

Ashburton MidCap Exchange Traded Fund

A portfolio in the Ashburton Collective Investment Scheme in Securities Exchange Traded Funds (the portfolio) registered in terms of the Collective Investment Schemes Control Act, 45 of 2002 (CISCA)

(Incorporated in the Republic of South Africa)

Share Code: ASHMID

ISIN: ZAE000215349

ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2020

The Ashburton Collective Investment Scheme (the Scheme) was established in accordance with the provisions of the Collective Investment Schemes Control Act 45 of 2002 (CISCA) with effect from 12 April 2008. The Ashburton MidCap Exchange Traded Fund (the portfolio) was established as a portfolio of the Scheme in accordance with paragraph A of the deed of the Scheme on 26 June 2012.

The portfolio is a passive investment fund with the aim of providing returns linked to the performance of the FTSE/JSE Mid Cap Index (the index) in terms of both price and performance.

The Portfolio was initially listed on the JSE on 15 August 2012.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

Rand	2020	2019
ASSETS		
Investments designated at fair value through profit or loss	325 143 538	360 780 774
Trade and other receivables	176 207	210 677
Cash and cash equivalents	2 351 779	3 532 524
Total assets	327 671 524	364 523 975
LIABILITIES		
Net assets attributable to participatory interest holders	327 199 623	363 992 667
Trade and other payables	471 901	531 308
Total equity and liabilities	327 671 524	364 523 975

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

Rand	2020	2019
Interest income	128 406	160 417
Fair value gains / (loss)	(67 132 423)	17 575 303
Investment income/(loss)	(67 004 017)	17 735 720
Other income	255 813	367 112
Operating expenses	(2 032 737)	(2 198 729)
Profit/(loss) before tax	(68 780 941)	15 904 103
Taxation	-	-
Profit/(loss) before amounts attributable to participatory interest holders	(68 780 941)	15 904 103
Decrease/(Increase) in net assets attributable to participatory interest holders	68 780 941	(15 904 103)
Total comprehensive income for the year	-	-

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

Rand	2020	2019
Cash flows from operating activities		
Cash utilised by operations	(1 856 926)	(1 702 202)
Dividends received	14 211 796	14 830 392
Interest received	135 756	153 250
Sales of investments designated at fair value through profit or loss	163 351 856	161 781 623
Purchase of investments designated at fair value through profit or loss	(209 011 124)	(128 390 396)
Net cash inflow/(outflow) from operating activities	(33 168 642)	46 672 667
Cash flows from financing activities		
Redemption of portfolio participatory interests	(5 036 424)	(34 576 000)
Creation of portfolio participatory interests	49 456 427	-
Distributions paid to participatory interest holders	(12 432 106)	(10 880 025)
Net cash inflow/(outflow) from financing activities	31 987 897	(45 456 025)
Net increase/(decrease) in cash and cash equivalents	(1 180 745)	1 216 642
Cash and cash equivalents at the beginning of the year	3 532 524	2 315 882
Cash and cash equivalents at the end of the year	2 351 779	3 532 524

SUMMARISED ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2020

Basis of presentation

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

Standards, interpretations and amendments effective 1 July 2019

A number of new and revised standards and interpretations became effective from 1 July 2019, but they had no material impact on the Portfolio's reported earnings, financial position, reserves or accounting policies.

Financial instruments: Classification

The Portfolio has classified all its investments as financial assets or financial liabilities at amortised cost or at fair value through profit or loss ("FVPL").

Financial assets at amortised cost include other receivables, dividends and interest receivable and cash and cash equivalents.

Financial assets at FVPL

All financial assets not measured at amortised cost are subsequently measured at FVPL, except for investments in equities and rights which are mandatorily held at FVPL.

Financial liabilities at amortised cost

Financial liabilities that are not held-for-trading or designated as at FVPL are measured at amortised cost. This category includes fees payable and other payables.

Financial instruments: Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. All balances, except for physical cash which is held at call, included in cash and cash equivalents have a maturity date of less than three months from the acquisition date and are measured at amortised cost.

Participatory interest

The participatory interests are issued and redeemed at the holder's option at prices based on the Portfolio's net asset value per participatory interest at the time of issue or redemption. The Portfolio's net asset value per participatory interest is calculated by dividing the net assets attributable to the holders of the participatory interest by the total number of outstanding participatory interests, in accordance with the provisions of the Portfolio's supplemental trust deed.

Net assets attributable to participatory interest holders, evidence a residual interest in the assets of a portfolio after deducting all of its liabilities.

