

CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
 INSTRUMENT: CORESHARES S&P SOUTH AFRICA TOP50
 ABBREVIATED NAME: CORETOP50
 SHARE CODE: CTOP50
 ISIN CODE: ZAE000204327

**PRELIMINARY RESULTS FOR CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
 (“CORESHARES S&P SOUTH AFRICA TOP 50 EXCHANGE TRADED FUND”)
 AS AT 31 DECEMBER 2018**

**STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2018**

	<u>2018</u>	<u>2017</u>
	<u>R</u>	<u>R</u>
ASSETS		
Listed investments held at fair value through profit or loss	1 068 242 823	784 765 287
Distributions receivable	458 937	259 812
Cash and cash equivalents	5 580 273	4 642 368
TOTAL ASSETS	1 074 282 033	789 667 467
LIABILITIES		
Net assets attributable to investors	1 074 043 820	789 518 803
Trade and other payables	238 213	148 664
TOTAL LIABILITIES	1 074 282 033	789 667 467

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 12 MONTHS ENDED 31 DECEMBER 2018**

		Represented
	12 months	15 months
	<u>2018</u>	<u>2017</u>
	<u>R</u>	<u>R</u>
Distribution income	32 823 151	8 588 874
Interest income	375 199	166 708
Total revenue	33 198 350	8 755 582
Management and administration expenses	(2 342 109)	(691 945)
Income before taxation	30 856 241	8 063 637
Taxation	-	-
Income before distributions	30 856 241	8 063 637
Distributions paid	(32 396 937)	(7 204 444)
(Loss)/income after distributions	(1 540 696)	859 193
Net fair value (losses)/gains on financial instruments at fair value through profit or loss	(72 164 742)	52 965 462
(Loss)/income after net fair value (losses)/gains	(73 705 438)	53 824 655
Other comprehensive income	-	-
(Decrease)/increase in net assets attributable to investors	(73 705 438)	53 824 655

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO INVESTORS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2018**

		Accumulated	
	<u>Capital</u>	<u>Profit</u>	<u>Total</u>
	<u>R</u>	<u>R</u>	<u>R</u>
Balance at 30 September 2016	139 670 317	1 057 745	140 728 062
Creation of 800 000 units on 01 November 2016	16 140 256		16 140 256
Creation of 850 000 units on 01 December 2016	16 992 436		16 992 436
Creation of 50 000 units on 13 December 2016	1 011 246		1 011 246
Creation of 770 000 units on 05 January 2017	15 511 189		15 511 189
Creation of 75 000 units on 27 January 2017	1 603 921		1 603 921
Creation of 510 000 units on 01 February 2017	10 772 550		10 772 550
Creation of 50 000 units on 09 February 2017	1 039 972		1 039 972
Creation of 50 000 units on 22 February 2017	1 047 215		1 047 215
Creation of 100 000 units on 27 February 2017	2 045 304		2 045 304
Creation of 100 000 units on 17 March 2017	2 058 070		2 058 070
Creation of 142 655 units on 25 April 2017	2 972 280		2 972 280
Creation of 50 000 units on 02 May 2017	1 055 139		1 055 139
Creation of 432 580 units on 08 May 2017	9 177 376		9 177 376
Creation of 100 000 units on 27 June 2017	2 038 423		2 038 423
Creation of 50 000 units on 07 August 2017	1 120 731		1 120 731
Creation of 100 000 units on 19 September 2017	2 213 583		2 213 583
Creation of 50 000 units on 12 October 2017	1 147 005		1 147 005
Creation of 21 641 300 units on 17 October 2017	497 191 554		497 191 554
Creation of 75 000 units on 27 November 2017	1 776 427		1 776 427
Creation of 100 000 units on 05 December 2017	2 330 549		2 330 549
Creation of 100 000 units on 12 December 2017	2 293 241		2 293 241
Creation of 100 000 units on 14 December 2017	2 296 004		2 296 004
Creation of 150 000 units on 19 December 2017	3 532 644		3 532 644
Liquidation of 118 500 units on 20 June 2017	(2 401 030)		(2 401 030)
Change in net assets attributable to investors	52 965 462	859	53 824 655
		193	
Balance at 31 December 2017	787 601 865	1 916 938	789 518 803

