NEWFUNDS COLLECTIVE INVESTMENT SCHEME
TRACI 3 MONTH INDEX ETF PORTFOLIO

AUDITED ANNUAL FINANCIAL STATEMENTS
31 December 2017

Prepared under the supervision of Palesa Mkhize CA(SA)
Designation: Head of Financial Decision Support

Contents

REPORT OF THE TRUSTEE FOR THE NEWFUNDS COLLECTIVE INVESTMENT SCHEME IN SECURITIES

We, the Standard Bank of South Africa Limited, in our capacity as Trustee of the NewFunds Collective Investment Scheme in Securities ("the Scheme") have prepared a report in terms of Section 70(1)(f) of the Collective Investment Schemes Control Act, 45 of 2002, as amended ("the Act"), for the financial year ended 31 December 2017.

In support of our report we have adopted certain processes and procedures that allow us to form a reasonable conclusion on whether the Manager has administered the Scheme in accordance with the Act and the Scheme Deed.

As Trustees of the Scheme we are also obliged to in terms of Section 70(3) of the Act to satisfy ourselves that every statement of comprehensive income, statement of financial position or other return prepared by the Manager of the Scheme as required by Section 90 of the Act fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme.

The Manager is responsible for maintaining the accounting records and preparing the annual financial statements of the Scheme in conformity with International Financial Reporting Standards. This responsibility also includes appointing an external auditor to the Scheme to ensure that the financial statements are properly drawn up so as to fairly represent the financial position of every portfolio of its collective investment scheme are in accordance with International Financial Reporting Standards and in the manner required by the Act.

Our enquiry into the administration of the Scheme by the Manager does not cover a review of the annual financial statements and hence we do not provide an opinion thereon.

Based on our records, internal processes and procedures we report that nothing has come to our attention that causes us to believe that the accompanying financial statements do not fairly represent the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the Manager.

We confirm that according to the records available to us, no losses were suffered in the portfolios and no investor was prejudiced as a result thereof.

We conclude our report by stating that we reasonably believe that the Manager has administered the Scheme in accordance with:

(i) the limitations imposed on the investment and borrowing powers of the manager by this Act;

(ii) and the provisions of this Act and the deed;

Melinda Mostert

Standard Bank of South Africa Limited

Seggie Moodley

Standard Bank of South Africa Limited

27 March 2018

DIRECTORS' RESPONSIBILITIES AND APPROVAL

for the year ended 31 December 2017

The directors (who are also the directors of the Manager - NewFunds (RF) Proprietary Limited) are responsible for overseeing the preparation, integrity and objectivity of the financial statements that fairly present the state of the affairs of the ETF portfolio at the end of the reporting period and the net income and cash flows for the reporting period, and other information contained in this report.

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

To enable the directors to meet these responsibilities:

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

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

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

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

It is the responsibility of the independent auditors to report on the annual financial statements. Their report to the investors is set out on pages 3 to 7.

The annual financial statements set out on pages 10 to 33 were approved by the directors on 27 March 2018 and were signed on its behalf by:

AB La Grange	CHM Edwards

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INDEPENDENT AUDITOR'S REPORT TO THE MANAGER AND HOLDERS OF SECURITIES IN THE NEWFUNDS TRACI 3 MONTH INDEX ETF PORTFOLIO

