, Ethos (the Investment Manager) takes responsibility for deploying the committed capital into various Portfolio Companies, driving growth and transformation in these underlying assets and finally exiting the businesses. The capital is then returned to Ethos Capital, either to be distributed to shareholders or to be recycled and invested in new Ethos Funds.



Commitments to Ethos

During the year, the Company made R667.0 million of new commitments to Ethos Funds, including a R606.0 million commitment to the Ethos Direct Investment Partnership ("EDI") to facilitate Co-Investments into the Brait investment alongside EF VII and further commitments of R47.5 million (EHP) and R13.5 million to Ethos Mid Market Direct Investment Partnership ("EMM Direct").

In addition, following Ethos' decision to close EF VII for new commitments (final close to happen in October 2020), Ethos Capital's commitment was reduced and it has no current undrawn commitments to EF VII at 30 June 2020. Ethos Capital has discretion over any further participation in EF VII.

At 30 June 2020, the Company had made cumulative commitments of R3.6 billion to Ethos Funds or investments; R0.5 billion of the amount was undrawn.

Name	Vintage	Share of Ethos Investors %	Commitment R'000	Undrawn R'000
EMMF I	2016	38 - 40	950,000	341,305
EMP 3*	2018	16	125,000	100,101
EAI F I	2018	27	150,000	55,645
EF VI	2011	1 - 2	173,675**	20,075
				517,126

* Adjusted to reflect offer received to acquire up to 50% of Ethos Capital's EMP 3 commitment.

** US\$10 million commitment.

Investments

Investment portfolio

At 30 June 2020, the investment portfolio of the Company consisted of the following eleven investments:

Investment name	Participation in Ethos Funds/ Co-Investments %	Valuation R'000	Share of total assets %
Primary/Secondary Investments			
EF VII	61.0	667,713	35.0
EMMF I	37.9	390,772	20.5
EHP	18.1	116,778	6.1
EAI F I	26.5	112,704	5.9
EF VI	1.4	47,793	2.5
EMP 3	14.9	22,794	1.2
Co-Investments			
Brait ⁽¹⁾	5.7	250,801	13.2
Channel VAS ⁽¹⁾	2.4	127,338	6.7
Primedia ⁽²⁾	4.4	79,177	4.2
Kevro ⁽³⁾	8.8	61,027	3.2
Ster Kinekor ⁽⁴⁾	4.4	14,846	0.8
Total carrying value of invested capital		1,891,743	99.3

⁽¹⁾ Investment in EDI, that co-invested in Brait SE and Channel VAS Investments Ltd BVI.

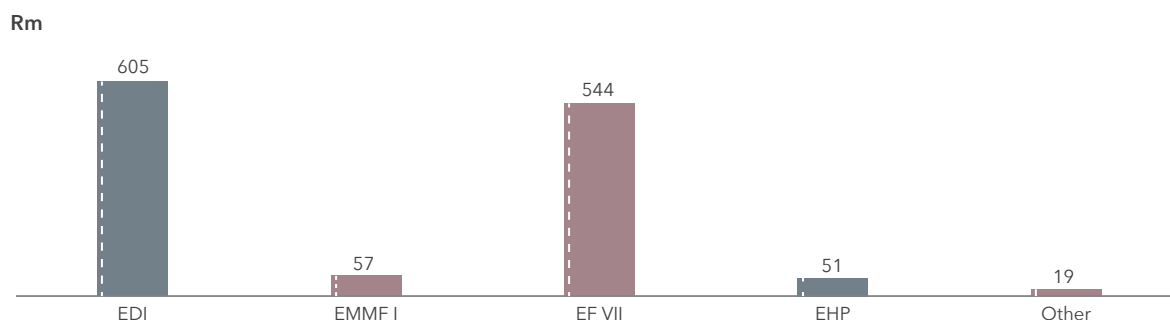
⁽²⁾ Investment in Primedia Holdings (Pty) Ltd.

⁽³⁾ Investment in Kevro Holdings (Pty) Limited, held through EMM Direct.

⁽⁴⁾ Investment in Ster Kinekor Theatres Proprietary Limited.

The Ethos Funds invested over R1.03 billion into Brait, and provided further funding of R0.24 billion for existing investments - more details are provided in the section on the following page.

Details of the capital drawdowns by Fund are provided below:



Underlying Portfolio Companies

The Ethos Funds invest in a diversified pool of unlisted Portfolio Companies which provides the Company with a diversified portfolio of underlying investments.

At 30 June 2020, the investments, constituting 99.3% of the Group's total assets, consisted of the following 22 companies:

Name	Business description	Year*	% of total assets
Channel VAS	FinTech service provider	2018	28.8
Virgin Active (Brait)	Health club operator	2020	12.8
Echo	Corporate ISP	2018	9.3
Premier (Brait)	FMCG manufacturer	2020	8.3
Vertice	MedTech	2018	8.1
Kevro	Corporate clothing and gifting	2017	6.1
Synerlytic	Specialised analytical and testing services	2019	6.0
Primedia	Media	2017	4.4
Gammatek	TMT accessory distribution	2018	3.8
TymeBank	Banking	2019	2.1
Twinsaver	FMCG Manufacturer	2015	1.7
New Look (Brait)	Multi-channel fast-fashion brand	2020	1.3
Autozone	Automotive parts retailer & wholesaler	2014	1.2
Chibuku	Brewing and distribution	2018	1.2
MTN Zakhele Futhi	Telecommunications	2017	1.1
Ster Kinekor	Media (entertainment)	2017	0.8
Eazi Access	Industrial support services	2016	0.6
The Beverage Company	Carbonated drinks manufacturer	2017	0.4
Neopak	Paper and packaging	2015	0.4
Waco International	Industrial support services	2012	0.4
Consol Glass (Brait)	Manufacturer of glass packaging	2020	0.3
RTT	Logistics	2014	0.2
			99.3

* Initial acquisition date by Ethos Fund.

The following investments were made by the Funds during the year:

In October 2020, EMMF I completed the acquisition by Echo of Gondwana, a pan sub-Saharan African Internet Service Provider ("ISP"), which provide Echo with a broad coverage and product offering in nine key sub-Saharan countries. EF VII invested alongside EMMF I for a total investment of R270 million. Ethos Capital's share of the investment through its participation in these two Funds was R133 million.

Earlier in October 2020, the Ethos consortium (including EF VII, EAiF I and EDI) increased its stake in Channel VAS by 2.5% to 20% for a net amount of R38 million (net of dividends declared and withheld as part of the funding) (Ethos Capital's share of the investment through these Funds was R20 million).

EF VII participated in the Brait Rights Issue during February 2020, investing an amount of R700 million on behalf of its investors. Through a new commitment in EDI, Ethos Capital co-invested R600 million alongside EF VII, bringing its total participation to over R1.0 billion for an effective holding of 9.8% in Brait. Brait is a public listed investment holding company, that at the time consisted of investments in:

- Virgin Active, a leading international health club operator with presence in United Kingdom (“UK”), Southern Africa, Italy and Asia Pacific;
- Premier, a leading South African FMCG manufacturer offering branded and private label solutions;
- Iceland Foods, a UK based national food retailer (that was subsequently sold to the founder management team);
- New Look, a UK multi-channel fast-fashion brand for women;
- DGB, a South African producer and exporter of local wine and importer of international brands (that was subsequently sold); and
- Consol Glass, the largest manufacturer of glass packaging on the African continent.

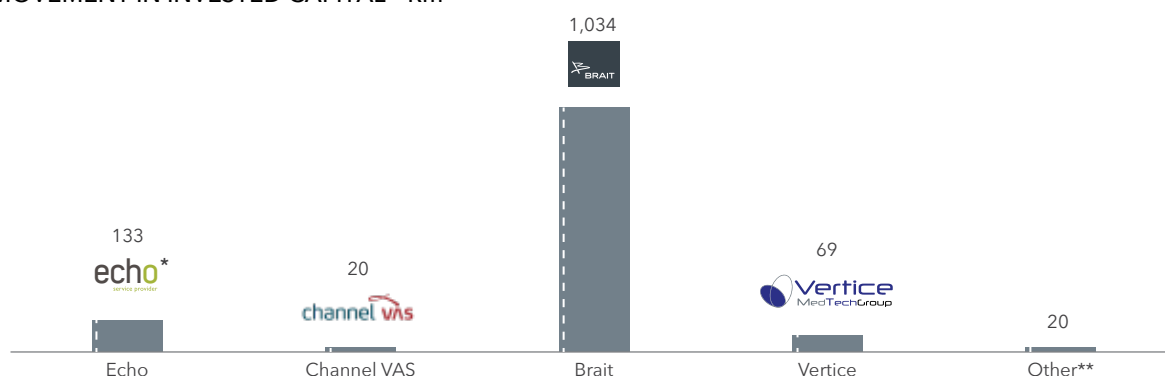
Through its MedTech platform company, Vertice, the EHP completed a number of bolt-on acquisitions to further consolidate its position in these complementary, high-growth products and markets. Acquisitions of Jumla and Paragmed were completed in October and the acquisition of Stratmed in November. Through its investment in EHP, EF VI and EAiF I, Ethos Capital has invested a further R69 million into the MedTech platform during the year.

In addition, during the year, Ethos Capital invested a further R35 million into the existing Portfolio Companies of EMMF I, EMM D and EF VI. In March 2020, EAiF I increased its commitment base that resulted in Ethos Capital, as a first close investor, being equalised and with R14 million of invested cost being returned, alongside R1.7 million of equalisation gains. Furthermore, EMP 3 had its final close in February 2020, with Ethos Capital receiving R2.0 million of invested cost returned.

Ahead of the COVID devaluation, Ethos Capital’s invested capital increased to R2.7 billion, nearly 100% of the Group’s total assets, further diversifying the portfolio and expanding its geographical exposure.

An analysis of the movements in invested capital is provided below:

MOVEMENT IN INVESTED CAPITAL - Rm



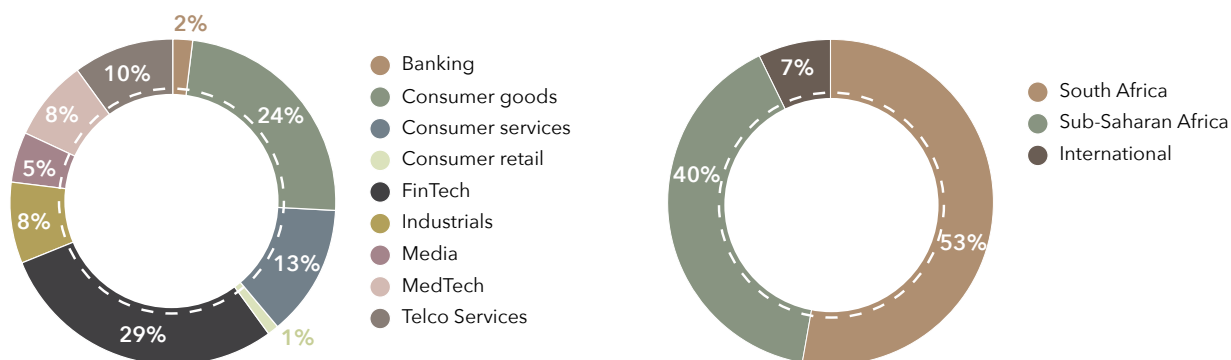
* Echo acquisition of Gondwana.