Creation of 100 000 units on 17 January 2018	2 443 487		2 443 487
Creation of 100 000 units on 31 January 2018	2 404 693		2 404 693
Creation of 100 000 units on 06 February 2018	2 252 601		2 252 601
Creation of 75 000 units on 12 February 2018	1 714 389		1 714 389
Creation of 300 000 units on 13 February 2018	6 959 393		6 959 393
Creation of 150 000 units on 13 February 2018	3 479 783		3 479 783
Creation of 100 000 units on 19 February 2018	2 388 293		2 388 293
Creation of 250 000 units on 20 February 2018	5 888 317		5 888 317
Creation of 100 000 units on 28 February 2018	2 369 292		2 369 292
Creation of 100 000 units on 12 March 2018	2 395 892		2 395 892
Creation of 100 000 units on 20 March 2018	2 359 756		2 359 756
Creation of 2 343 100 units on 28 March 2018	52 182 520		52 182 520
Creation of 75 000 units on 10 April 2018	1 742 535		1 742 535
Creation of 100 000 units on 16 April 2018	2 331 612		2 331 612
Creation of 100 000 units on 08 May 2018	2 372 924		2 372 924
Creation of 100 000 units on 18 May 2018	2 384 120		2 384 120
Creation of 500 000 units on 30 May 2018	11 349 198		11 349 198
Creation of 100 000 units on 21 June 2018	2 312 430		2 312 430
Creation of 75 000 units on 04 July 2018	1 755 050		1 755 050
Creation of 100 000 units on 13 July 2018	2 279 516		2 279 516
Creation of 100 000 units on 18 July 2018	2 282 365		2 282 365
Creation of 100 000 units on 10 August 2018	2 357 162		2 357 162
Creation of 100 000 units on 20 August 2018	2 348 559		2 348 559
Creation of 100 000 units on 21 August 2018	2 349 353		2 349 353
Creation of 150 000 units on 05 September 2018	3 569 224		3 569 224
Creation of 100 000 units on 07 September 2018	2 351 097		2 351 097
Creation of 100 000 units on 14 September 2018	2 325 813		2 325 813
Creation of 1 865 640 units on 09 October 2018	41 673 071		41 673 071
Creation of 150 000 units on 10 October 2018	3 261 726		3 261 726
Creation of 100 000 units on 12 October 2018	2 156 908		2 156 908
Creation of 811 173 units on 16 October 2018	17 533 602		17 533 602

Creation of 150 000 units on 17 October 2018	3 164 872		3 164 872
Creation of 1 324 433 units on 22 October 2018	28 262 404		28 262 404
Creation of 405 190 units on 24 October 2018	8 471 408		8 471 408
Creation of 408 202 units on 25 October 2018	8 463 309		8 463 309
Creation of 802 973 units on 30 October 2018	16 968 939		16 968 939
Creation of 100 000 units on 05 November 2018	2 248 590		2 248 590
Creation of 75 000 units on 08 November 2018	1 697 750		1 697 750
Creation of 3 064 163 units on 09 November 2018	66 772 171		66 772 171
Creation of 1 074 304 units on 14 November 2018	22 898 630		22 898 630
Creation of 872 833 units on 06 December 2018	17 906 760		17 906 760
Creation of 100 000 units on 21 December 2018	2 115 151		2 115 151
Liquidation of 200 000 units on 14 June 2018	(4 752 557)		(4 752 557)
Liquidation of 350 000 units on 17 September 2018	(8 026 577)		(8 026 577)
Liquidation of 153 051 units on 20 September 2018	(3 535 078)		(3 535 078)
Change in net assets attributable to investors	(72 164 742)	(1 540 696)	(73 705 438)
Balance at 31 December 2018	1 073 667 578	376 242	1 074 043 820

**STATEMENT OF CASH FLOWS
AS AT 31 DECEMBER 2018**

	12 months	15 months
	2018	2017
	R	R
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	30 746 665	8 126 327
Distributions paid	(32 396 937)	(7 204 444)
Net cash (outflow)/inflow from operating activities	(1 650 272)	921 883
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(622 589 142)	(760 102 223)
Proceeds from sale of investments	264 972 251	646 878 570
Net cash outflow from investing activities	(357 616 891)	(113 223 653)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for new units created	376 674 900	118 198 352
Contributions repaid for units liquidated	(16 469 832)	(2 401 030)
Net cash inflow from financing activities	360 205 068	115 797 322
NET INCREASE IN CASH AND CASH EQUIVALENTS	937 905	3 495 552
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4 642 368	1 146 816
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5 580 273	4 642 368

ACCOUNTING POLICIES FOR THE 12 MONTHS ENDED 31 DECEMBER 2018

The financial statements have been prepared consistently based on the following principal accounting policies which are consistent with those applied in the previous period, except for IFRS 9:

Basis of Preparation

The financial statements are prepared on a historic cost basis, except for certain financial instruments, which are accounted for at fair value.