Report on the Audit of Annual Financial Statements

Opinion

We have audited the financial statements of NewFunds TRACI 3 Month Index ETF portfolio (the Portfolio) as set out on pages 10 to 33, which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, the statement of changes in net assets attributable to investors, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Collective Investments Schemes Control Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Portfolio in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), the International Federation of Accountants' Code of Ethics for Professional Accountants (IFAC Code) and other independence requirements applicable to performing the audit of the financial statements of the Portfolio. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IFAC code and in accordance with other ethical requirements applicable to performing an audit of the Portfolio. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the Matter was addressed in the audit
<u>Valuation of the portfolio investments, net assets attributable to investors and related disclosure</u> The valuation of the portfolio investments is regarded as an area of audit focus as it represents a principle element of financial statements and is an important part of the net assets attributable to investors. We assess the fair value of the portfolio investments and therefore the resulting impact on the net assets attributable to investors each year as the fair values are derived from market movements which change each year. When assessing the appropriateness of the valuation methodology applied, judgement is required in assessing whether the frequency with which instruments are traded meets the criteria of an active market as required by IFRS 13 Fair Value Measurement which are principle based criteria rather than set thresholds. When instruments are assessed as not being traded on an active market (i.e. instruments not categorised as level 1), adjustments are required to be made which require significant judgement and auditor attention. The disclosures associated with fair valuation of the portfolio Investments are set out below: • Note 7 - Portfolio Investments and Participation Interest Note 13 Fair Value Hierarchy of Assets and Liabilities held at Fair Value	Our audit of the valuation of the portfolio investment, net assets attributable to investors and related disclosure included, amongst others, the following audit procedures: • We evaluated whether the valuation methodologies of the portfolio investment are appropriate in terms of their classification type and fair value level as financial instruments and correctly applied in accordance with IFRS 13 Fair Value Measurement accounting policies. • We independently assessed both the volumes traded in the underlying investments and the portfolio to unit holders, by obtaining the average volumes of the instruments traded from a trusted source and applying professional judgement and experience, to ensure that the instruments traded, are traded in an active market or not. • We assessed the appropriateness of the disclosure classification of level 1 and level 2 fair value measurements by applying professional judgement when observing the frequency of the number of units of the instruments traded in the period and whether the valuation technique applied in order to value level 1 and level 2 financial instruments was correct in accordance with the requirements of IFRS 13. • For financial instruments classified as level 1, we vouched that inputs are based on quoted prices in an active market. For financial instruments classified as level 2, we vouched inputs as being observable in the market by obtaining the market price for these instruments. • We engaged internal experts to assist us in determining whether the assumptions used in the disclosure of the portfolio investments, were reasonable. • Our work on assumptions and inputs, such as the quoted prices in active markets (level 1) and quoted prices for identical or similar instruments in markets that are not active (level 2), volume of instruments traded and the location of the where the instruments are traded, focused on those which had the most significant impact on the outcome of the portfolio investments valuation models. • We re-computed the outcomes of the portfolio investments valuation model to ensure its mathematical accuracy.

Key Audit Matter	How the Matter was addressed in the audit
	• We compared the NewFunds portfolio investments list to that held by the service organisation and to external third party data.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Responsibilities and Approvals, Trustee's Report and Directors' Report, but does not include the financial statements and our Auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Portfolio's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Portfolio or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors'.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Portfolio's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Portfolio to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of each Exchange Traded Fund Portfolio within the Portfolio to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Rohan Baboolal.

Report on other Legal and Regulatory Requirements

In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of the NewFunds Collective Investment Scheme for 6 years.

Ernst & Young Inc.
Director - Rohan Baboolal
Registered Auditor
Chartered Accountant (SA)
27 March 2018

Management company registration number	2005/034899/07
Country of incorporation and domicile	South Africa
Date of publication	29 March 2018
Nature of business and principle activities	NewFunds Collective Investment Scheme manages exchange traded fund (ETF) portfolios. Its objective is to track the performance of specific indices on the stock market in each portfolio. TRACI 3 Month EFT Portfolio ("the portfolio" or "TRACI") tracks the Barclays PLC/Absa ZAR Tradable Cash Total Return Index 3-month. The TRACI index measures the mark-to market value of the income earned from rolling a 3-month money market deposit on a monthly basis.

Directors	Name	Appointment date	Resignation date
	CHM Edwards	24/03/2016	
	TJ Fearnhead	25/11/2013	
	AB La Grange	10/07/2006	
	DA Lorimer	01/12/2016	
	BM Mgwaba	15/10/2015	
	RMH Pitt	17/02/2017	
	CMR Playne	23/07/2014	06/11/2017
	EM Southey	24/06/2011	17/02/2017

Registered office	7th Floor Barclays Towers West 15 Troye Street Johannesburg 2001
Trustees	Standard Bank of South Africa Limited
Bankers	Standard Bank of South Africa Limited
Auditors	Ernst & Young Inc. 102 Rivonia Road Sandton Johannesburg 2196
Supervised by	The scheme is managed by NewFunds (RF) Proprietary Limited, a 100% owned subsidiary of Absa Bank Limited. The preparation of these annual financial statements therefore falls under the direct supervision of Absa Bank Limited, represented by Palesa Mkhize CA(SA), Head of Financial Decision Support. All references to 'Manager' and 'Management' relate to NewFunds (RF) Proprietary Limited.
Review of financial results	The financial results of the portfolio are set out in the attached annual financial statements. The results do not, in the opinion of the directors, require further explanation.

