

CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund
Financial statements for the year ended 31 December 2017

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for the year ended 31 December 2017

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CoreShares Global Investments PCC
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Corporate data

		Date of appointment	Date of resignation
Directors:	Gareth Stobie	14 April 2016	-
	Gyaneshwarnath Gowrea	14 April 2016	-
	Mohamed Hyder Aboobakar	14 April 2016	13 October 2017
	Rehma Imrith	13 October 2017	-
Administrator and Secretary:	SGG Fund Services (Mauritius) Ltd (Formerly known as 'Cim Fund Services Ltd') 33 Edith Cavell Street Port Louis Mauritius		
Registered office:	22 Saint Georges Street Port Louis Mauritius		
Auditor:	Deloitte 7th-8th Floor Standard Chartered Tower 19-21 Bank Street, Cybercity Ebène Mauritius		
Investment Manager:	CoreShares ETF Managers Ltd 22 Saint Georges Street Port Louis Mauritius		
Custodian:	Société Generale Securities Services 160 Jan Smuts Ave Johannesburg, 2000 South Africa		
Banker:	The Mauritius Commercial Bank Limited 10th Floor, MCB Head Office Sir William Newton Street Port Louis Mauritius		

**CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund**

Corporate Governance Report

General Information

CoreShares Global Investments PCC, was incorporated on 14 April 2016 as a Category 1 Global Business Licence Company under the Financial Services Act 2007 and has been granted authorisation to operate as a Collective Investment Scheme under Section 97 of the Securities Act 2005 and as a Global Scheme under Regulation 16 of the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008.

CoreShares S&P 500 Exchange Traded Fund (the “Fund”), is a cell of CoreShares Global Investments PCC and was licensed by the Financial Services Commission on 15 April 2016. The Fund has its own cellular assets separate from the core assets of CoreShares Global Investments PCC and the cellular assets of the other cell.

The Fund is listed on the Official Market of the Stock Exchange of Mauritius Ltd as well as on the Specialist Securities Sector of the main board of the JSE Limited.

The Fund tracks the price and yield performance of the S&P 500 Index, by holding shares in Vanguard S&P 500 ETF.

The Board of Directors (the “Board”)

The Board is composed of directors coming from different sectors. Every director has drawn from his professional background and expertise in positively contributing to the Board’s activities. The Board is currently made up of three directors namely Messrs Gareth Stobie, Gyaneshwarnath Gowrea and Rehma Imrith.

The Board is responsible for directing the affairs of the Fund in the best interests of shareholders, in conformity with legal and regulatory framework and consistent with its Constitution and best governance practices.

**CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund**

Corporate Governance Report (Continued)

The Board of Directors (Continued)

The Directors profile

Gareth Stobie

Gareth Stobie is the Managing Director of CoreShares Holdings Proprietary Limited and leads the business in all its facets. Mr Stobie has 13 years' financial services experience across structured finance, banking and investment management, and has been working within the ETF industry specifically for 4 years. Mr Stobie joined Grindrod Bank Limited in 2003 and over this time Grindrod Bank developed the CoreShares business to its current stature. Mr Stobie has an MBA from Wits Business School.

Gyaneshwarnath Gowrea

Gyaneshwarnath Gowrea is a Fellow member of the Chartered Association Certified Accountants (UK), International Tax Affiliate of the Chartered Institute of Taxation (UK) and Fellow member of the Mauritius Institute of Directors. Mr Gowrea is also a Member of the Society of Trust and Estate Practitioners (UK) and the International Fiscal Association. He completed his M.Sc. in Accounting from De Monfort University in Leicester, UK. He holds a Diploma in International Taxation. He has more than fifteen years' experience in international tax and advises on tax structures set up by multinational corporations, fund managers and high net-worth individuals. Mr Gowrea is also the chairman of the tax committee of Global Finance Mauritius, the apex organisation for financial services and sits on various committees dealing with fiscal matters as well as double taxation avoidance agreements. He has been a speaker at several local and international conferences.