** Including Fund equalisations from EAiF I and EMP 3.

Asset growth

Portfolio Company performance

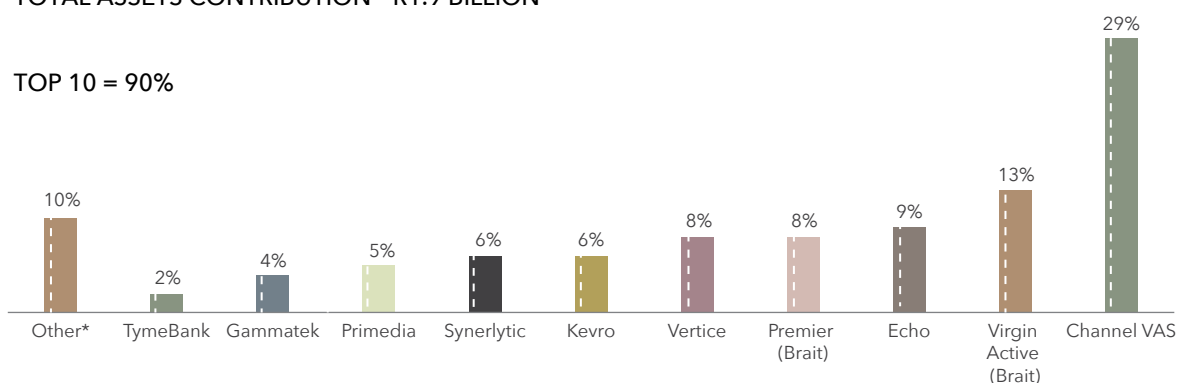
Ethos Capital’s investment portfolio at 30 June 2020 has exposure to 22 Portfolio Companies that in aggregate (excluding Brait and the MTN Group) have sales of over R24 billion and EBITDA of more than R3 billion. The Portfolio Companies span a number of sectors and geographies, providing diversified portfolio exposure.



At 30 June 2019, the contribution of each underlying Portfolio Company to the total assets of R1.9 billion, of which the top 10 investments make up 90% of the total assets, is as follows:

TOTAL ASSETS CONTRIBUTION - R1.9 BILLION

TOP 10 = 90%



* Including twelve Portfolio Companies and current assets.

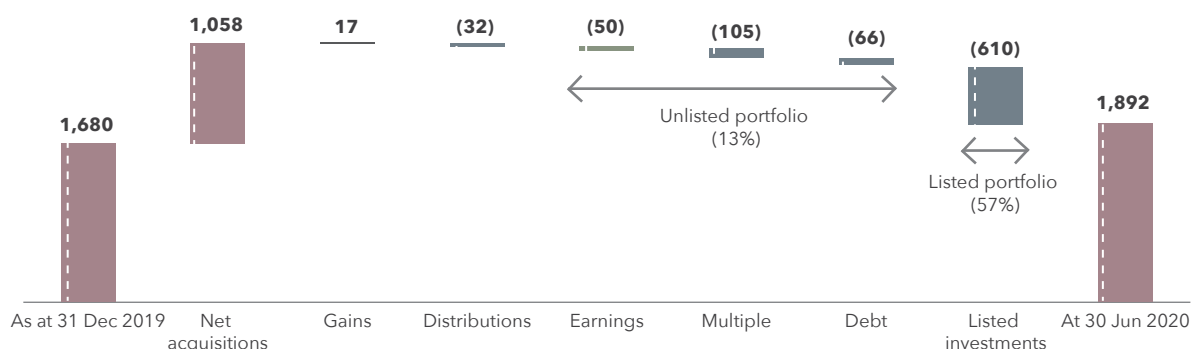
The negative gross return of the portfolio of R770 million over the year was largely attributable to unfavourable movements on the listed portfolio's share prices, following the market reaction to the COVID pandemic. The listed portfolio, consisting of Brait and MTN Zakhele Futhi, devalued by R623 million over the year, with the balance attributable to the unlisted portfolio. The unlisted portfolio achieved a return of R57 million over the first half of the year, but during the second half of the year, achieved a negative return of R204 million due to the COVID pandemic that impacted most of the Portfolio Companies' short-term profitability and the peer group multiples - on which their valuations are based - that declined significantly.

The post-COVID NAV of Ethos Capital's unlisted (original) portfolio as at 31 December 2019 decreased from R1,652 million at 31 December 2019 to R1,439 million. The decrease, adjusted for investment transactions, was largely as a result of:

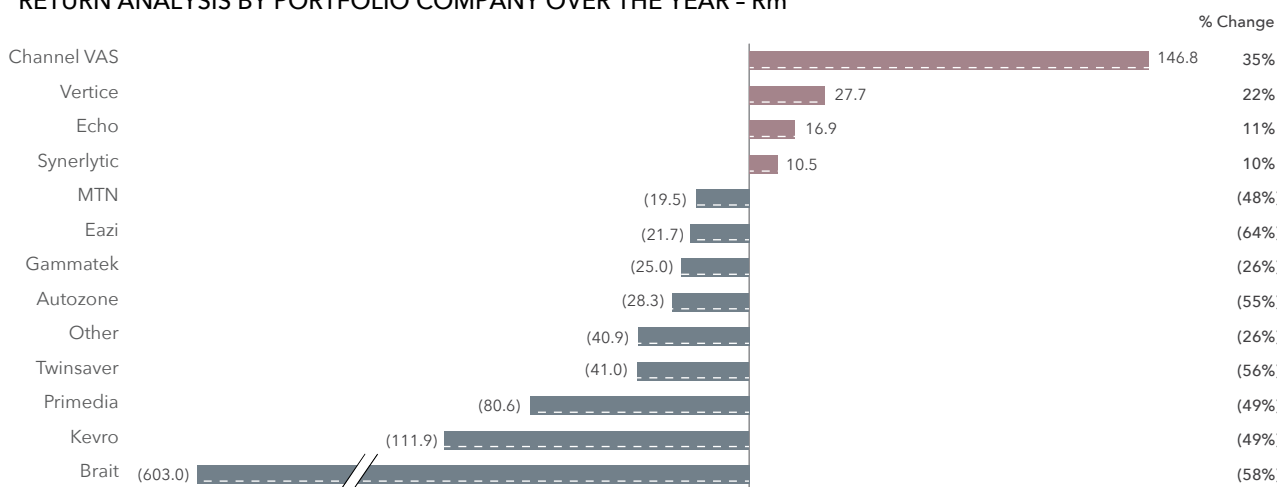
- a reduction in attributable EV/EBITDA multiples accounting for 47% of the reduction;
- a decrease in maintainable EBITDA accounting for 16% of the reduction;
- an increase in sustainable net debt accounting for 30% of the reduction; and
- realisations and Fund equalisations at the 31 December 2019 value accounting for 7% of the reduction.

The attribution of the gross portfolio return by Portfolio Company is detailed below:

MOVEMENT IN THE VALUATION DRIVERS OVER THE LAST SIX MONTHS OF THE YEAR - Rm



RETURN ANALYSIS BY PORTFOLIO COMPANY OVER THE YEAR - Rm

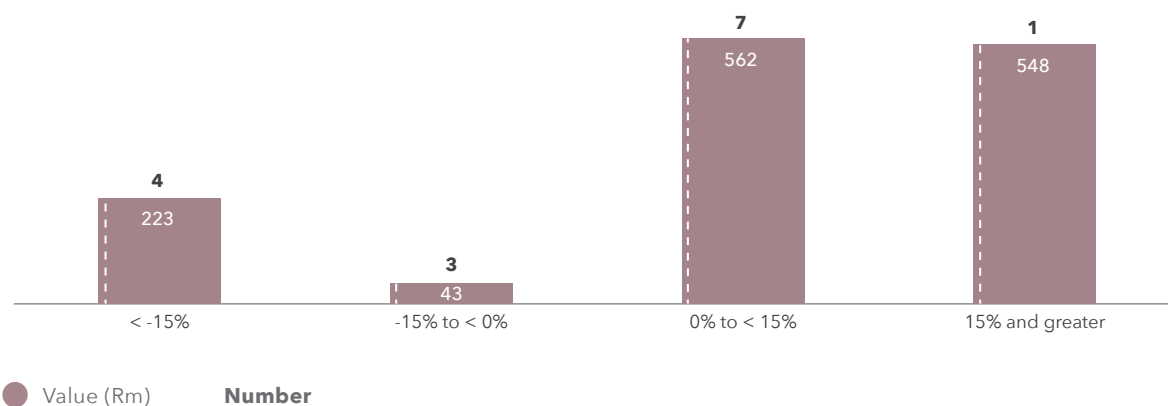


The performance of the various Portfolio Companies was extremely varied during the year. Some businesses such as Channel VAS, Vertice, Premier and Echo (55% of total assets) continued to perform very strongly despite the difficult operating environment. These businesses were also less impacted by COVID. Other businesses such as Virgin Active, Primedia and Kevro (23% of total assets) were severely impacted by COVID and consequently their valuations were significantly reduced during the year. However, the overall diversification of the portfolio was a key factor and the unlisted portfolio’s attributable sales and EBITDA growth on a value weighted basis increased 18% and 17% respectively, largely driven by the strong performance in Channel VAS which also benefited from a depreciating ZAR.

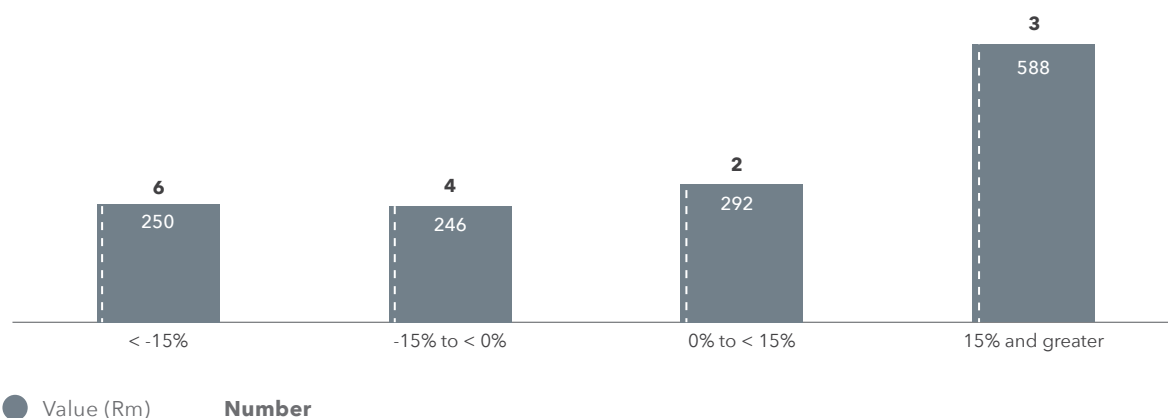
The performance of the Brait share price which was down 55% since the completion of the transaction, largely as a result of COVID’s impact on Virgin Active, had a significant impact on the Ethos Capital NAVPS. While this was disappointing, good progress has been made in repositioning the Brait businesses for exit, reducing debt and operating costs at the Brait level and also disposing of Iceland and DGB with proceeds of c. R3.0 billion. The value unlock strategy will continue and the Board is confident that this will result in a significant value unlock from the Brait portfolio.

The analysis below, showing the revenue and EBITDA growth rates across the unlisted Portfolio Companies, demonstrates the benefit of portfolio diversification. The vast majority (81% by revenue and 64% by EBITDA) of the Portfolio Companies (by value) grew both revenue and EBITDA during the year with a number of companies including Channel VAS growing by >15%.

REVENUE GROWTH % RANGE



EBITDA GROWTH % RANGE



Portfolio Company valuations

The NAV of each Fund is derived from the valuations of the underlying Portfolio Companies which are prepared in accordance with International Private Equity and Venture Capital Valuation Guidelines (“IPEV Guidelines”). Valuations are performed quarterly, audited semi-annually and approved by each Fund’s Advisory Boards. The IPEV Guidelines set out best practice where private equity investments are reported on at fair value, with the majority of the private equity investments being valued on an earnings multiple method.

In terms of this method, an appropriate valuation multiple is applied to an investment’s maintainable earnings to determine the enterprise value (“EV”) of the investment. The valuation multiple for each investments is derived from the average of public market companies’ multiples, with the Investment Manager then adjusting each investment’s multiple based on its risk profile and performance factors (i.e. applying a premium or discount). The EV is then adjusted for surplus assets or net debt to derive the equity value of the investment, which is then apportioned to the underlying holders of the financial instruments (e.g. shareholder loans and ordinary shares) – all of these are referred to as unobservable inputs as referred to in note 25 of the Notes to the Annual Financial Statements.

For the majority of the underlying Portfolio Companies the key valuation inputs are the earnings (e.g. EBITDA) of a Portfolio Company and the relevant multiple that is then applied to these earnings to determine the EV. Net debt/cash is then subtracted/added to the EV to determine the equity value. The table on the following page illustrates in aggregate how the equity value of the Company’s investments is determined.