Events after the reporting date	Events material to the understanding of these financial statements that occurred in the period between the financial year end and the date of this report have been disclosed in Note 18.
Going concern	The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.
Special resolutions	No special resolutions were passed during the period under review.

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - TRACI 3 MONTH INDEX ETF PORTFOLIO
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

	Notes	2017 R	2016 R
Non-interest income			
Fair value adjustment	7.1	**1 586**	(3 524)
		1 586	(3 524)
Revenue	4	**8 084 569**	7 458 737
		8 086 155	7 455 213
Management and administration expenses		**(205 053)**	(242 637)
Increase in net assets attributable to investors before distribution	5	**7 881 101**	7 212 576
Income distribution		**-**	-
Increase in net assets attributable to investors after distribution		**7 881 101**	7 212 576

Represented by:

Income attributable to investors		**7 879 515**	7 216 100
Capital attributable to investors		**1 586**	(3 524)

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - TRACI 3 MONTH INDEX ETF PORTFOLIO
STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	2017 R	2016 R
Assets			
Current assets			
Portfolio Investments	7	**117 006 855**	109 305 269
Trade receivables	8	**114 549**	87 879
Cash and cash equivalents	11	**470 285**	319 032
Total current assets		**117 591 689**	109 712 180
Total assets		**117 591 689**	109 712 180
Liabilities			
Current liabilities			
Trade and other payables	9	**283**	1 876
Net assets attributable to investors		**117 591 406**	109 710 304

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - TRACI 3 MONTH INDEX ETF PORTFOLIO
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO INVESTORS
for the year ended 31 December 2017

	Capital attributable to investors R	**Income attributable to investors R**	**Net assets attributable to investors R**
Balance at 1 January 2016	90 067 351	12 430 377	102 497 728
Increase/(decrease) in net assets attributable to investors	(3 524)	7 216 100	7 212 576
Balance at 31 December 2016	90 063 827	19 646 477	109 710 304
Balance at 1 January 2017	**90 063 827**	**19 646 477**	**109 710 304**
Increase/(decrease) in net assets attributable to investors	**1 586**	**7 879 515**	**7 881 101**
Balance at 31 December 2017	**90 065 413**	**27 525 992**	***117 591 405**

*Differs from the Statement of Financial Position due to rounding

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - TRACI 3 MONTH INDEX ETF PORTFOLIO PORTFOLIO
STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

	Notes	2017 R	2016 R
Cash flows from operating activities			
Cash used in operations	10	**(206 646)**	(242 279)
Purchase of NCD's due to rebalancing		**(456 550 000)**	(426 350 000)
Proceeds from sale of NCD's due to rebalancing		**448 850 000**	419 150 000
Coupon Interest received		**8 014 443**	7 395 717
Other interest received		**43 456**	12 434
Net cash (used in)/generated by operating activities		**151 253**	(34 128)
Net (decrease)/increase in cash and cash equivalents		**151 253**	(34 128)
Cash and cash equivalents at the beginning of the year		**319 032**	353 160
Cash and cash equivalents at the end of the year	11	**470 285**	319 032

1. STATEMENT OF COMPLIANCE

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the current year, the Scheme has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2017. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Scheme's accounting policies. For details of the new and revised accounting policies refer to Note 19.

2.2 BASIS OF PREPARATION

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

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

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

2.3 REVENUE RECOGNITION

Revenue comprises of interest income. It is recognised to the extent that it is probable that there will be an inflow of economic benefits and the income can be reliably measured.

Interest income and coupon interest income from a financial asset are recognised when it is probable that the economic benefits will flow to the Scheme and the amount of income can be measured reliably. Interest income and coupon interest income are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Scheme becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. 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 or loss) are capitalised to the initial carrying amount of the financial asset/liability, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

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

2.4.1 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets are classified as loans and receivables and investments at fair value through profit or loss. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial liabilities comprise trade and other payables and net assets attributable to investors. Trade and other payables comprise management and Scheme fee payables and are measured at amortised cost using the effective interest method. Net assets attributable to investors are listed debt instruments held by investors in the form of ETFs and are designated at fair value through profit and loss.

FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets are measured as at fair value through profit and loss when they are either held for trading or designated as at fair value through profit and loss.

A financial instrument other than one that is held for trading may be designated as at fair value through profit and loss and Loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial instrument forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the documented risk management or investment strategy, taking into consideration the relationship of assets to liabilities in a way that mitigates market risk; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit and loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 FINANCIAL INSTRUMENTS (continued)

2.4.1 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Financial instruments at fair value through profit and loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

Income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within interest income when the Scheme's right to receive payments is established.

Creation and redemption

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

Net assets attributable to investors (redeemable securities)

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

LOANS AND RECEIVABLES

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

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

EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

FINANCIAL LIABILITIES

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

FAIR VALUE

The listed underlying investments are carried at fair value through profit or loss such as those designated by management under the fair value option.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 FINANCIAL INSTRUMENTS (continued)

2.4.1 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

DERECOGNITION OF FINANCIAL INSTRUMENTS

Derecognition of financial assets

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

Derecognition of financial liabilities

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

2.4.2 OFFSETTING

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

2.5 CASH AND CASH EQUIVALENTS

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

2.6 SEGMENTAL REPORTING

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 DISTRIBUTIONS

The portfolio tracks a total return and therefore all distributions from constituents are not paid to investors but are reinvested through the purchase of additional constituents in the weightings of the specific index.

2.8 TAXATION

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

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

2.9 PROVISIONS, CONTINGENT LIABILITIES AND COMMITMENTS

Provisions are recognised when the Scheme has a present constructive or legal obligation as a result of past events and it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Transactions are classified as contingent liabilities where the existence of the Scheme's possible obligations depends on uncertain future events beyond the Scheme's control or when the Scheme has a present obligation that is not probable or which the Scheme is unable to measure reliably.

Items are classified as commitments where the Scheme commits itself to future transactions or if the items will result in the acquisition of assets.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Scheme from a contract is lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract. Before a provision is established, the Scheme recognises any impairment loss on the assets associated with that contract.

3. JUDGEMENTS AND ESTIMATES

In the preparation of the annual financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period. In the period under review, there were no significant judgements or estimates made.

	2017 R	2016 R

4. REVENUE

Coupon Interest	**8 040 140**	7 395 717
Other Interest	**44 429**	63 020
	8 084 569	7 458 737

5. INCREASE IN NET ASSETS ATTRIBUTABLE TO INVESTORS BEFORE DISTRIBUTION

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

Management fee	**(189 934)**	(226 962)
Trustee fees	**(8 627)**	(9 984)

6. TOTAL EXPENSE RATIOS

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

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

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

	2017 R	2016 R
	%	**%**
TRACI 3 Month	**0.18**	0.23

7. PORTFOLIO INVESTMENTS

These financial assets are designated at fair value through profit and loss.

The fund designates all money market investments at fair value through profit and loss upon initial recognition as it manages these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities are on a fair value basis.

	2017 R	2016 R
7.1 RECONCILIATION OF THE FAIR VALUE OF INVESTMENTS		
Balance at 1 January	**109 305 269**	102 108 793
Fair value adjustments	**1 586**	(3 524)
Rebalancing effect	**7 700 000**	7 200 000
Balance at 31 December	**117 006 855**	109 305 269
7.2 RECONCILIATION OF THE NUMBER OF UNITS		
Balance at 1 January	**5 116 726**	5 116 726
New issues during the year	**-**	-
Balance at 31 December	**5 116 726**	5 116 726

7.3 PARTICIPATION INTEREST

The Scheme is the primary issuer of participatory interests for the NewFunds CIS ETF's. The Scheme is obliged to sell and repurchase one or more basket(s) of participatory interests requested or offered from or to it by investors. There is a provision that the fund can never be obliged to deliver part of a basket. Typically, since participatory interests are listed on the JSE, investors can buy or sell partial baskets of their participatory interests on the secondary market (and may contact either of the participating brokers or the market maker in this regard). Partial baskets are traded on the secondary market as TRACI 3 month Index securities (NFTRCI) on the JSE.

Proceeds received from the issue of TRACI 3 Month Index Securities are utilized to buy TRACI 3 Month baskets of selected constituents.