Rehma Imrith

Rehma Imrith holds a BA (Hons) Law and Management from the University of Mauritius. She was admitted to Graduateship of the Institute of Chartered Secretaries and Administrators in 2010. She is also a Member of the Society of Trust and Estate Practitioners and Mauritius Institute of Directors since 2009. Prior to joining Cim Group, Rehma has been involved in the areas of business development and structuring, setting up and administration of Global Business entities, trusts and specialist products such as pension and external insurance business. She joined the Research and Product Development department in 2010 and is involved in advising as well as setting up and launching of different international vehicles and products.

Constitution

The Constitution of the Fund was adopted on 14 April 2016. It is in line with the Mauritius Companies Act 2001 and the Listing Rules of the Stock Exchange of Mauritius and JSE Limited.

Board Committees

Due to the size of the Board of Directors, no sub-committees (Audit Committees, Corporate Governance Committee, Board Risk Committee, Remuneration Committee and Nomination Committee) have been set up. The Board of Directors collectively consider the measures in respect of the Code of Corporate Governance issues.

**CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund**

Corporate Governance Report (Continued)

Board Committees (Continued)

The main objectives and functions of the Board are to:

- to determine, agree and develop the Fund's general policy on corporate governance in accordance with the applicable Code of Corporate Governance;
- advise and make recommendations to the Board on all aspects of corporate governance and new Board appointments;
- prepare the Corporate Governance Report; and
- review the terms and conditions of all service agreements between the Fund and service providers.

The Board is satisfied it has discharged its responsibilities for the period in respect of Corporate Governance.

Statement of remuneration policy

None of the directors have been paid any remuneration during the year (2016: Nil).

Identification of key risks for the Fund

The Board is ultimately responsible for the Fund's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the various risks faced by the Fund.

Financial risk factors

The financial risk factors are set out in Note 13 to these financial statements.

Related party transactions

The related party transactions are set out in Note 12 to these financial statements.

Directors' liability insurance

The Fund has taken directors' and officers' liability insurance for a coverage of USD 100,000.

Code of Ethics, Health and Safety and Social issues

These issues are not applicable to the Fund as it has no employee. The Fund is managed under service agreements with third parties detailed in the Corporate Data section.

Environment

Due to the nature of its activities, the Fund has no adverse impact on environment.

**CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund**

Corporate Governance Report (Continued)

Corporate social responsibility and donations

During the year, the Fund has not made any donations (2016: Nil).

Nature of business

The principal activity of the Fund is that of Collective Investment Scheme.

Auditor's Report and Accounts

The auditor's report is set out on pages 9 and 10 and the statement of profit or loss and other comprehensive income are set out on page 12 to these financial statements.

Audit fees

Audit fees payable to **Deloitte** for the period amounted to USD 10,695 (2016: USD 10,350). The audit fees are paid by CoreShares ETF Manager Ltd on behalf of the Fund.

Appreciation

The Board expresses its appreciation and gratitude to all those involved for their contribution during the period.

**CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund**

Annual Management Report

1. Objectives of the Fund

The investment policy of the portfolio is to track the price and yield performance of the S&P 500 Index as closely as possible. The methodology employed by S&P uses US companies as a starting universe, then filters according to size. Companies must have an unadjusted market cap of US\$ 5.3 billion or more, liquidity-adequate liquidity and reasonable price and weighting-float adjusted market cap.

2. Significant changes in the risk level of the funds over the financial year

No significant changes in the risk levels of the funds have been identified during the financial year.

3. Summary of results of operations of the funds for the financial year

There were no material changes or unusual trends with regard to the operations of the fund. There was zero impact on asset allocation as this fund is fully invested in US Listed equity at all times. There were two redemptions which totalled USD 1.59 million during the year under review.

4. Unusual events/transactions, economic changes and market conditions that affect performance

There were no unusual events/transactions, economic changes and market conditions that impacted performance of the funds.

5. Related party transactions

The related party transaction is set out in Note 12 to these financial statements.