The financial statements are prepared in accordance with and contain the information required by International Financial Reporting Standards ("IFRS"), its interpretations adopted by the International Accounting Standards Board ("IASB"), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, the requirements of the Coreshares Index Tracker Collective Investment Scheme Deed and the Collective Investment Schemes Control Act, 45 of 2002 ("the Act").

At the date of approval of the annual financial statements, the following new standards and amendments that apply to the Scheme were in issue but not yet effective:

New standards and amendments to standards and interpretations not yet adopted

IFRS16 – Leases - Applicable to annual reporting periods beginning on or after 1 January 2019.

IFRS17 – Insurance contracts - Applicable to annual reporting periods beginning on or after 1 January 2021.

IFRIC 23 Uncertainty over Income Tax Treatments. Effective for annual periods beginning on or after 1 January 2019.

Prepayment Features with Negative Compensation (Amendments to IFRS 9). Effective for annual periods beginning on or after 1 January 2019.

Annual Improvements to IFRS Standards 2015–2017 Cycle. Effective for annual periods beginning on or after 1 January 2019.

Amendments to References to the Conceptual Framework in IFRS Standards - Annual periods beginning on or after 1 January 2020.

Definition of Material (Amendments to IAS 1 and IAS 8) - Annual reporting periods beginning on or after 1 January 2020.

The entity plans to adopt these standards when they become effective.

The Manager anticipates that the adoption of applicable standards and interpretations in future periods will have the following impact on the financial statements of the Scheme.

IFRS16 – Leases - is not applicable to the Scheme as no items are leased.

IFRS17 – Insurance contracts - is not applicable to the Manager and the Scheme as there are no insurance contracts.

IFRIC 23 - Uncertainty over Income Tax Treatments - is not applicable as the Scheme is not taxed.

The Manager anticipates that the adoption of amendments to existing standards in future periods will have no material impact on the financial statements of the Scheme.

Amendments to existing standards that became effective during the period

Annual Improvements to IFRS Standards 2014–2016 Cycle. The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018.

The Manager has concluded that the standards and amendments adopted in the current period have had no material impact on the financial statements of the Scheme.

The following new standards were adopted by the Scheme for the 2018 financial year:

IFRS 9 Financial Instruments (refer to 1.1 below)

IFRS 15 Revenue from Contracts with Customers (refer to 1.2 below)

Basis of Preparation (continued)

IFRS 9 Financial Instruments

"IFRS 9 replaces IAS 39 – 'Financial Instruments' ("IAS 39") and introduces new requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities, and the impairment of financial assets.

The Scheme elected not to early adopt any of the provisions of IFRS 9 in previous financial reporting periods. The classification and measurement requirements of IFRS 9 have been adopted prospectively as at the date of initial application on 1 January 2018. The following table shows the original measurement categories in accordance with IAS 39 and the new categories in accordance with IFRS 9:"

		IAS 39 classification	IFRS 9 classification	Measurement changes
Financial Assets				
Receivables		Financial asset at amortised cost	Financial asset at amortised cost	None
Investments		Designated at FVTPL	FVTPL	None
Cash and cash equivalents		Financial asset at amortised cost	Financial asset at amortised cost	None
Financial Liabilities				
Payables		Financial liability at amortised cost	Financial liability at amortised cost	None
Net assets attributable to investors		FVTPL	FVTPL	None

Revenue from Contracts with Customers

The Scheme has adopted IFRS 15: 'Revenue from Contracts with Customers' ("IFRS 15") from 1 January 2018. The adoption of the new standard did not result in any changes to accounting policies relating to revenue recognition.

Functional and reporting currency

The annual financial statements are presented in South African Rands which is the functional currency of the Scheme.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates, judgements and assumptions that affect the reported amounts. It also requires management to exercise its judgement in the Scheme's process of applying the accounting policies. Actual results may vary from these estimates. There are no areas involving a higher degree of judgement complexities or areas where assumptions

or estimates are significant.

Financial Instruments

Financial assets and financial liabilities are recognised in the Scheme's balance sheet when the Scheme becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured at fair value on initial recognition.

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

Financial assets

All financial assets are recognised on the trade date, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL.

Financial assets at amortised cost

"Financial assets are classified and measured at amortised cost if:

- these assets are held to collect contractual cash flows; and
- the asset's contractual cash flows represent solely payments of principal and interest ("SPPI").

Financial assets included within this category are initially recognized at fair value and are subsequently measured at amortised cost using the effective interest method."

Financial assets at FVTPL

"Financial assets classified and measured at FVTPL are:

- assets with contractual cash flows that are not SPPI; or
- assets that are held in a business model other than to collect contractual cash flows or to collect and sell.