The net asset value per TRACI 3 Month Index Security, after attributable amounts, at 31 December 2017 was R22.98 (31 December 2016: R21.44).

7. PORTFOLIO INVESTMENTS (continued)

7.4 TRACI 3 MONTH INDEX SECURITY BASKET OF CONSTITUENTS

	No. of NCD's	Cost R	Current Price (cents)	Market Value R	% of the fund
2017					
FRBL 7.05% 280318	**21 000 000**	**21 000 000**	**100**	**20 999 423**	**17.95**
SBK 7.05% 280318	**21 000 000**	**21 000 000**	**100**	**20 999 423**	**17.95**
ABS 7.1% 280318	**26 000 000**	**26 000 000**	**100**	**26 002 366**	**22.22**
INT 7.15% 280318	**23 000 000**	**23 000 000**	**100**	**23 004 817**	**19.66**
NED 7.075% 280318	**26 000 000**	**26 000 000**	**100**	**26 000 826**	**22.22**
Total		**117 000 000**		**117 006 855**	**100**
2016					
RMB 7.225% 290317	11 000 000	11 000 000	100	10 998 886	10.06
ABS 7.3% 290317	27 400 000	27 400 000	100	27 402 148	25.07
NED 7.3% 290317	27 000 000	27 000 000	100	27 002 117	24.70
INT 7.325% 290317	21 900 000	21 900 000	100	21 903 028	20.04
SBSA 7.25% 290317	22 000 000	22 000 000	100	21 999 090	20.13
Total		109 300 000		109 305 269	100.00

		2017 R	2016 R
8.	**TRADE RECEIVABLES**		
	Other interest receivable	973	-
	Coupon interest receivable	113 575	87 879
		114 549	87 879
9.	**TRADE AND OTHER PAYABLES**		
	Management fees	-	700
	Trustee fees	283	1 176
		283	1 876
10.	**CASH USED IN OPERATIONS**		
	Increase in net assets attributable to investors after distribution	7 881 101	7 212 576
	Adjustments for:		
	Interest income	(8 084 569)	(7 458 737)
	Fair value losses/(gains)	(1 586)	3 524
	Cash used in operations before working capital changes	(205 054)	(242 637)
	Changes in working capital		
	Decrease in trade and other payables	(1 592)	358
	Total changes in working capital	(1 592)	358
	Cash used in operations	(206 646)	(242 279)
11.	**CASH AND CASH EQUIVALENTS**		
	Current account	470 285	319 032

12. RISK MANAGEMENT

12.1 CAPITAL RISK MANAGEMENT

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

12.2 FINANCIAL RISK MANAGEMENT

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

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

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

The portfolio's financial instruments consist mainly of underlying listed investments, cash and cash equivalents, trade receivables, index securities and trade and other payables.

12.3 MARKET RISK

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

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

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

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

12. RISK MANAGEMENT(continued)

12.3 MARKET RISK(continued)

Price Sensitivity Analysis

All the investments in portfolios of the Scheme's portfolios are listed on the JSE. Index securities are created with an objective to track the performance of specific portfolio indexes (customised indexes). Any movement or adjustment in the specific portfolio index will have an impact on the price of the investment in the portfolio. At any point in time the market value of one unit in the portfolio may be expected to reflect $1/10^{th}$ of the index level, plus an amount which reflects a pro rata portion of any accrued distribution amount within the portfolio.

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

The TRACI 3 Month Index Securities investment portfolio of **2017: R117 006 855** (2016: R109 305 269) is affected by price fluctuations.

At reporting date a 10% increase in the value of the investments in the portfolio's security will increase the index and resulting increase in assets attributable to investors of the portfolio by **2017: R11 700 685** (2016: R10 930 527)

At reporting date a 10% decrease in the value of the investments in the portfolio's security will decrease the index and resulting increase in assets attributable to investors of the portfolio by **2017: R11 700 685** (2016: R10 930 527)

12.4 INVESTMENT RISK

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

On a quarterly basis, the index is adjusted to ensure that the constituent securities in the index match the performance of the top 3-month SA money market deposits. Thus adjustments, such as removing a security that is not performing well or a change in the weighting of the shares, are performed.

The following factors could negatively impact on the investment performance of the portfolio:

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

12.5 SECONDARY TRADING RISK

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

12. RISK MANAGEMENT(continued)

12.6 INTEREST RATE RISK

Interest rate sensitivity analysis

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

The cash balances of **R470 285** (2016: R319 032) is affected by interest rate fluctuations.