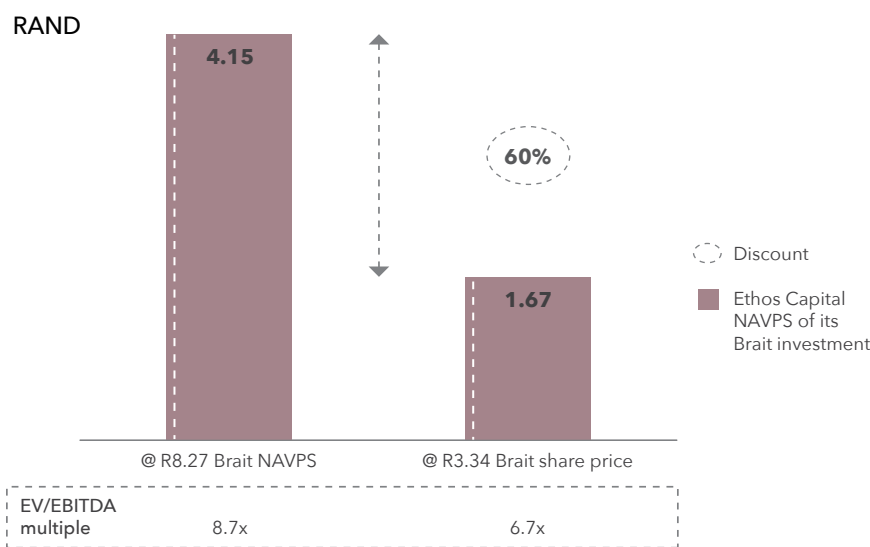
The valuation of some of the other Portfolio Companies are not derived from an earnings-based valuation basis: Chibuku Products consists of mezzanine financing provided and is based on the fair value of the instrument less any impairment; TymeBank, an investment in an early stage growth company, is valued at the price of the most recent investment; and the valuation of the investments in Brait and MTN Zakele Futhi is based on their respective share prices at 30 June 2020.

Listed portfolio

The investment in Brait is held via a listed entity and hence Ethos Capital’s fair value is based on the prevailing share price at 30 June 2020 of R3.34. The last reported Brait NAVPS which is based on the above earnings-based valuation, was R8.27 (as at 31 March 2020), resulting in a share price discount to NAVPS of 60%.

The underlying Brait Portfolio Companies that are valued on an earnings-based valuation were valued at an implied EBITDA multiple of 8.7x. Based on Brait’s share price, the implied multiple decreases to 6.7x.

The table sets out for Ethos Capital, its attributable NAVPS of the Brait investment and implied EV/EBITDA valuation multiple based on the Brait reported NAVPS of R8.27 and the Brait share price of R3.34. The value unlock strategy and disposal of the Brait assets should eradicate the current trading discount of the Brait portfolio.



The valuation of EMMF I’s indirect investment in the MTN Group that is held via its investment in MTN Zakhele Futhi, is based on the latter’s prevailing share price at 30 June 2020 of R10.10 per share. Based on the MTN Group’s last reported EBITDA and taking into account its debt levels as well as MTN Zakhele Futhi’s debt, the share price implies an EV/EBITDA multiple of 3.4x.

Unlisted portfolio

Ethos Capital's attributable share of the Portfolio Companies' maintainable EBITDA (excluding the listed investments in Brait and MTN Zakhele Futhi) as used in the 30 June 2020 valuations was R263.3 million and its attributable share of the maintainable net debt was R469.3 million, equating to a net debt/EBITDA multiple of 1.8x (2019: 1.9x). Portfolio Companies that are not valued on an earnings-based valuation have been excluded from this analysis, i.e. Chibuku and TymeBank.

Based on the Company's attributable EBITDA and an implied EV/EBITDA multiple of 7.0x, the EV of the Company's participation in the underlying Portfolio Companies is c. R1.8 billion. The attributable net debt is subtracted to result in a net equity value of c. R1.4 billion, as set out below.

Based on the information provided by the Investment Manager, the implied EV/EBITDA of 7.0x represents a 47% discount to the peer group average (2019: 31%), therefore implying an unadjusted EV/EBITDA multiple, for the comparable peer groups used, of 13.1x. The Investment Manager believes that this discount applied to the peer group multiples appropriately represents the relevant discounts applied for, *inter alia*, liquidity, jurisdictional discount, risks and growth outlook.

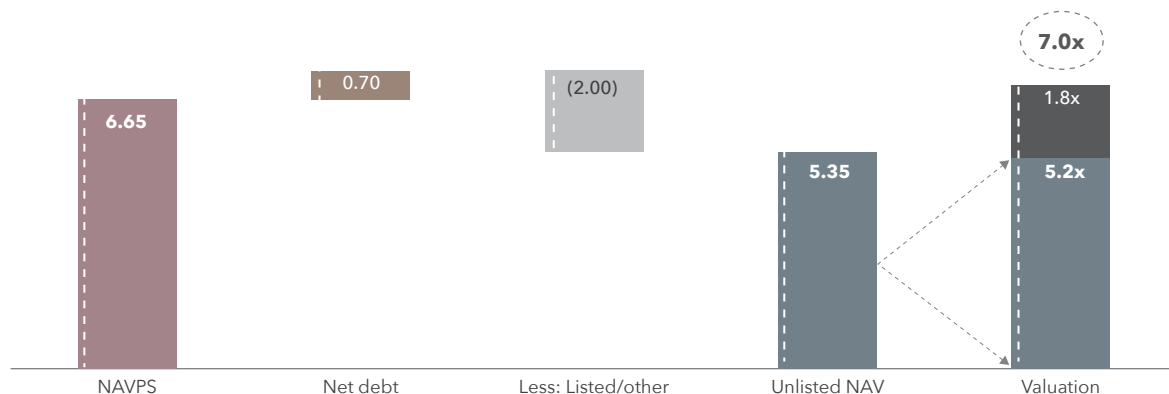
The implied EV/EBIAT (equivalent to a price earnings ratio) of the portfolio was 12.0x.

	30 June 2020 Rm	30 June 2019 Rm
Earnings-based unlisted investments		
Attributable EBITDA	263.3	233.2
<i>Implied valuation multiple</i>	7.01x	7.47x
Attributable enterprise value	1,845.7	1,742.0
Less: Attributable debt	(469.3)	(443.3)
<i>Attributable debt multiple</i>	1.8x	1.9x
Attributable equity value	1,376.4	1,298.7
Add: Other equity investments	515.3	128.6
Total investments	1,891.7	1,427.3
Carrying value of invested capital per share (Rand)	7.35	9.06

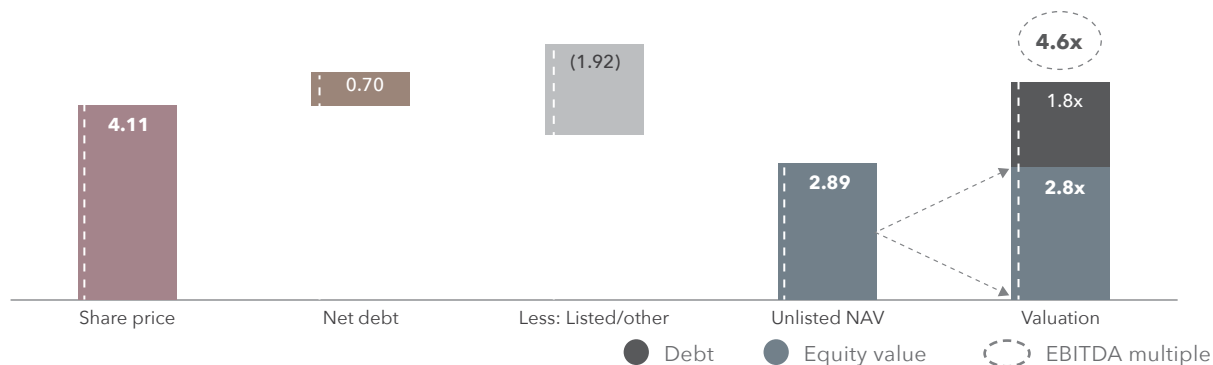
Based on the Company's share price of R4.11 as at 30 June 2020, the market implied EV/EBITDA was 4.6x and the EV/EBIAT was 7.9x.

	Share price based 30 June 2020 Rm	NAV based 30 June 2020 Rm
Attributable EBITDA	263.3	263.3
<i>Implied valuation multiple</i>	4.61x	7.01
<i>Implied share price discount</i>	34%	
Attributable enterprise value	1,214.2	1,845.7
Less: Attributable debt	(469.3)	(469.3)
<i>Attributable debt multiple</i>	1.8x	1.8
Attributable equity value	744.9	1,376.4
Add: Other equity investments	493.7	515.3
Total implied/actual investments	1,238.6	1,891.7
Invested NAV per share (Rand)	4.81	7.35
Debt (Rand)	(0.70)	(0.70)
NAVPS (Rand)	4.11	6.65
<i>Invested capital discount</i>	35%	

NAV-BASED VALUATION - RAND

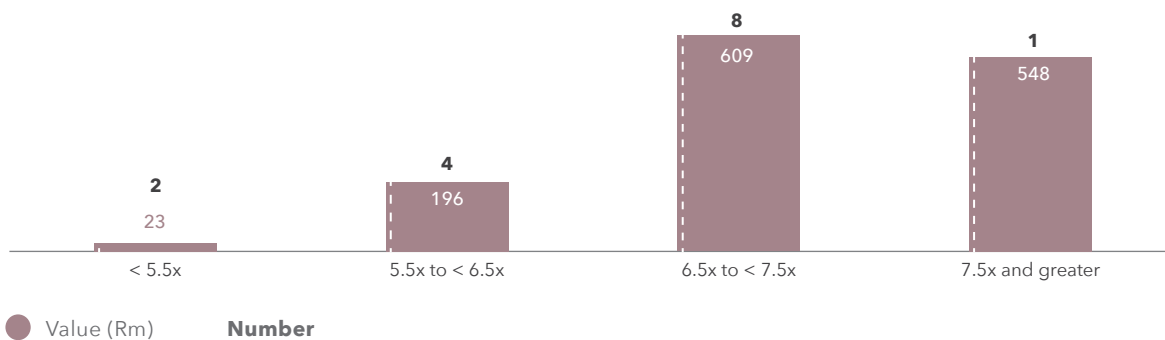


SHARE-BASED VALUATION - RAND

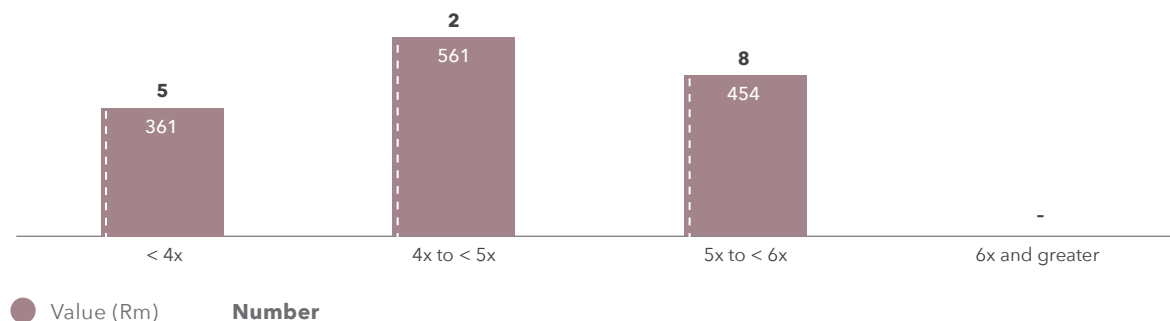


The analysis below sets out, for the unlisted Portfolio Companies that are valued on an earnings multiple method, the ranges of their EBITDA and net debt/EBITDA valuation multiples. In addition, the number of Portfolio Companies, and aggregate valuation, for each range are detailed to reflect the relevant portfolio composition of each.