The financial assets have been classified into the following categories:"

Investments

"Listed investments are held at FVTPL. Fair value is determined with reference to quoted market prices at the reporting date, as published in the financial press at the reporting date. The investments are measured at fair value, with any gains/losses arising on subsequent measurement recognised in profit or loss.

Distribution income earned on these instruments are recorded separately in the statement of profit or loss and other comprehensive income."

Receivables

Receivables comprise of contributions receivable and distributions receivable. The receivable balance recognised represents the fair value at initial recognition. The objective of the Scheme is to "hold to collect" contractual cash flows, and these receivables are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

The objective of the Scheme is to "hold to collect" contractual cash flows. The principal amount represents the fair value of the cash balance at initial recognition. Cash and cash equivalents are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

"The Scheme holds short term receivables with no financing component, which have maturities of less than 3 months at amortised cost. The Scheme has adopted a simplified approach for expected credit losses (ECL) under IFRS 9.

The Scheme uses the provision matrix as a practical expedient to measuring ECLs on receivables, based on days past due for receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates."

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

"Financial liabilities are classified as at FVTPL when the financial liability is designated as such at initial recognition.

Financial liabilities arising from securities issued by the Scheme are carried at fair value, representing the investor's right to a residual interest in the Scheme's net assets, i.e. the net asset value of the Scheme. Changes in the fair value are included in profit or loss in the period in which the change arises. "

Other financial liabilities

Other financial liabilities, including trade payables, distributions payable and securities purchases payable by the Scheme, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Revenue

Revenue comprises distribution income and interest income.

Distribution income

Distribution income in the form of cash is recognised when the right to receive payment is established.

Interest income

Interest income is recognised in profit or loss, using the effective interest method taking into account the expected timing and amount of cash flows.

Income tax

Under the current system of taxation in South Africa, the Scheme is exempt from paying tax on income if distributed within twelve months and exempt from paying tax on capital gains. Both income and capital gains are taxed in the hands of investors.

Management and administration expenses

Expenses are recognised in profit or loss on the accrual basis.

Distributions

"Distributions payable on redeemable securities are recognised in profit or loss as distributions.

In accordance with the CoreShares Index Tracker Collective Investment Scheme Deed, the Scheme distributes its distributable income and any other amounts determined by the Manager, to security investors in cash. The distributions are payable shortly after the end of each quarter and recognised in profit or loss as distributions."

Creations and redemptions

"Investors can acquire the Scheme's securities by trading on the JSE. These purchases will be made at the current market price of the securities plus a brokerage fee that is negotiable with the broker and any additional transaction costs applicable to such a trade.

Investors can also acquire the Scheme's securities by subscribing for them directly from the Scheme. The cash subscription price and number of the Scheme's securities to be issued to an investor for cash will be determined by the amount which the investor invests (net of transaction costs) and will be a function of the pro rata cost to the portfolio of acquiring the underlying basket of securities.

Investors subscribing for the Scheme's securities, by the delivery of one or more full baskets of constituent securities, are obliged to deliver securities with a perfect match to the index.

Investors may sell securities by trading on the JSE, at the current market price quoted on the JSE. Investors may also redeem securities directly with the Scheme.

Securities prices are determined by reference to the net assets of the Scheme divided by the number of securities in issue. For unit pricing purposes, net assets are determined using the last reported trade price for securities. These prices may differ from the market price quoted on the JSE."

Redeemable securities

All redeemable securities issued by the Scheme provide investors with the right to require redemption for cash or in specie at the value proportionate to the investors' share. Such instruments give rise to a financial liability for the net asset value of the redemption amount in the Scheme's net assets at redemption date. In accordance with the CoreShares Index Tracker Collective Investment Scheme Deed and the Act, the Scheme is contractually obliged to redeem securities at the net asset value. A redemption fee, depending on the size of the recall, would be payable by the investor making the redemption.

Net assets attributable to security investors

Securities are redeemable at the security investor's option and are therefore classified as financial liabilities. The securities may be sold back to the Scheme at anytime. The fair value of redeemable securities is measured at the redemption amount that is payable (in cash and securities representing each investor's equal, undivided and vested interest in the assets as a whole, subject to liabilities, as defined by the CoreShares Index Tracker Collective Investment Scheme Deed) at the reporting date if security investors exercise their right to put the securities back to the Scheme.

Increase/decrease in net assets attributable to security investors
Income not distributed is included in net assets attributable to security investors.

This preliminary report is extracted from audited information, but is not itself audited.

The Directors take full responsibility for the preparation of the preliminary report and that the financial information has been correctly extracted from the underlying annual financial statements.

29 March 2019
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