At reporting date a 1% decrease in the interest rate will increase the net assets attributable to investors of the portfolio by **R4 703** (2016: R31 903).

At reporting date a 1% increase in the interest rate will decrease the net assets attributable to investors of the portfolio by **R4 703** (2016: R31 903).

The TRACI ETF comprises of 3 month, fixed rate negotiable certificates of deposit. The 3 month NCDs within TRACI as at 31 December 2017 mature on 28 March 2018 (2016: 29 March 2017). The effect of a change in the interest rate on the fair value of the value of the NCDs on profit or loss was not considered to be significant in the prior year. As at December 2017, a 25 basis point increase in the interest rates would result in a decrease in the value of the NCDs of **R73 129**.

12.7 CREDIT RISK

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

Risk limits, control and mitigation policies: The cash and cash equivalents of the Scheme are placed with reputable financial institutions. The credit risk relating to the trade receivables is limited as it relates mainly to interest income receivable which is receivable securities issued by reputable entities.

	2017 R	2016 R
Maximum credit risk		
Portfolio Investments	**117 006 855**	109 305 269
Trade receivables	**114 549**	87 879
Cash and cash equivalents	**470 285**	319 032
	117 591 689	109 712 180

Financial assets stratification and analysis

The credit quality of all financial assets that are neither past due nor impaired are regarded as financially strong as they are issued by reputable financial institutions.

12. RISK MANAGEMENT(continued)

12.8 LIQUIDITY RISK

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

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

The participatory interest in the portfolio securities can be sold to the market maker, which is obliged to buy them from the investor.

Market makers will attempt to maintain a high degree of liquidity through continuously offering to buy and sell all the Scheme's portfolio participatory interests at prices around NAV of the participatory interest, thereby ensuring tight buy and sell spreads. Under normal circumstances and conditions the investor will be able to buy or sell the portfolio securities from the market makers.

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

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

	On demand R	0-12 months R	Total R
2017			
Trade and other payables	-	283	283
TRACI 3 Month Index Securities	117 591 406	-	117 591 406
	117 591 406	283	117 591 689
2016			
Trade and other payables	-	1 876	1 876
TRACI 3 Month Index Securities	109 710 304	-	109 710 304
	109 710 304	1 876	109 712 180

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

13.1 FAIR VALUE HIERARCHY

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

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

Level 2 fair value measurements are those derived from quoted prices in active markets and inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The valuation technique applied in order to value Level 2 financial instruments is the net asset value, which is linked to the price of the underlying market traded instruments.

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

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

The table below sets out the fair value of Level 2 assets, adjusted for credit risk as appropriate:

	Level 1 R	Level 2 R	Level 3 R
2017			
Recurring fair value measurements			
Financial Instruments			
Designated as at Fair Value Through Profit and Loss			
Coupon interest receivable	-	**113 575**	-
Investment in negotiable certificates of deposit	-	**117 006 855**	-
Net assets attributable to investors	-	**(117 591 406)**	-
	-	**(470 976)**	-
2016			
Recurring fair value measurements			
Financial Instruments			
Designated as at Fair Value Through Profit and Loss			
Coupon interest receivable	-	-	-
Investment in negotiable certificates of deposit	-	109 305 269	-
Net assets attributable to investors	-	(109 710 304)	-
	-	(405 035)	-

13.2 FAIR VALUE VERSUS CARRYING AMOUNT OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE

The fair value of the cash and cash equivalents, trade and other receivables and trade and other payables approximates the carrying value because the instruments are short term in nature. There has been no change in fair values as a result of a change in credit risk.

14. SEGMENTAL REPORTING

The investment vehicle offers only one product, being the specific exchange traded fund, tracking the specific identified index.

Information regarding the results of the reportable segment is disclosed in the financial statements as currently set out, thus no further IFRS 8 disclosure is required.

15. RELATED PARTIES

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

The Standard Bank of South Africa Limited is the trustee of the Scheme at a contractually agreed amount and is remunerated for services.

Ultimate holding company: Barclays Africa Group Limited.