The value of the net assets attributable to participatory interest holders will vary with the changes in the underlying value of the investments, net of receivables and payables. The total movement in the statement of comprehensive income is transferred to the net assets attributable to participatory interest holders.

Creations and redemptions are recorded on trade date using the previous day's closing price.

In accordance with the Portfolio's supplemental trust deed, the Portfolio distributes its distributable income and any other amounts determined by the Manager of the Portfolio to participatory interest holders. For this reason, the participatory interest does not meet the requirements to be classified as equity in terms of IAS 32 and is thus classified as a liability. Distributions are automatically reinvested in additional participatory interests, other than distributions that are paid in cash.

Net income adjustment on creation and redemption of units

An adjustment to income arises on the creation and cancellation of units since the price of a unit includes accrued income and expenses. The income adjustment on creation or cancellation of units is recognised as part of the creation or redemption of unitholder interests and disclosed within the note of net assets attributable to participatory interest holders, when units on which it arises are either purchased or sold as these form part of the cash flow on unit transactions.

Investment income***Fair value gains and losses***

Gains and losses arising from a change in the fair value of investments, interest income on interest-bearing investments and dividend income, are included in the statement of comprehensive income under fair value gains / losses in the year in which the changes arise.

Dividend income

Dividend income in respect of investments is recognised when the right to receive payment is established. This is on the "last-day-to-trade" for listed investments and on the "date-of-declaration" for unlisted investments. Dividend income is recognised in the statement of comprehensive income as part of fair value gains and losses.

Interest income

Interest income on cash and cash equivalents is recognised in the statement of comprehensive income as part of interest income on the effective interest method.

Taxation

The Portfolio has no current or deferred tax liability as all realised gains and losses are considered to be of a capital nature and disregarded in the tax calculation of this Collective Investment Scheme portfolio in accordance with paragraph 61 of the Eighth schedule to the Income Tax Act No 58 of 1962. All investment income is distributed within the time frames specified by section 25BA of the Income Tax Act and is therefore taxed in the hands of the participatory interest holders.

Critical accounting estimates and judgements in applying accounting policies

No significant accounting estimates and judgements have been applied in the annual financial statements of the Portfolio.

All investments at FVPL are measured at fair value based on quoted prices in active markets and do not require the use of judgement or estimates.

SUMMARISED NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Net assets attributable to participatory interest holders

Rand	2020	2019
Balance at the beginning of the year	363 992 667	393 544 589
Participatory interests created during the year	49 456 427	-
Participatory interests redeemed during the year	(5 036 424)	(34 576 000)
Increase/(decrease) in net assets attributable to participatory interest holders	(68 780 941)	15 904 103
Distributions paid	(12 432 106)	(10 880 025)
Balance at the end of the year	327 199 623	363 992 667

Distributions

Rand	Number of participatory interests	Distribution	Number of participatory interests	Distribution
	2020	2020	2019	2019
Declared 30 September 2019 and paid 1 October 2019 (Declared 28 September 2018 and paid 1 October 2018) Class A: 5.7 cents per participatory interest (2019: 5.04 cents per participatory interest)	51 000 000	2 905 973	56 000 000	2 821 711
Declared 31 December 2019 and paid 2 January 2020 (Declared 31 December 2018 and paid 2 January 2019) Class A: 6.67 cents per participatory interest (2019: 4.67 cents per participatory interest)	54 500 000	3 633 520	51 000 000	2 379 986
Declared 31 March 2020 and paid 1 April 2020 (Declared 29 March 2019 and paid 1 April 2019) Class A: 5.29 cents per participatory interest (2019: 7.03 cents per participatory interest)	54 500 000	2 882 081	51 000 000	3 583 079
Declared 30 June 2020 and paid 1 July 2020 (Declared 30 June 2019 and paid 03 July 2019) Class A: 3.2 cents per participatory interest (2019: 5.9 cents per participatory interest)	58 000 000	1 856 848	51 000 000	3 010 535
		11 278 423		11 795 312

Included in the liability to participatory interest holders is the distribution payable as at 30 June.

These summarised financial statements have been not been audited but the full sets, available at the website mentioned below, have been audited by the independent auditors, PricewaterhouseCoopers Incorporated, and their unqualified audit opinion is available for inspection at the company's registered head office.

A full copy of the financial statements is available on the Ashburton website:

<https://www.ashburtoninvestments.com/za/individual-investor/fund/ashburton-midcap-etf/zae000215349>

30 October 2020

Debt Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

Trustee

Standard Chartered Bank, Johannesburg Branch

Manager

Ashburton Management Company (RF) Proprietary Limited

Auditors

PricewaterhouseCoopers Incorporated