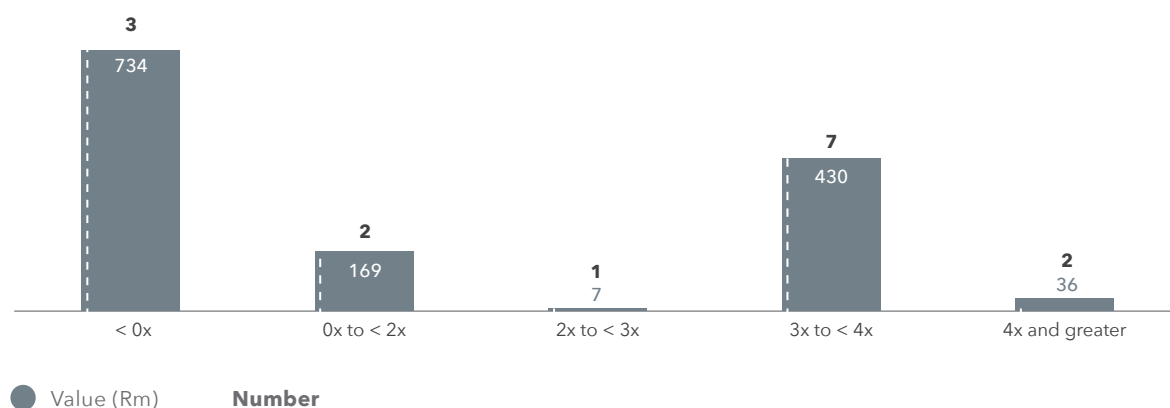
EBITDA VALUATION MULTIPLE RANGE



EBITDA VALUATION MULTIPLE RANGE (ADJUSTED FOR SHARE PRICE DISCOUNT)



DEBT/EBITDA MULTIPLE RANGE



Realisations

During the year, total distributions of R41.0 million were received from the various Ethos Funds largely relating to underlying dividends received from Portfolio Companies, including Channel VAS (R21.5 million) and Chibuku (R1.9 million). As noted earlier, following a further commitment closing in EAiF I, Ethos Capital was equalised and received an equalisation gain of R1.7 million.

Fund VI completed the sale of its investment in Eaton Towers in January 2020, generating a ZAR 2.5x money back multiple and an IRR of 22% for the Fund. Ethos Capital received proceeds of R15.8 million from the investment.

Available capital

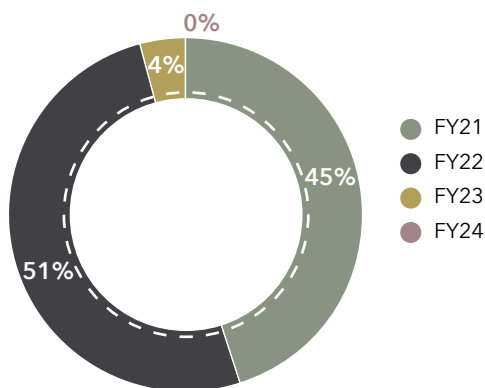
Liquid resources and balance sheet management

As at 30 June 2020, Ethos Capital had net liquid resources of R1.3 million and had drawn R40 million of the five-year revolving credit facility with Rand Merchant Bank ("RMB"). To minimise commitment fees, only R200 million of the R700 million facility is committed, with a further R500 million uncommitted and subject to lender credit process if further drawdowns are required. Optically, the Board views the ultimate implied capacity of the above facility as being R500 million and used that as their benchmark or maximum capacity for liquidity considerations.

The Company follows an "over-commitment" strategy in respect of the allocation of capital with the aim to optimise the NAVPS returns by utilising appropriate levels of gearing to enhance returns.

The Board assesses a number of key issues in determining the appropriate level of the over-commitment strategy. The Funds typically have an investment period of five years post their final close in which the Funds can call for capital from the investors to be invested in Portfolio Companies. The Funds would typically be less than 100% invested (for instance to allow a buffer for management fees to be drawn), and it is expected that realisations from the current investments will supplement the available resources before the end of the investment period. Furthermore, a Portfolio Company can raise additional financing through utilising its own bank facilities.

The below sets out the current best estimate of the expected drawdowns over the next four years, representing the remaining investment period of the Funds.



The Board, through the Investment Committee, regularly monitors the Company’s liquidity forecast using a detailed model that forecasts potential capital calls from the Funds, operating expenses and the timing and quantum of distributions from expected portfolio realisations.

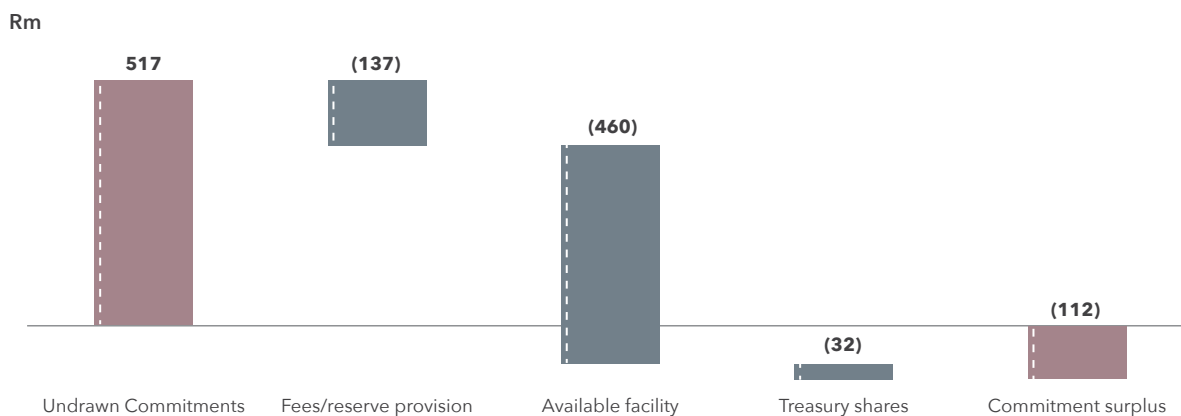
Following the COVID pandemic and resultant decrease in asset prices, the availability or capacity of the facility has decreased due to the 4.5x asset cover covenants that are in place. Furthermore, the timing of expected realisations from the current investments has likely been moved out by at least 12 - 18 months, adding further pressure on the Group’s liquidity forecast.

To mitigate the above, the Company proactively explored available options to manage its liquidity, one of which was to engage with the General Partner of EMP3, and the latter with the other Limited Partners of EMP3 to assess the appetite to acquire Ethos Capital’s participation or a share thereof in EMP3. An offer has been received to acquire up to half of the Company’s R250 million commitment, that would reduce the current undrawn commitments to c.R100 million.

In addition, following Ethos’ decision to close EF VII for new commitments (final close to happen in October 2020), Ethos Capital’s commitment was reduced and it has no current undrawn commitments to EF VII at 30 June 2020. Ethos Capital has discretion over any further participation in EF VII.

The above puts the Company in a relatively strong position to manage its likely liquidity needs over the medium-term and the Directors therefore believe the Company can operate as a going concern over the coming years.

The table below sets out the assumed unwinding of the current undrawn commitments if drawn at once. The undrawn commitments of each Fund however, need to allow for quarterly management fees payable (until the exit of the last investment) and typically for a contingency reserve for existing investments, whether for add-ons or unforeseen funding requirements; hence, it is highly unlikely that this reserve (assumed 10% per Fund) balance will be drawn all at once or imminently in full, and therefore is deducted from the immediate funding requirement. The Company can draw on its benchmark or maximum facility of R460 million, which will be used to fund any further commitments drawn. In addition, Ethos Capital can sell the treasury shares to supplement any liquidity requirements. That results in a net implied commitment surplus of R112 million. The below demonstrates that Ethos Capital currently has resources to settle its obligations and current undrawn commitments if we assume the commitments are drawn all at once, subject to the fees / reserve provision.



Based on the above analysis, the Board is confident that the Company has the ability to fund its existing commitments to the Funds as they fall due.

D. AVAILABILITY OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements for the year ended 30 June 2020, the Integrated Annual Report, the Notice of Annual General Meeting and the auditor's unmodified report including their identified key audit matters, have all been published on the Company's website and the document is available at <https://ethoscapital.mu/investors/reports-results/> or can be obtained or requested from the Company's registered office.

The Integrated Annual Report, Annual Financial Statements and the Notice of the Annual General Meeting will be distributed on 15 October 2020.

E. NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Ethos Capital shareholders will be held on 17 November 2020 at 14h00 via a remote interactive electronic platform, to transact the business as stated in the Annual General Meeting Notice forming part of the Integrated Annual Report and Annual Financials Statements.

The Notice of Annual General Meeting and proxy forms will also be available on the Company's website at <https://ethoscapital.mu/investors/governance/>

Salient dates

	2020
Record date to determine which shareholders are entitled to receive the notice of annual general meeting	Friday 9 October
Last day to trade in order to be eligible to attend and vote at the annual general meeting	Tuesday 3 November
Record date to determine which shareholders are entitled to attend and vote at the annual general meeting	Friday 6 November
Forms of proxy for the Annual General Meeting to be lodged by 14h00* (for administrative purposes) on	Friday 13 November

* Any proxies not lodged by this time must be lodged by email to proxy@computershare.co.za immediately prior to the commencement of the Annual General Meeting.

F. SUMMARISED ANNUAL FINANCIAL STATEMENTS

Responsibility

The Summarised Annual Financial Statements are extracted from audited Financial Statements but are themselves not audited. The Board of Directors take full responsibility for the preparation of the Summarised Annual Financial Statements and all financial information has been correctly extracted from the audited Financial Statements for the year ended 30 June 2020.

Independent report of the auditors

The Summarised Annual Financial Statements for the year ended 30 June 2020 have not been audited, but have been extracted from the complete audited Financial Statements, on which the Auditors of the Company, Deloitte South Africa, have expressed an unqualified audit opinion.

The audit report on the full set of Financial Statements does not necessarily report on all the information contained in this announcement. In order to understand the nature of the auditor's engagement, please obtain the auditor's report which is available in the Annual Financial Statements at <https://ethoscapital.mu/investors/reports-results/> or can be obtained or requested from the Company's registered office.

Summarised annual financial statements for the year ended 30 June 2020

These Summarised Annual Financial Statements comprise a summary of the complete audited Financial Statements for the year ended 30 June 2020 that were approved by the Board of Ethos Capital on 25 September 2020. The Summarised Annual Financial Statements do not contain sufficient information to allow for a complete understanding of the results of the Company, as would be provided in the complete audited Financial Statements.

The information required pursuant to paragraph 16A(j) of IAS 34 has not been included in these Summarised Annual Financial Statements as they are available in the full Annual Financial Statements that were published on the Company's website.

The complete audited Financial Statements are available at <https://ethoscapital.mu/investors/reports-results/> and can be obtained from the Company's registered office or upon request.

SUMMARISED STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2020

	Notes	Group		Company	
		30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Assets					
Non-current assets					
Unlisted investments at fair value	4	1,891,743	1,427,261	1,891,743	1,427,261
Total non-current assets		1,891,743	1,427,261	1,891,743	1,427,261
Current assets					
Other assets and receivables		4,717	16,382	4,715	16,380
Income tax receivable		622	359	622	359
Money market investments at fair value	5	-	481,034	-	481,034
Cash and cash equivalents		7,993	3,576	7,504	3,097
Total current assets		13,332	501,351	12,841	500,870
Total assets		1,905,075	1,928,612	1,904,584	1,928,131
Equity and liabilities					
Capital and reserves					
Issued capital	6	2,291,272	1,555,945	2,426,272	1,690,945
(Accumulated losses)/retained earnings		(579,522)	229,604	(570,064)	229,604
Total equity		1,711,750	1,785,549	1,856,208	1,920,549
Non-current liabilities					
Borrowings	7	184,949	133,093	40,000	-
Other financial liabilities	8	-	2,388	-	-
Total non-current liabilities		184,949	135,481	40,000	-
Current liabilities					
Other liabilities and payables		8,376	7,582	8,376	7,582
Total current liabilities		8,376	7,582	8,376	7,582
Total equity and liabilities		1,905,075	1,928,612	1,904,584	1,928,131
Net asset value		1,711,750	1,785,549	1,856,208	1,920,549
Basic net asset value per share (Rand)	15.2	6.65	11.34	6.85	11.23
Attributable shares in issue at end of the year ('000)	15.2	257,500	157,500	271,000	171,000

SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Group		Company	
		Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Revenue					
Changes in fair value of investments through profit or loss	9	(797,592)	5,035	(797,592)	5,035
Investment income	10	17,053	51,895	17,041	51,882
Net fair value losses	11	(279)	(26)	(279)	(26)
Total (losses)/revenue		(780,818)	56,904	(780,830)	56,891
Expenses					
Administration fees	12.1	(661)	(1,993)	(661)	(1,993)
Legal and consultancy fees	12.2	(1,706)	(982)	(1,706)	(982)
Other operating expenses	12.3	(9,406)	(8,902)	(9,404)	(8,897)
Finance costs	12.4	(12,799)	(8)	(3,331)	-
Total expenses		(24,572)	(11,885)	(15,102)	(11,872)
(Loss)/profit before tax		(805,390)	45,019	(795,932)	45,019
Income tax expense		(3,736)	(4,135)	(3,736)	(4,135)
(Loss)/profit for the year		(809,126)	40,884	(799,668)	40,884
Other comprehensive income for the year		-	-	-	-
Total comprehensive (loss)/income for the year		(809,126)	40,884	(799,668)	40,884
(Loss)/earnings per share					
Basic and diluted (loss)/earnings per share (Rand)	15.1	(4.13)	0.26	(3.82)	0.24

The above relates to continuing operations as no operations were acquired or discontinued during the year.