Key Management Personnel

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

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

15. RELATED PARTIES (continued)

	Admin and management fees paid	Interest Income	Portfolio Investment	Cash and Cash Equivalents	Trade and Other Payables	Trade Receivables	Participatory Interest Held
2017							
NewFunds (RF) Proprietary Limited	**(189 934)**				**(283)**		
Absa Bank Limited		**1 934 657**	**26 002 366**				
Barclays Africa Group Limited						**15 173**	**(27 052 876)**
Standard Bank of South Africa Limited	**(15 101)**	**1 802 274**	**20 999 423**	**470 285**		**12 168**	
2016							
NewFunds (RF) Proprietary Limited	(226 962)						
Absa Bank Limited		1 770 889	27 402 148		(1 175)		
Barclays Africa Group Limited						16 440	(43 269 628)
Standard Bank of South Africa Limited	(15 411)	1 388 654	21 999 090	319 032		13 110	

16. DISTRIBUTIONS

The portfolio will effect monthly distributions after paying all the accrued expenses of the NewFunds Collective Investment Scheme. All distributions are made out of the income of each ETF portfolio and are reinvested through the additional constituent securities and not paid to the investors.

The monthly record dates are: 27 January 2017, 24 February 2017, 24 March 2017, 28 April 2017, 26 May 2017, 23 June 2017, 28 July 2017, 25 August 2017, 29 September 2017, 27 October 2017, 24 November 2017 and 06 January 2018. Holders of the ETF securities ("investors") recorded in the register on the record dates were entitled to the respective distribution declared.

	2017 R	2016 R
2017 : 14.40 cents per security announced 16 February 2017 and re-invested on 21 February 2017 *#(2016 : 13.06 cents per security announced 8 February 2016 and re-invested on 23 February 2016)*	**736 706**	688 244
2017 : 11.56 cents per security declared on 16 March 2017 and re-invested 22 March 2017. *#(2016 : 11.14 cents per security declared on 17 March 2016 and re-invested 23 March 2016)*	**591 391**	569 952
2017 : 11.55 cents per security declared on 13 April 2017 and re-invested 20 April 2017. *#(2016 : 6.96 cents per security declared on 15 April 2016 and re-invested 20 April 2016)*	**591 187**	356 073
2017 : 14.28 cents per security declared on 19 May 2017 and re-invested 24 May 2017. *#(2016 : 13.44 cents per security declared on 17 May 2016 and re-invested 20 May 2016)*	**730 515**	687 534
2017 : 12.25 cents per security announced 15 June 2017 and re-invested 21 June 2017 *# (2016 : 12.02 cents per security announced 17 June 2016 and re-invested 22 June 2016)*	**626 594**	614 928
2017 : 11.81 cents per security declared on 13 July 2017 and re-invested 18 July 2017. *#(2016 : 10.86 cents per security declared on 14 July 2016 and re-invested 19 July 2016)*	**604 439**	555 625
2017 : 15.11 cents per security declared on 18 August 2017 and re-invested 21 August 2017. *#(2016 : 14.67 cents per security declared on 19 August 2016 and re-invested 24 August 2016)*	**773 291**	750 624
2017 : 12.15 cents per security declared on 14 September 2017 and re-invested 19 September 2017. *#(2016 : 11.16 cents per security declared on 15 September 2016 and re-invested 20 September 2016)*	**621 631**	571 129
2017 : 15.22 cents per security declared on 19 October 2017 and re-invested 24 October 2017. *#(2016 : 11.17 cents per security declared on 13 October 2016 and re-invested 18 October 2016)*	**778 970**	571 589
2017 : 14.24 cents per security declared on 16 November 2017 and re-invested 27 November 2017. *#(2016 : 14.14 cents per security declared on 17 November 2016 and re-invested 22 November 2016)*	**728 519**	723 454
2017 : 11.35 cents per security announced 14 December 2017 and re-invested 27 December 2017 *(2016 : 11.35 cents per security announced 15 December 2016 and re-invested 21 December 2016)*	**663 793**	580 544

16. DISTRIBUTIONS (continued)

#(2016 : 11.35 cents per security declared on 16 January 2017 and re-invested 19 January 2017)		580 493*
	8 106 480	7 250 189
2018 : 12.89 cents per security declared 18 January 2018 and re-invested 29 January 2018	659 444	
2018 : 14.15 cents per security declared 15 February 2018 and re-invested 26 February 2018	724 170	
2018 : 12.02 cents per security declared 14 March 2018 and re-invested 26 March 2018	615 082	

