

Ashburton Inflation Bond Exchange Traded Fund

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

(Incorporated in the Republic of South Africa)

Share Code: ASHINF

ISIN: ZAE000215331

ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2021

The Ashburton Collective Investment Scheme in Securities Exchange Traded Funds (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 Inflation Bond 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 5 March 2009.

The portfolio is a passive investment fund with the aim of providing returns linked to the performance of the Government Inflation Linked Bond Index (the "index") in terms of both price performance, as well as income from the component securities in the index. The portfolio will aim to track the performance of the index.

The Portfolio was initially listed on the JSE on 1 June 2009.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

Rand	2021	2020
ASSETS		
Investments designated at fair value through profit or loss	391 866 139	304 53 927
Trade and other receivables	12 667	11 625
Cash and cash equivalents	4 147 926	3 593 643
Total assets	396 026 732	308 559 195
LIABILITIES		
Net assets attributable to participatory interest holders	395 601 377	308 182 320
Trade and other payables	425 355	376 875
Total equity and liabilities	396 026 732	308 559 195

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

Rand	2021	2020
Interest income	53 571	105 743
Fair value gains / (loss)	45 583 785	(10 950 714)
Investment income/(loss)	45 637 356	(10 844 971)
Operating expenses	(1 395 613)	(1 350 237)
Profit/(loss) before tax	44 241 743	(12 195 208)
Taxation	-	-
Profit/(loss) before amounts attributable to participatory interest holders	44 241 743	(12 195 208)
Decrease/(Increase) in net assets attributable to participatory interest holders	(44 241 743)	12 195 208
Total comprehensive income for the year	-	-

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

Rand	2021	2020
Cash flows from operating activities		
Cash utilised by operations	(1 347 995)	(1 347 980)
Interest received	11 215 757	10 549 133
Sales of investments designated at fair value through profit or loss	63 225 676	16 404 362
Purchase of investments designated at fair value through profit or loss	(115 716 469)	(16 449 532)
Net cash inflow/(outflow) from operating activities	(42 623 031)	9 155 983
Cash flows from financing activities		
Redemption of portfolio participatory interests	(13 303 433)	-
Creation of portfolio participatory interests	66 030 505	-
Distributions paid to participatory interest holders	(9 549 758)	(9 275 958)
Net cash outflow from financing activities	43 177 314	(9 275 958)
Net increase/(decrease) in cash and cash equivalents	554 283	(119 975)
Cash and cash equivalents at the beginning of the year	3 593 643	3 713 619
Cash and cash equivalents at the end of the year	4 147 926	3 593 643

SUMMARISED ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2021

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, the provisions of CISCA and JSE listing requirements.

Standards, interpretations and amendments effective 1 July 2020

A number of new and revised standards and interpretations became effective from 1 July 2020, 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 Portfolio issues one class of participatory interest which is redeemable at the holder's option. Participatory interests can be put back to the Portfolio at any dealing date for cash equal to a proportionate share of the Portfolio's net asset value attributable to the participatory interest class.

The participatory interests are measured at the redemption amount that is payable at the reporting date if the holder exercises the right to put the participatory interests back to the Portfolio.

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 the 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. The portfolio does not have an unconditional right to avoid delivering cash or another financial asset to settle the contractual obligation should a holder exercise the right to put the participatory interests back to the portfolio. 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.

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	2021	2020
Balance at the beginning of the year	308 182 320	329 653 486
Participatory interests created during the year	66 030 505	-
Participatory interests redeemed during the year	(13 303 433)	-
Increase/(decrease) in net assets attributable to participatory interest holders	44 241 743	(12 195 208)
Distributions paid	(9 549 758)	(9 275 958)
Balance at the end of the year	395 601 377	308 182 320

Distributions

Rand	Number of participatory interests	Distribution	Number of participatory interests	Distribution
	2021	2021	2020	2020
Declared 21 October 2020 and paid 25 October 2020 (Declared 30 September 2019 and paid 1 October 2019) Class A: 13.03 cents per participatory interest (2020: 12.33 cents per participatory interest)	16 334 948	2 128 396	16 034 948	1 977 707
Declared 31 December 2020 and paid 2 January 2021 (Declared 31 December 2019 and paid 2 January 2020) Class A: 16.91 cents per participatory interest (2020: 16 cents per participatory interest)	16 334 948	2 762 081	16 034 948	2 566 145
Declared 31 March 2021 and paid 1 April 2021 (Declared 31 March 2020 and paid 1 April 2020) Class A: 13.04 cents per participatory interest (2020: 12.81 cents per participatory interest)	16 334 948	2 129 603	16 034 948	2 053 619
Declared 30 June 2021 and paid 1 July 2021 (Declared 30 June 2020 and paid 1 July 2020) Class A: 16.93 cents per participatory interest (2020: 15.78 cents per participatory interest)	16 334 948	3 138 331	16 034 948	2 529 676
		10 158 411		9 127 147

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 audited annual financial statements is available on the Ashburton website: <https://www.ashburtoninvestments.com/za/fund/ashburton-inflation-etf/zae000215331>

29 October 2021

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