SUMMARISED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

Group	Year ended 30 June 2020		
	Issued capital R'000	Retained earnings/ (accumulated losses) R'000	Total equity R'000
Balance at 1 July 2019	1,555,945	229,604	1,785,549
Net proceeds from issue of Ordinary Shares	735,327	-	735,327
Total comprehensive loss for the year	-	(809,126)	(809,126)
Balance at 30 June 2020	2,291,272	(579,522)	1,711,750

Group	Year ended 30 June 2019		
	Issued capital R'000	Retained earnings R'000	Total equity R'000
Balance at 1 July 2018	1,584,031	188,720	1,772,751
Buyback of ordinary shares	(28,086)	-	(28,086)
Total comprehensive income for the year	-	40,884	40,884
Balance at 30 June 2019	1,555,945	229,604	1,785,549

Company	Year ended 30 June 2020		
	Issued capital R'000	Retained earnings/ (accumulated losses) R'000	Total equity R'000
Balance at 1 July 2019	1,690,945	229,604	1,920,549
Net proceeds from issue of Ordinary Shares	735,327	-	735,327
Total comprehensive loss for the year	-	(799,668)	(799,668)
Balance at 30 June 2020	2,426,272	(570,064)	1,856,208

Company	Year ended 30 June 2019		
	Issued capital R'000	Retained earnings R'000	Total equity R'000
Balance at 1 July 2018	1,719,031	188,720	1,907,751
Buyback of ordinary shares	(28,086)	-	(28,086)
Total comprehensive income for the year	-	40,884	40,884
Balance at 30 June 2019	1,690,945	229,604	1,920,549

SUMMARISED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Group		Company	
		Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Cash flows from operating activities					
Cash generated by/(used in) operations	14	686	(25,188)	688	(25,183)
Interest income from cash and bank balances	10	607	440	595	427
Finance costs paid		(3,331)	-	(3,331)	-
Income tax paid		(3,999)	(5,533)	(3,999)	(5,533)
Net cash used in operating activities before investing activities		(6,037)	(30,281)	(6,047)	(30,289)
Cash flows from investing activities					
Net cash flow from non-current investments		(1,262,074)	(710,301)	(1,262,074)	(710,301)
Payments to acquire non-current investments		(1,275,563)	(716,928)	(1,275,563)	(716,928)
Proceeds on disposal of non-current investments		15,811	5,888	15,811	5,888
Interest received from non-current investments		2,249	5,060	2,249	5,060
Dividends received from non-current investments		22,984	19,083	22,984	19,083
Investment-related expenses		(27,555)	(23,404)	(27,555)	(23,404)
Net cash flow from current investments		497,195	758,808	497,195	758,808
Payments to acquire money market investments		(617,555)	(1,447,679)	(617,555)	(1,447,679)
Proceeds on maturities and disposals of money market investments		1,092,028	2,140,026	1,092,028	2,140,026
Interest received from money market investments		22,722	66,461	22,722	66,461
Net cash (used in)/generated by investing activities		(764,879)	48,507	(764,879)	48,507
Cash (used in)/generated by operating and investing activities		(770,916)	18,226	(770,926)	18,218
Cash flows from financing activities					
Proceeds from issue of ordinary shares		750,000	-	750,000	-
Payment for share issue costs		(14,673)	-	(14,673)	-
Proceeds from borrowings		40,000	-	40,000	-
Payment for buyback of ordinary shares		-	(28,086)	-	(28,086)
Net cash generated by/(used in) financing activities		775,327	(28,086)	775,327	(28,086)
Net increase/(decrease) in cash and cash equivalents		4,411	(9,860)	4,401	(9,868)
Cash and cash equivalents at the beginning of the year		3,576	13,414	3,097	12,943
Effects of exchange rate changes on the balance of cash held in foreign currencies	11	6	22	6	22
Total cash and cash equivalents at the end of the year		7,993	3,576	7,504	3,097

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 General information

EPE Capital Partners Ltd (“Ethos Capital”, “the Company” or “the Group”) was registered and incorporated in Mauritius as a private company on 26 May 2016 under the Mauritius Companies Act, and was converted to a public company on 15 July 2016. The Company is licensed as a Category One Global Business Company by the Financial Services Commission of Mauritius and is designed to offer shareholders long-term capital appreciation by investing into Funds or Co-Investments that provide the Group exposure to a diversified portfolio of unlisted private equity-type investments.

2 Application of new and revised International Financial Reporting Standards (“IFRS”)

The following new and revised standards and interpretations are relevant to the Group and have been adopted in these Group (consolidated) and Company Summarised Annual Financial Statements (collectively referred to as “Summarised Annual Financial Statements”). Their adoption has not had any significant impact on the amounts reported in these Summarised Annual Financial Statements but may have affected the accounting and disclosure of transactions and arrangements. These standards are effective for companies with financial year-ends beginning on or after the effective date as noted for each standard.

Standard	Subject	Effective date
New		
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments/Improvements		
IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (not relevant to the Group)	1 January 2019
IAS 19	Employee Benefits - Plan Amendment, Curtailment or Settlement	1 January 2019

IFRS 16 Leases

The Group currently has no leases and it is not expected to have any in the foreseeable future.

IFRIC 23 Uncertainty over Income Tax Treatments

The current alignment of the accounting profits and the Mauritian tax legislation results in this having no impact on the Group.

IFRS 9 Prepayment Features

The Group does not make prepayments on financial assets and other changes has not impacted its current borrowings.

IAS 19 Employee Benefits

The Group does not currently have any employees.

2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

The standards issued but not yet effective for the financial year ended on 30 June 2020 that might be relevant to the Group and not implemented early, are as follows:

Standard	Subject	Effective date
Amendments/Improvements		
Various	<i>References to the conceptual framework in IFRS standards</i>	1 January 2020
IFRS 3	<i>Definition of a business</i>	1 January 2020
IAS 1 and IAS 8	<i>Definition of material</i>	1 January 2020
IFRS 9, IAS 39 and IFRS 7	<i>Interest rate benchmark reform</i>	1 January 2020
IFRS 16	<i>COVID-19 related rent concessions</i>	1 January 2020
IAS 1	<i>Classification of liabilities as current or non-current</i>	1 January 2023
Various	<i>Annual improvements to IFRS: 2018-2020 cycle</i>	1 January 2022

The Directors have assessed the potential impact post the adoption of these standards and amendments on the Group's results and reasonably expect (based on the current assets, liabilities and operating business model) there to be no material impact on the measurement or disclosure in the Summarised, Annual and Interim Financial Statements for the annual periods beginning on or after the respective dates as indicated above, and based on the assessment of some key and relevant assessments below:

IAS 1 and IAS 8

The Group has already applied the principle of materiality in the preparation and disclosure of financial information in the Financial Statements.

3 Significant accounting policies

3.1 Basis of preparation

These Summarised Annual Financial Statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS as issued by the International Accounting Standards Board; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; the Financial Pronouncements as issued by the Financial Reporting Standards Council; as a minimum, the information required by IAS 34; the Listings Requirements of the JSE; and the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licensed companies.

The information required pursuant to paragraph 16A(j) of IAS 34 has not been included in these Summarised Annual Financial Statements as they are available in the full Annual Financial Statements that were published on the Company's website.

The Summarised Annual Financial Statements have been extracted from the audited Annual Financial Statements but are themselves not audited.

The accounting policies applied in the preparation of these Summarised Annual Financial Statements are, where applicable to the prior financial year, consistent in all material respects with those used in the prior financial year and with IFRS, except for the adoption of the IFRS revisions as noted previously. These however have not resulted in material changes to the Group's results and/or disclosures.

The Summarised Annual Financial Statements have been prepared under the historical cost basis except for financial instruments and investments which are measured at fair value.

The Directors believe the Group has adequate resources to settle its obligations as and when they become due, therefore these Summarised Annual Financial Statements have been prepared on the going concern basis

These Summarised Annual Financial Statements were compiled under the supervision of the Chief Financial Officer, Jean-Pierre van Onselen, CA(SA), and were approved by the Board on 25 September 2020.

3 Significant accounting policies (continued)

3.2 Basis of consolidation

The Group (consolidated) Summarised Annual Financial Statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to use its power to affect its returns.

Controlled entities, including unincorporated entities, controlled by the Group. The Group controls an entity when it has power over and is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are consolidated from the date on which the Group acquires control, up to the date that control ceases.

When the Company has less than a majority of the voting rights of a controlled entity, it has power over the controlled entity when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the controlled entity unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in a controlled entity are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of controlled entities is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

There were no intercompany transactions and/or balances between the Group companies that otherwise needed to be eliminated on consolidation.

3.3 Segmental reporting

Since the Group has only one business segment, and all its investments are managed as one segment with the Board making commitments into private equity-type investments, segmental reporting is not applicable. While these private equity-type investments are potentially made in multiple industry sectors, the Board does not make its decisions or monitor investment performance individually as relevant to these sectors.

3.4 Critical judgement and accounting estimates: valuation of unlisted investments

The basis of valuation of all investments is fair value. Fair value is determined as of the end of each quarter. All investments are valued in accordance with IFRS and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines.

As stated above, the Group's investments mainly comprise drawn commitments into Funds, which in turn invests in Portfolio Companies in which the Group has an indirect interest. In addition, the Group can also invest directly into a Portfolio Company (Co-Investments).

The General Partners of these Funds provide quarterly NAV statements as calculated from the Investment Advisor's valuations, which the Directors of the Group use to determine the fair value of a Fund or Co-Investments. The Investment Advisor's valuations, as prepared in December, are audited annually by its auditor and, its valuations, as prepared in June, are audited by the Group's auditor.

3 Significant accounting policies (continued)

3.4 Critical judgement and accounting estimates: valuation of unlisted investments (continued)

The Investment Advisor determines the individual fair value of each Portfolio Company and the Fund's NAV at the end of each quarter and the June and December valuations and NAV are approved by its Board of Advisors. The policy of the Investment Advisor to determine the fair value of the Portfolio Companies, which is in accordance with the IPEV Valuation Guidelines, is noted below.

At each reporting date after the initial acquisition date, an assessment is made of the fair value of the investment to determine any required changes in the fair value of the investment. An earnings multiple methodology is generally applied, although other methods are available and might be considered more appropriate, e.g. a discounted cash flow ("DCF") method.

In terms of the earnings multiple method, an appropriate and reasonable valuation multiple is applied to the maintainable earnings of the investment. For each investment an earnings before interest, tax, depreciation and amortisation ("EBITDA") or an earnings before interest after tax ("EBIAT") multiple is generally considered appropriate to determine the enterprise value for the investment. In deriving a reasonable valuation multiple, the Investment Manager develops a benchmark multiple, generally with reference to the multiples of comparable publicly traded companies adjusted for finance costs (i.e. multiples have been degearred). The benchmark multiple is further adjusted for points of difference relating to risk profile (geographic, operational, financial, liquidity factors and growth prospects).