*Ex dividend date 21 December 2016

#In the prior year the announcement date was used. However, in the current year the declaration date was used as this is more relevant to the users of the financial statements

17. QUARTERLY REVIEW OF PORTFOLIOS PRICES (CENTS PER UNIT)

	31 March (cents)	30 June (cents)	30 September (cents)	31 December (cents)
2017				
TRACI 3 Month Index Securities	2180	2218	2261	2298
2016				
TRACI 3 Month Index Securities	2 034	2 070	2 107	2 144

18. EVENTS AFTER THE REPORTING DATE

Distributions occurred post year end, refer to Note 16.

19. *NEW ACCOUNTING PRONOUNCEMENTS*

Adoption of new and revised Standards
During the current year, the Scheme has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2017. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Scheme's accounting policies.

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

IAS 7 — *Statement of Cash Flows* - Amendments as result of the Disclosure Initiative. Additional disclosures to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

IAS 12 — *Income Taxes* - Amendments regarding the recognition of deferred tax assets for unrealised losses.

Annual improvements (2014- 2016 cycle)
Non-urgent but necessary clarifications and amendments to the following standards of IFRS:

IFRS 12 *Disclosure of Interests in Other Entities*

19. NEW ACCOUNTING PRONOUNCEMENTS (continued)

New and revised International Financial Reporting Standards issued not yet effective
At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

	Standard	Annual periods beginning on or after
IFRS 4	*Insurance contracts* - Applying IFRS 9 Financial instruments (amendments) allow an entity that issues insurance contracts the opportunity to utilize two options - where IFRS 9 is applied prior to the forthcoming insurance contracts standard. These are (a) the overlay approach - which permits an insurer to reclassify certain income/expenditure, arising from designated financial instruments, from profit or loss to other comprehensive income, and (b) the deferral approach - temporary exemption from IFRS 9 for insurers whose predominant activity is issuing insurance contracts.	1 January 2018
IFRS 9	*Financial Instruments* - A new accounting standard that represents a package of reforms to financial instrument accounting was issued in July 2014. IFRS 9 replaces the previous standard on financial instruments, IAS 39. IFRS 9 will lead to significant changes in the accounting for financial instruments. The key changes relate to: *Financial assets:* Financial assets will be measured at either fair value through profit or loss or amortised cost, except for debt instruments meeting specific criteria, which are required to be measured at fair value through other comprehensive income, or equity investments not held for trading, which may be measured at fair value through other comprehensive income; *Financial liabilities:* The accounting for financial liabilities is largely unchanged, except for non-derivative financial liabilities designated at fair value through profit or loss. Gains and losses on such financial liabilities arising from own credit risk will be presented in other comprehensive income rather than in profit or loss; *Impairment:* Credit losses expected at the reporting date (rather than only losses incurred in the year) on loans and advances, debt securities, loan commitments and financial guarantee contracts not held at fair value through profit or loss will be reflected in impairment allowances. Given the nature of the Scheme's financial instruments, the adoption of IFRS 9 is not expected to have a significant impact on the Scheme.	1 January 2018

19. NEW ACCOUNTING PRONOUNCEMENTS (continued)

	Standard	Annual periods beginning on or after
IFRS 15	*Revenue from Contracts with Customers* - A new accounting standard that provides a single, principle based, five-step model to be applied to all contracts with customers. New disclosures about revenue are also introduced. The adoption of IFRS 15 is not expected to have a significant impact on the Scheme.	1 January 2018
IAS 40	*Investment Properties* - Amendments regarding when an entity should transfer property into, or out of, investment property	1 January 2018
IFRIC 22	*Foreign Currency Transactions and Advance Consideration* - Amendments clarifying the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.	1 January 2018
IFRIC23	*Uncertainty Over Income Tax Treatments* - Interpretation clarifying the accounting for uncertainties in income taxes.	1 January 2019
IFRS 17	*Insurance Contracts* - a new insurance accounting standard which establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts.	1 January 2021
IFRS 16	*Leases* - A new accounting standard that eliminates the classification of leases as either operating leases or finance leases for lessees and, instead, introduces a single accounting model, which recognises all leases on the statement of financial position.	1 January 2019

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