Maintainable earnings are typically based on historical earnings figures that are considered to be appropriate and relevant. Once an enterprise value has been determined, it is adjusted for surplus assets, excess liabilities, and financial instruments ranking ahead of the Fund's investments. The resultant attributable enterprise value is then apportioned to all investors, included in the Fund's investments, based on their respective participation in each underlying security of the Portfolio Company.

Assessing the level of maintainable EBITDA and net debt of each Portfolio Company, especially during these unprecedented times, requires a high degree of judgement by Ethos; therefore, the valuations of the unlisted portfolio are subject to a degree of uncertainty and the underlying assumptions may prove in time not to be entirely accurate.

The discounted cash flow method is used to derive the enterprise value of the investment using reasonable assumptions on the estimations of expected future post-taxation cash flows and the terminal value (free cash flows to the Firm), and discounting to the present value by applying the appropriate risk-adjusted rate that captures the risk inherent to the projection's weighted average cost of capital ("WACC"). To arrive at an appropriate equity value, an adjustment for net indebtedness will be made. Where appropriate, an adjustment to the valuation would be made for surplus non-operating assets and liabilities in the investment.

In some valuations, the use of free cash flow to equity might be preferred.

The length of period for which it would remain appropriate to use this valuation technique will depend on the specific circumstances of the investment and is subject to the judgement of the General Partner.

Although best judgement is used in determining the fair value of these investments, there are inherent limitations in any valuation technique involving the type of securities in which the Funds invests. Therefore, the fair values presented herein may not be indicative of the amount the Funds could realise in a current transaction.

3.5 Net asset value per share

The Group calculates and presents the Group and Company's net asset value per share ("NAVPS"), which is not required in terms of IFRS. The Board is of the view that given the nature of the Group's business, the sustainability of the NAV and NAVPS, and the growth thereon over a longer period is considered the most appropriate measurement of the Group's financial performance.

In calculating the NAVPS, the Group and Company's NAV, as presented in the Statements of Financial Position, is divided by the number of shares as disclosed in note 6. For the purposes of the NAVPS calculation, the number of shares issued is calculated as the number of shares in issue at year-end, less treasury shares and less the notionally encumbered shares.

3.6 Going concern

The Directors believe the Group has adequate resources and / or options available to them to settle its obligations as and when they become due, therefore these Summarised Annual Financial Statements have been prepared on the going concern basis.

4 Unlisted investments at fair value

The Group obtains exposure to and has indirect interests in a diversified pool of unquoted investments ("Portfolio Companies") by investing into Fund Limited Partnerships ("Funds"), managed by Ethos Private Equity (Pty) Limited ("Ethos"), that typically have a 10-year life cycle. The Group becomes a Limited Partner of the Fund and the investments are made through commitments into the Funds. Alternatively, the Group can also make Co-Investment commitments to invest into Portfolio Companies alongside the Funds.

At 30 June 2020, the Group had the following investments:

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Investments held at fair value through profit or loss				
Carrying amounts of:				
Unlisted investments	1,891,743	1,427,261	1,891,743	1,427,261
	1,891,743	1,427,261	1,891,743	1,427,261
Comprising:				
Cost	2,664,271	1,397,427	2,664,271	1,397,427
Unrealised capital revaluation movement at the end of the year	(911,569)	(48,366)	(911,569)	(48,366)
Accrued income	139,041	78,200	139,041	78,200
	1,891,743	1,427,261	1,891,743	1,427,261
Underlying Portfolio Companies consisting of:				
Unlisted investments	1,438,999	1,427,261	1,438,999	1,427,261
Listed investments	452,744	-	452,744	-
	1,891,743	1,427,261	1,891,743	1,427,261

The investments consisted of the following ten investments:

Group and Company	Participation in Ethos Funds/ Co-Investments 30 June 2020 %	Cost	Valuation	Income distributions received	Devaluation
		30 June 2020 R'000	30 June 2020 R'000	30 June 2020 R'000	30 June 2020 R'000
Investments held at fair value through profit or loss:					
Consisting of unlisted investments in:					
EF VII ⁽¹⁾	61.0	798,290	667,713	14,741	(130,577)
EMMF I ⁽²⁾	37.9	584,235	390,772	99	(193,463)
EDI ⁽³⁾	2.4 – 5.7	690,530	378,139	4,950	(312,391)
EHP ⁽⁴⁾	18.1	93,513	116,778	-	-
EAI F I ⁽⁵⁾	26.5	94,575	112,704	3,552	-
Primedia Holdings (Pty) Ltd	4.4	144,247	79,177	-	(65,070)
EMM Direct ⁽⁶⁾	8.8	110,891	61,027	-	(49,864)
EF VI ⁽⁷⁾	1.4	93,325	47,793	-	(45,532)
EMP 3 ⁽⁸⁾	14.9	36,866	22,794	1,891	(14,072)
Ster Kinekor Theatres Pty Ltd	4.4	17,799	14,846	-	(2,953)
		2,664,271	1,891,743	25,233	(813,922)

⁽¹⁾ Ethos Fund VII (B) Partnership.

⁽²⁾ Ethos Mid Market Fund I (B) Partnership.

⁽³⁾ Ethos Direct Investment Partnership.

⁽⁴⁾ Ethos Healthcare (A) Partnership.

⁽⁵⁾ Ethos Ai Fund I (B) Partnership.

⁽⁶⁾ Ethos Mid Market Direct Investment Partnership.

⁽⁷⁾ Ethos Fund VI (Jersey) LP.

⁽⁸⁾ Ethos Mezzanine Partners 3.

4 Unlisted investments at fair value (continued)

The valuation (or NAV) of each investment is representative of its fair value and also represents the net assets of each.

The devaluation results from specific provisions made against certain of the underlying Portfolio Companies within each Fund or Co-Investment that are currently underperforming relative to its acquisition value, that in aggregate, devalues the NAV of the Group's investments to below its cost. Furthermore, the devaluation also related to the fair value of certain underlying listed investments that are reflected at the prevailing share price that currently is lower than the acquisition cost.

The above devaluation is largely attributable to the COVID-19 pandemic that had a significant impact on the underlying Portfolio Company valuations, both from its impact on maintainable EBITDA and increased net debt to reflect the increased levels of working capital required to resume trading post-lockdown, and also a reduction in the valuation multiples of the Portfolio Companies, largely driven by a reduction in the public market prices. Whilst the valuation multiples of some sectors did increase towards the end of Q2 2020, Ethos decided to keep most of the multiples at similar levels to March 2020 until the sustainability of the rally and Portfolio Company performance could be ascertained.

Group and Company	Participation in Ethos Funds/ Co-Investments 30 June 2019 %	Cost 30 June 2019 R'000	Valuation 30 June 2019 R'000	Income distributions received 30 June 2019 R'000	Devaluation 30 June 2019 R'000
Investments held at fair value through profit or loss:					
Consisting of unlisted investments in:					
EMMF I ⁽¹⁾	38.9	527,182	491,933	2,660	(35,249)
EF VII ⁽²⁾	61.0	254,322	278,690	11,523	-
Primedia Holdings (Pty) Ltd ⁽³⁾	4.4	162,046	182,420	2,004	-
EMM Direct ⁽⁴⁾	7.5	97,710	107,029	2,986	-
EAI F I ⁽⁵⁾	30.6	91,726	95,095	3,469	-
EDI ⁽⁶⁾	2.1	85,390	93,572	3,869	-
EF VI ⁽⁷⁾	1.4	98,003	92,114	141	(5,889)
EHP ⁽⁸⁾	14.0	42,579	44,727	222	-
EMP 3 ⁽⁹⁾	14.9	38,469	41,681	3,157	-
		1,397,427	1,427,261	30,031	(41,138)

⁽¹⁾ Ethos Mid Market Fund I (B) Partnership.

⁽²⁾ Ethos Fund VII (B) Partnership.

⁽³⁾ Including the investment in Ster Kinekor Theatres Pty Ltd.

⁽⁴⁾ Ethos Mid Market Direct Investment Partnership.

⁽⁵⁾ Ethos Ai Fund I (B) Partnership.

⁽⁶⁾ Ethos Direct Investment Partnership.

⁽⁷⁾ Ethos Fund VI (Jersey) LP.

⁽⁸⁾ Ethos Healthcare (A) Partnership.

⁽⁹⁾ Ethos Mezzanine Partners 3.

Further details on the Ethos Funds Group invest in or alongside as a co-investor, are provided below:

Fund	Type	Vintage year	Target enterprise value	Target investment size
Ethos Fund VI	Large private equity	2011	R1.5 billion – R7 billion	R350 million – R900 million
Ethos Fund VII	Large private equity	2018	R1.5 billion – R7 billion	R350 million – R900 million
Ethos Mid Market Fund I	Mid-market private equity	2016	R0.5 billion – R1.5 billion	R100 million – R350 million
Ethos Ai Fund I	Co-Investment	2018	75% growth/25% early-stage growth equity	R100 million – R200 million
Ethos Healthcare Platform	Co-Investment	2018	n/a	n/a
Ethos Mezzanine Partners 3	Mezzanine and quasi-equity financing	2018	n/a	n/a

4 Unlisted investments at fair value (continued)

At 30 June 2020, the underlying investments (Portfolio Companies) of the above Funds constituting 99.3% of the total assets, consisted of the following 22 unlisted companies:

Company				Percentage of total assets 30 June 2020 %
Name	Fund or type	Economic interest %	Business description/sector	
Channel VAS	EF VII/EAiF I/EDI	10.3	FinTech service provider	28.8
Virgin Active (Brait)	EF VII/EDI	7.8	Health club operator	12.8
Echo	EMMF I/EF VII	31.8	Corporate ISP	9.3
Premier (Brait)	EF VII/EDI	9.7	FMCG manufacturer	8.3
Vertice	EHP/EAiF I/EF VI	20.1	MedTech	8.1
Kevro	EMMF I/EMM Direct	16.6	Corporate clothing and gifting	6.1
Synerlytic	EMMF I	37.5	Specialised analytical and testing services	6.0
Primedia	EF VI/Direct	4.7	Media	4.4
Gammatek	EMMF I	20.2	TMT accessory distribution	3.8
TymeBank	EAiF I	2.1	Banking	2.1
Twinsaver	EF VI/EMMF I	7.5	FMCG manufacturer	1.7
New Look (Brait)	EF VII/EDI	1.8	Multi-channel fast-fashion brand	1.3
Autozone	EF VI/EMMF I	8.2	Automotive parts retailer & wholesaler	1.2
Chibuku	EMP 3	0.0	Brewing and distribution	1.2
MTN Zakhele Futhi	EMMF I	0.1	Telecommunications	1.1
Ster Kinekor	EF VI/Direct	4.7	Media (entertainment)	0.8
Eazi Access	EF VI/EMMF I	4.8	Industrial support services	0.6
The Beverage Company	EF VI	1.1	Carbonated drinks manufacturer	0.4
Neopak	EF VI	1.4	Paper and packaging	0.4
Waco International	EF VI	0.3	Industrial support services	0.4
Consol Glass (Brait)	EF VII/EDI	0.3	Manufacturer of glass packaging	0.3
RTT	EF VI	0.8	Logistics	0.2
				99.3

Further details on the investment portfolio and the underlying Portfolio Companies are provided in the Review of the Investment Portfolio and Returns section on page 16 of the Annual Integrated Report as at 30 June 2020.

5 Money market investments at fair value

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Investments held at fair value through profit or loss:				
Carrying amounts of:				
Negotiable certificates of deposit	-	473,532	-	473,532
Cash and call accounts	-	7,502	-	7,502
	-	481,034	-	481,034
Consisting of:				
Cost	-	474,502	-	474,502
Unrealised capital revaluation movement at the end of the year	-	313	-	313
Accrued income	-	6,219	-	6,219
	-	481,034	-	481,034

5 Money market investments at fair value (continued)

The money market investments, or Temporary Investments, are managed by Ashburton Fund Managers Proprietary Limited ("Ashburton") under a discretionary investment management agreement dated 28 July 2016. These investments are invested in money market instruments that typically consist of a combination of floating rate notes, negotiable certificates of deposit ("NCD"), treasury bills and cash or call accounts.

6 Issued capital

	Group		Company	
	30 June 2020 Number	30 June 2019 Number	30 June 2020 Number	30 June 2019 Number
Authorised, issued and fully paid				
A Ordinary Shares issued at R10.00 per share	180,000,000	180,000,000	180,000,000	180,000,000
A Ordinary Shares issued at R7.50 per share	100,000,000	-	100,000,000	-
A Ordinary Shares issued at R0.01 per share	7,500,000	7,500,000	7,500,000	7,500,000
B Ordinary Shares issued at R0.01 per share	10,000	10,000	10,000	10,000
Total issued at time of listing	287,510,000	187,510,000	287,510,000	187,510,000
Black Hawk treasury shares (A Ordinary shares)	(13,500,000)	(13,500,000)	-	-
A Ordinary Shares repurchased	(9,000,000)	(9,000,000)	(9,000,000)	(9,000,000)
Total issued share capital	265,010,000	165,010,000	278,510,000	178,510,000

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Issued and fully paid				
A Ordinary Shares issued at R10.00 per share	1,800,000	1,800,000	1,800,000	1,800,000
A Ordinary Shares issued at R7.50 per share	750,000	-	750,000	-
A Ordinary Shares issued at R0.01 per share	75	75	75	75
B Ordinary Shares issued at R0.01 per share	-	-	-	-
Less: Share issue costs	(49,389)	(34,716)	(49,389)	(34,716)
Total issued at time of listing	2,500,686	1,765,359	2,500,686	1,765,359
Black Hawk treasury shares (A Ordinary Shares)	(135,000)	(135,000)	-	-
A Ordinary Shares repurchased	(74,414)	(74,414)	(74,414)	(74,414)
Total issued share capital	2,291,272	1,555,945	2,426,272	1,690,945

On 5 August 2016, 180,000,000 and 7,500,000 A Ordinary Shares, ranking *pari passu*, were issued at an issue price of R10.00 and R0.01 per share respectively. The A Ordinary Shares were admitted to listing and trading on the JSE at that date. Each A Ordinary Share entitles the holder to, including other rights as stated in the Company's Constitution, participate proportionately in any distribution made by the Company in respect of the A Ordinary Shares and to receive a proportion of the total net assets of the Company remaining upon its liquidation.

Costs that are directly attributable to the issue of all shares, amounting to R34,716,000, were capitalised and recognised as a deduction from share capital.

At the same time, 10,000 B Ordinary Shares were issued to the Trustees of the Ethos Private Equity Allocation Trust ("the EPE Trust"), at an issue price of R0.01 per share. These shares were not admitted to the JSE for listing and trading. The B Ordinary Shares are a mechanism to effect payment of the annual performance participation to the EPE Trust in the form of a cash dividend on the B Ordinary Shares, following the notional encumbrance termination date. The B Ordinary Shares therefore entitle the holders to, including other rights as stated in the Company's Constitution, participate proportionately in any distribution made by the Company in respect of the B Ordinary Shares and, upon the A Ordinary Shares issued to the EPE Trust at R0.01 per share ceasing to be encumbered (refer to note 15), to receive out of the profits of the Company an annual dividend that collectively represents the annual performance participation.

6 Issued capital (continued)

On 12 February 2020, the Company completed a Rights Issue whereby 100,000,000 A Ordinary Shares were issued at R7.50 per share. Costs amounting to R14,673,000 that are directly attributable to the share issue were capitalised and recognised as a deduction from share capital.

Further information on the A and B Ordinary Shares is provided in note 15.

Cumulative to date, the Company has purchased 9,000,000 A Ordinary Shares at an average price of R8.27 per share. These shares are currently held in treasury. As set out in note 13, the 13.5 million secured A Ordinary Shares that are legally owned by Black Hawk Private Equity (Pty) Ltd ("Black Hawk") and pledged as security, are treated as treasury shares of the Group at their par value of R10 per share.

7 Borrowings

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Secured - at amortised cost				
Revolving credit facility	40,000	-	40,000	-
Unsecured - at amortised cost				
Loan facility	144,949	133,093	-	-
	184,949	133,093	40,000	-
Current	-	-	-	-
Non-current	184,949	133,093	40,000	-
	184,949	133,093	40,000	-

On 13 February 2020, the Company concluded a five-year revolving credit facility with FirstRand Bank Limited (acting through its Rand Merchant Bank ("RMB") division) which expires on 12 February 2025. The credit facility is secured against the Company's assets and is capped at a maximum of 4.5x the Company's NAV (subject to some preagreed adjustments). R200 million of the facility is currently committed, with R500 million uncommitted. Interest currently accrues at a rate that is based on JIBAR plus a 3.5% margin. At 30 June 2020, R40 million of the facility has been drawn.

The Group has exposure to RMB via a R105 million five-year non-recourse loan facility (plus any outstanding interest thereon) issued by RMB to Black Hawk, expiring on 12 February 2025. This amount represents the current outstanding balance on the facility, including any accrued interest charges to 30 June 2020. Interest currently accrues at a rate that is based on JIBAR plus a 3.75% margin, and the interest is intended to be rolled up and settled with the capital amount outstanding upon the maturity of the loan or an earlier repayment event.

The carrying amount of the bank loans approximates their fair values.

8 Other financial liabilities

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Unsecured - at amortised cost				
Black Hawk shareholders' loans	-	2,388	-	-
	-	2,388	-	-
Non-current	-	2,388	-	-
	-	2,388	-	-

At inception, the Group had loan amounts repayable to the two Black Hawk shareholders of R15,000,000 each, which were used to acquire some of the secured shares pledged in favour of the Company in respect of the guarantee provided to RMB. Any unrealised or realised losses incurred by the Group, up to an amount of R30,000,000 representing the par value of above loans, are recoverable and therefore charged against the loans payable and treated as an unrealised gain to the Group in the Group Statement of Comprehensive Income. At 30 June 2020, cumulative losses of R30,000,000 have been charged against the loans.

The carrying amount of shareholders' loans approximates its fair value.

9 Changes in fair value of investments through profit or loss

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Income:				
Interest accrued and received on unlisted investments	56,619	43,184	56,619	43,184
Dividends accrued and received on unlisted investments	29,455	18,138	29,455	18,138
	86,074	61,322	86,074	61,322
Net loss arising on changes in the fair value of unlisted investments	(856,974)	(32,883)	(856,974)	(32,883)
Reversal of prior years' fair value gains on disposal	(6,229)	-	(6,229)	-
Gain on realisation of unlisted investments	7,092	-	7,092	-
	(856,111)	(32,883)	(856,111)	(32,883)
Expenses:				
Ethos fees	(23,679)	(15,343)	(23,679)	(15,343)
Fund formation fees	(2,625)	(1,934)	(2,625)	(1,934)
Expenses relating to the acquisition of investments	(469)	(2,988)	(469)	(2,988)
Other Fund operating expenses	(782)	(3,139)	(782)	(3,139)
	(27,555)	(23,404)	(27,555)	(23,404)
	(797,592)	5,035	(797,592)	5,035

10 Investment income

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Income:				
Interest from money market investments	16,503	51,595	16,503	51,595
Interest from cash and bank balances	607	440	595	427
Amortisation of net premium	(57)	(140)	(57)	(140)
	17,053	51,895	17,041	51,882
Analysis of investment income by category of asset:				
Interest earned from assets designated at fair value through profit or loss	16,446	51,455	16,446	51,455
Loans and receivables (including cash and bank balances)	607	440	595	427
	17,053	51,895	17,041	51,882

11 Net fair value losses

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Unrealised:				
Net loss arising on changes in the fair value of money market instruments	(313)	(74)	(313)	(74)
Net foreign exchange gain on conversion of cash and cash equivalents	6	22	6	22
	(307)	(52)	(307)	(52)
Realised:				
Gain on realisation of money market instruments	28	26	28	26
	28	26	28	26
Net fair value losses	(279)	(26)	(279)	(26)

12 (Loss)/profit before tax

(Loss)/profit before tax has been arrived at after charging:

12.1 Administration fees

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Administration fee - Ethos	331	966	331	966
Administration fee - Ashburton	330	1,027	330	1,027
	661	1,993	661	1,993

12.2 Legal and consultancy fees

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Professional advisors' fees	1,706	982	1,706	982
	1,706	982	1,706	982

12.3 Other operating expenses

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Company secretarial, accounting and other administration fees	1,511	1,037	1,511	1,037
Directors' emoluments	4,401	4,117	4,401	4,117
Auditors' remuneration	1,443	1,204	1,443	1,204
Insurance costs	239	481	239	481
Sponsor and listing-related fees	726	694	726	694
Other expenses	1,086	1,369	1,084	1,364
	9,406	8,902	9,404	8,897

12.4 Finance costs

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Interest on secured bank loan	1,097	-	1,097	-
Commitment and transaction fees	2,234	-	2,234	-
Interest on unsecured bank loan	11,856	10,212	-	-
Less: Reimbursement by Black Hawk shareholders	(2,388)	(10,204)	-	-
	12,799	8	3,331	-

13 Capital commitments and contingent liabilities

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Undrawn capital commitments:				
Consisting of unlisted investments in:				
EMMF I ⁽¹⁾	341,305	400,879	341,305	400,879
EMP 3 ⁽²⁾⁽⁹⁾	200,201	211,454	200,201	211,454
EF VII ⁽³⁾⁽¹⁰⁾	-	997,678	-	997,678
EAI F I ⁽⁴⁾	55,646	58,528	55,646	58,528
EF VI ⁽⁵⁾	20,075	19,993	20,075	19,993
EDI ⁽⁶⁾	-	14,560	-	14,560
EHP ⁽⁷⁾	-	4,784	-	4,784
Primedia Holdings (Pty) Ltd ⁽⁸⁾	-	1,605	-	1,605
	617,227	1,709,481	617,227	1,709,481
Contingent liabilities				
RMB Bank loan	-	-	144,949	133,093
	-	-	144,949	133,093
Total commitments and contingent liabilities	617,227	1,709,481	762,176	1,842,574

⁽¹⁾ Final commitment of R950 million to Ethos Mid Market Fund I (B) Partnership on 7 June 2018.

⁽²⁾ First close commitment of R250 million to Ethos Mezzanine Partners 3 (B) Partnership on 16 May 2018.

⁽³⁾ First close commitment of R1.25 billion to Ethos Fund VII (B) Partnership on 1 October 2018.

⁽⁴⁾ First close commitment of R150 million to Ethos Ai Fund I (B) Partnership on 1 October 2018.

⁽⁵⁾ Commitment of \$10 million (R142 million) to Ethos Fund VI (Jersey) LP on 18 November 2016.

⁽⁶⁾ Final commitment of R100 million to Ethos Direct Investment Partnership on 2 October 2018.

⁽⁷⁾ R95.5 million commitment to Ethos Healthcare (A) Partnership; first commitment made on 16 May 2018.

⁽⁸⁾ R171 million commitment to invest in Primedia Holdings (Pty) Ltd on 20 September 2017.

⁽⁹⁾ An offer was received to acquire up to 50% of Ethos Capitals' commitment, which will, when completed, reduce the undrawn capital commitments by 50%.

⁽¹⁰⁾ Effective 30 June 2020, the undrawn capital commitments have been reduced to Nil.

The Company has provided a guarantee against a R105 million five-year non-recourse loan facility (plus any outstanding interest thereon) issued by RMB to Black Hawk, expiring on 12 February 2025. This amount represents the current outstanding balance on the facility, including any accrued interest charges to 30 June 2020. Interest currently accrues at a rate that is based on JIBAR plus a 3.75% margin, and the interest is intended to be rolled up and settled with the capital amount outstanding upon the maturity of the loan or an earlier repayment event.

As security against the above guarantee, Black Hawk has pledged 13.5 million shares in favour of the Company, which was valued at R55,485,000 at 30 June 2020. In the event that a mandatory repayment under the RMB facility was triggered at 30 June 2020, an implied shortfall would have resulted in a loss to the Company of R89,464,000, a decrease in the NAVPS of R0.35. The guarantee has been recognised as a contingent liability in the Annual Financial Statements of the Company and the above contingent loss has not been recognised in the Summarised Annual Financial Statements of the Company.

14 Notes to the Statements of Cash Flows

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Cash flows from operating activities before investing activities:				
(Loss)/profit for the year	(809,126)	40,884	(799,668)	40,884
Adjustments for:				
Investment income recognised in profit	(103,127)	(113,217)	(103,115)	(113,204)
Investment-related expenses	27,555	23,404	27,555	23,404
Loss from fair value adjustments	863,516	32,957	863,516	32,957
Net foreign exchange gain	(6)	(22)	(6)	(22)
Gain on disposal of investments	(7,120)	(26)	(7,120)	(26)
Finance costs recognised in profit	12,799	8	3,331	-
Income tax expense recognised in profit	3,736	4,135	3,736	4,135
	(11,773)	(11,877)	(11,771)	(11,872)
Movements in working capital	12,459	(13,311)	12,459	(13,311)
Decrease/(increase in trade and other receivables)	11,665	(15,389)	11,665	(15,389)
Increase in trade and other payables	794	2,078	794	2,078
Cash generated by/(used in) operations	686	(25,188)	688	(25,183)

15 (Loss)/earnings and NAVPS

As detailed in note 6, the Company has 287,500,000 A Ordinary Shares in issue, 7,500,000 of which were issued to the EPE Trust and are currently notionally encumbered. Until these shares are released from their encumbrance (through the notional performance participation), the Company has an irrevocable right and option to acquire the notionally encumbered A Ordinary Shares at a repurchase price of R0.01 per share, being each share's fair value, and then to apply for the delisting of such shares acquired. The holders of these shares are therefore restricted from selling the shares to any party other than the Company and obtaining or sharing in any economic benefit derived from the shares, until they are released from their encumbrance.

Given the restrictions the encumbered shares place on the holder and the probability of the shares being delisted unless certain contingent conditions are met, they are excluded from the calculations to determine the earnings, headline earnings and NAV respectively. The calculations below therefore reflect the earnings, headline earnings and NAV attributable to the unrestricted A ordinary shareholders.

15 (Loss)/earnings and NAVPS (continued)

15.1 (Loss)/earnings and headline (loss)/earnings per share

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Total comprehensive (loss)/income attributable to ordinary shareholders	(809,126)	40,884	(799,668)	40,884
Reconciliation of basic (loss)/earnings to headline (loss)/earnings:				
Total comprehensive (loss)/income attributable to ordinary shareholders	(809,126)	40,884	(799,668)	40,884
Reconciling items	-	-	-	-
Headline (loss)/earnings for the year	(809,126)	40,884	(799,668)	40,884
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of (loss)/earnings per share	195,751	158,256	209,251	171,756
Basic and diluted (loss)/earnings per share (Rand)	(4.13)	0.26	(3.82)	0.24
Basic and diluted headline (loss)/earnings per share (Rand)	(4.13)	0.26	(3.82)	0.24

15.2 Basic net asset value per share

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Net assets	1,711,750	1,785,549	1,856,208	1,920,549
	'000	'000	'000	'000
Number of shares in issue during the year	287,500	187,500	287,500	187,500
Less: Shares held in treasury	(22,500)	(22,500)	(9,000)	(9,000)
Less: Notionally encumbered shares	(7,500)	(7,500)	(7,500)	(7,500)
Number of attributable shares in issue at end of the year	257,500	157,500	271,000	171,000
Basic net asset value per share (Rand)	6.65	11.34	6.85	11.23

16 Related parties

Related parties are entities with the ability to control the other party or exercise significant influence over such party in making financial and operating decisions, or anyone that is part of the key management personnel (including Directors) of the Group. The Board of Directors considered the key agreements, transactions and relationships between the Group and other entities and has classified the entities listed below as a related party. Where applicable, any transaction with a related party is disclosed below.

Key management personnel (including Directors)

Non-executive Directors

Senior Advisors

Entity is a provider of key management personnel to the Group

Ethos

Entity controlled or jointly controlled by an identified related part of the Group and/or Company

Enoha GmbH (controlled by the Chairperson)

Black Hawk

16.1 Investment-related fees

The fees, that were payable to the Ethos Group during the year and any outstanding balances at 30 June 2020, are listed below:

Group and Company	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Fees payable		
Administration fee	331	966
Management fees	1,469	1,235
Advisory fees	22,210	14,108
	24,010	16,309
	30 June 2020 R'000	30 June 2019 R'000
Outstanding balances		
Administration fee	6	152
Advisory fees	5,304	4,847
	5,310	4,999

16.2 Remuneration of Directors

The individual remuneration of the Directors, who are classified as "key management personnel" and therefore as related parties of the Group, is disclosed in note 18 of the notes to the Annual Financial Statements.

Included in the above remuneration is an amount of R705,000 (CHF 45,000) (2019: R630,000) paid to Enoha GmbH in respect of the Director's remuneration of Yvonne Stillhart.

There was no outstanding remuneration due at 30 June 2020.

16.3 Other

As set out in note 13, the Company provided a guarantee on a R105 million loan facility (including any accrued interest) in favour of Black Hawk. Black Hawk subscribed to the A Ordinary Shares of the Company (see notes 9 and 20) for the benefit of the two Directors and/or their associates.

17 Financial risk factors and instruments

17.1 Overview

This note presents information about the Group's exposure to each of the below mentioned risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the products offered.

Through the Group's activities, it is exposed to a variety of risks that could result in changes to the NAV or its performance.

The main risks the Group is exposed to which could result in changes to the NAV or its performance are: capital risk; valuation risk; market risk (comprising currency risk, interest rate risk and equity price risk); credit risk; and liquidity risk

These risks are detailed in note 25 of the notes to the Annual Financial Statements as at 30 June 2020.

The financial instruments of the Group and Company are categorised and measured at FVTPL or at amortised cost, as set out in note 3, and the financial risks are managed according to these categories. The analysis below sets out the carrying amounts of the financial assets and liabilities according to the categories as required by IFRS 7 Financial Instruments: Disclosures.

	Group		Company	
	Financial asset at FVTPL R'000	At amortised cost R'000	Financial asset at FVTPL R'000	At amortised cost R'000
At 30 June 2020				
Financial assets:				
Unlisted investments at fair value	1,891,743	-	1,891,743	-
Other assets and receivables	-	5,339	-	5,337
Cash and cash equivalents	-	7,993	-	7,504
Financial liabilities:				
Borrowings	-	184,949	-	40,000
Other liabilities and payables	-	8,376	-	8,376
At 30 June 2019				
Financial assets:				
Unlisted investments at fair value	1,427,261	-	1,427,261	-
Other assets and receivables	-	16,741	-	16,739
Money market investments at fair value	481,034	-	481,034	-
Cash and cash equivalents	-	3,576	-	3,097
Financial liabilities:				
Borrowings	-	133,093	-	-
Other financial liabilities	-	2,388	-	-
Other liabilities and payables	-	7,582	-	7,582

17 Financial risk factors and instruments (continued)

17.2 Valuation risk

Risk, policies and procedures

The Group's exposure to valuation risk arises from movements in its unquoted investments into the Funds, whose valuations in turn are derived from the valuations of the Portfolio Companies in which they invest. The Funds' NAV and Portfolio Companies are valued in accordance with the IPEV Valuation Guidelines and their valuations are largely derived from unobservable inputs. In addition, movements in the money market investments of the Group are valued by using observable inputs other than quoted prices, also provide valuation risk exposure.

As noted earlier, the General Partners of the Funds provide quarterly NAV statements as calculated from the Investment Advisor's valuations, which the Directors of the Group use to determine the fair value of a Fund. The financial year-end Directors' valuation at 30 June has been audited by the Group's auditor. As noted below, by being a limited partner in the Funds and where applicable, having a representative on the Advisory Committee of the Funds, the Board of Directors has access to summary information on the performance and valuations of the underlying Portfolio Companies to make an assessment of the Funds' fair value. Representatives of the Investment Advisor are also available to provide full and timely access to information and address any concerns the Board might have or provide any additional information requests. The Board will also regularly review and assess the appropriateness of its own valuation policy and the Investment Advisor's valuation policy and processes, as noted below and elsewhere in the report.

The Investment Advisor determines the individual fair value of each Fund's underlying Portfolio Companies at the end of each quarter. The individual valuations, as prepared by Ethos' investment executives, are independently reviewed by senior executives/partners of Ethos. These executives then submit and present the valuations to the Ethos Valuation Committee, which consists of a number of senior executives/partners of Ethos. Once the Committee has approved the valuations, the valuations are submitted to the General Partner, who will issue the quarterly NAV statements and summary information on the valuations to each Fund's Advisory Committee and its limited partners. In addition, the December valuations are reviewed and audited by the Funds' auditor, before being issued to the General Partner, and the June Funds' NAV valuations are audited by the Group's auditor.

17.3 Fair value classification of investments

Financial assets and liabilities carried at fair value need to be classified within the appropriate level of hierarchy on which their fair values are based. The information below sets out the different levels as well as the classification of the Group's assets and liabilities where appropriate.

Investments trading in active markets and deriving their fair value from quoted market prices of identical assets are classified within level 1. These prices provide the most reliable fair value classification and the Group does not need to adjust the quoted prices to measure the fair value of investments. The quoted market price used for investments held by the Group is the current bid price.

Investments trading in markets not considered to be active and deriving their fair value from observable inputs other than quoted prices included within level 1 are classified within level 2. These inputs need to be directly or indirectly observable for the investment and can include: quoted market prices for similar assets in active or non-active markets; observable inputs other than quoted prices; and inputs derived or corroborated by observable market data. The Group's money market investments will typically be classified within level 2.

Level 3 classification applies to investments where observable inputs are not available for the asset to determine its fair value. Unobservable inputs are used to measure fair value where relevant observable inputs are not available. The unlisted investments in Funds and Co-Investments are within this level.

17 Financial risk factors and instruments (continued)

17.3 Fair value classification of investments (continued)

The financial assets and liabilities measured at fair value in the Statements of Financial Position can be summarised as follows within the fair value hierarchy:

Group and Company	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Unlisted investments	452,744	-	1,438,999	1,891,743
At 30 June 2020	452,744	-	1,438,999	1,891,743

Group and Company	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Unlisted investments	-	-	1,427,261	1,427,261
Money market investments	-	481,034	-	481,034
At 30 June 2019	-	481,034	1,427,261	1,908,295

During the year, an asset with a value of R41,035,000 at 30 June 2019, was transferred to level 1 from level 3, following the listing of an underlying investment. There were no other transfers of assets from level 1 to level 2 or 3, level 2 to level 1 or 3 and level 3 to level 1 or 2.

The following table presents the movement in level 3 assets during the year by class of financial instrument:

Group and Company	Unlisted investments	
	30 June 2020 R'000	30 June 2019 R'000
Non-current assets		
Opening balance	1,427,261	711,925
Transfer to level 1	(41,035)	-
Acquisitions	241,318	716,928
Realisations at 30 June 2019 carrying value	(15,047)	(7,445)
Net (losses)/gains included in the Statements of Comprehensive Income	(173,498)	5,853
	1,438,999	1,427,261

18 Events after the reporting period

There have been no material events after the reporting date that would require disclosure or adjustment to the Summarised Annual Financial Statements for the year ended 30 June 2020.

CORPORATE INFORMATION

Directors

Yvonne Stillhart (Chairperson)
Derek Prout-Jones
Kevin Allagapen
Michael Pfaff
Yuvraj Juwaheer

Senior Advisors (Officers)

Jean-Pierre van Onselen (CFO)
Peter Hayward-Butt (CEO)

Investment Advisor

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Disclaimer

The financial information in this announcement is itself not audited, but is extracted from the audited Annual Financial Statements
Ebene, Mauritius (with simultaneous circulation in Johannesburg)
28 September 2020

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Listing

JSE Limited
Abbreviated name: ETHOSCAP
JSE code: EPE
Sector: Financials – Equity Investment Instruments

Transfer Secretary

Computershare Investor Services Proprietary Limited
15 Biermann Avenue
Rosebank, 2196

Sponsor

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