6. Management and custodian fees

Annual Fee: 0.45%

Custody Fee: USD 7,641 (0.0193% of assets under management)

7. Performance of the fund

Since inception until 31 December 2017 the index produced an annualised return of 17.212% while the fund produced an annualised return of 18.785%.

8. Summary of the investment portfolio as at 31 December 2017

The portfolio held 783,529 S&P 500 securities as at 31 December 2017.

**CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund**

Commentary of the Directors

The directors present their report and the audited financial statements of **CoreShares S&P 500 Exchange Traded Fund**, the ("Fund"), for the year ended 31 December 2017.

CoreShares Global Investments PCC has elected to present separate financial statements for each of its cells.

Principal activities

The Fund tracks the price and yield performance of the S&P 500 Index, by holding shares in Vanguard S&P 500 ETF.

Results and dividend

The results for the year are shown on page 12.

Dividend of USD 550,434 was declared and paid for the year under review (2016:Nil).

Statement of directors' responsibilities in respect of the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31 December 2017, statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to the holders of participating shares and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the Mauritius Companies Act 2001.

The Board of Directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Directors has made an assessment of the Fund's ability to continue as a going concern and has no reason to believe that the business will not be a going concern in the year ahead.

Directors' interests

- (a) There are no service contracts in existence between the Fund and any of its directors, nor are any such contracts proposed.
- (b) None of the directors have any interests either beneficial or non-beneficial, in the share capital of the Fund.
- (c) There are no existing or proposed contracts of service between any of its directors and the Fund.

**Independent auditor's report to the Shareholder of
CoreShares S&P 500 Exchange Traded Fund**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **CoreShares S&P 500 Exchange Traded Fund** (the "Fund") set out on pages 11 to 29, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies.

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 Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. 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 judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Fund other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Fund as far as appears from our examination of those records.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Data, Corporate Governance Report, Commentary of the Directors and Secretary's Certificate, 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 any form of assurance or 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, 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.

Responsibilities of directors 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 in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies and they are also responsible 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 Fund'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 Fund or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Fund's financial reporting process.

**Independent auditor's report to the Shareholder of
CoreShares S&P 500 Exchange Traded Fund (continued)**

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 judgement and maintain professional skepticism 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Fund'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 the 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 Fund 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.

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 year and are therefore key audit matters. We describe those matters in our auditor's report unless laws 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.

This report is made solely to the Fund's shareholder, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Fund's shareholder those matters we are required to state to the Fund's Shareholder in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Fund's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte
Chartered Accountants

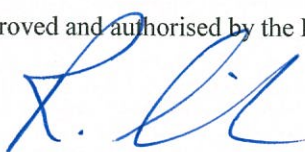
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CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund


STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	<u>Notes</u>	<u>2017</u> USD	<u>2016</u> USD
ASSETS			
Financial assets at fair value through profit or loss	6	39,912,967	13,864,343
Other receivables	7	160,343	57,280
Cash and cash equivalents		<u>95,543</u>	<u>87,761</u>
Total assets		<u>40,168,853</u>	<u>14,009,384</u>
LIABILITIES			
Other payables	8	119,303	-
Tax liability	10	4,854	1,935
Total liabilities		<u>124,157</u>	<u>1,935</u>
NET ASSETS ATTRIBUTABLE TO THE HOLDERS OF PARTICIPATING SHARES		<u>40,044,696</u>	<u>14,007,449</u>
NAV per share	18	<u>2.69</u>	<u>2.28</u>

Approved and authorised by the Board of Directors on **29 MAR 2018** and signed on its behalf by:



 Director



 Director

CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE FOR YEAR ENDED
31 DECEMBER 2017**

	Notes	Year ended 31 December 2017 USD	Period from 14 April 2016 (date of incorporation) to 31 December 2016 USD
REVENUE			
Unrealised gain on financial assets at fair value through profit or loss	6	4,583,643	611,611
Realised gain on financial assets at fair value through profit or loss	6	273,353	-
Realised gain on foreign exchange		603	-
Dividend income		505,600	66,408
		<u>5,363,199</u>	<u>678,019</u>
EXPENDITURE			
Custodian fees		7,641	120
Brokerage fees		27,548	19,193
Management fee		105,536	-
		<u>140,725</u>	<u>19,313</u>
Profit before tax		5,222,474	658,706
Tax expense	10	14,889	1,935
Profit for the year/period		5,207,585	656,771
Other comprehensive income for the year/period		-	-
Increase in net assets attributable to the holders of participating shares		<u>5,207,585</u>	<u>656,771</u>
Earnings per share	17	<u>0.44</u>	<u>0.30</u>

The notes on pages 15 to 29 form an integral part of these financial statements.

CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE HOLDERS OF PARTICIPATING SHARES FOR YEAR ENDED 31 DECEMBER 2017

	<u>Notes</u>	<u>Net Assets Attributable to Unit Holders</u> USD
At 14 April 2016		-
Increase in net assets attributable to the holders of participating shares		656,771
<i>Contributions and redemptions by holders of participating shares:</i>		
Issue of participating shares during the period	9	<u>13,350,678</u>
At 31 December 2016		<u>14,007,449</u>
At 1 January 2017		14,007,449
Increase in net assets attributable to the holders of participating shares		5,207,585
<i>Contributions and redemptions by holders of participating shares:</i>		
Issue of participating shares during the year	9	22,972,215
Redemption of participating shares during the year	9	(1,592,119)
Dividends paid	20	<u>(550,434)</u>
At 31 December 2017		<u><u>40,044,696</u></u>

The notes on pages 15 to 29 form an integral part of these financial statements.

CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Year ended 31 December 2017	Period from 14 April 2016 (date of incorporation) to 31 December 2016
	USD	USD
Cash flows from operating activities		
Profit before tax	5,222,474	658,706
<i>Adjustment for:</i>		
Unrealised gain on financial assets at fair value through profit or loss	(4,583,643)	(611,611)
Gain on disposal of financial assets at fair value through profit or loss	(273,353)	-
Dividend income	(505,600)	(66,408)
	<u>(140,122)</u>	<u>(19,313)</u>
<i>Movement in working capital:</i>		
Decrease/(increase) in other receivables	96	(96)
Increase in payables	119,303	-
	119,399	(96)
Income taxes paid	(11,970)	-
Net cash used in operating activities	<u>(32,693)</u>	<u>(19,409)</u>
Cash flows from investing activities		
Acquisition of investments	(22,786,619)	(13,252,732)
Proceeds from disposal of investment	1,594,991	-
Dividend received	402,441	9,224
Net cash used in investing activities	<u>(20,789,187)</u>	<u>(13,243,508)</u>
Cash flows from financing activities		
Proceeds from issue of participating shares	22,972,215	13,350,678
Redemption of participating shares	(1,592,119)	-
Dividend paid	(550,434)	-
Net cash generated from financing activities	<u>20,829,662</u>	<u>13,350,678</u>
Net increase in cash and cash equivalents	7,782	87,761
Cash and cash equivalents at beginning of the year/period	87,761	-
Cash and cash equivalents at end of the year/period	<u>95,543</u>	<u>87,761</u>
Cash and cash equivalents made up of:		
Bank balances	<u>95,543</u>	<u>87,761</u>

The notes on pages 15 to 29 form an integral part of these financial statements.

CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund

Notes to the financial statements
For the year ended 31 December 2017

1. Reporting entity

CoreShares Global Investments PCC (the “Company”), was incorporated as a public company with liability limited by shares on 14 April 2016 in the Republic of Mauritius. The Company is a holder of a Category 1 Global Business Licence under the Financial Services Act 2007 and has been granted authorisation to operate as a Collective Investment Scheme under Section 97 of the Securities Act 2005 and as a Global Scheme under Regulation 16 of the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008. CoreShares S&P 500 Exchange Traded Fund (the “Fund”), is a cell of CoreShares Global Investments PCC and was licensed by the Financial Services Commission on 15 April 2016.

Since the Fund operates in an international environment and conducts most of its transactions in foreign currencies the Fund has chosen to retain the United States Dollar (“USD”) as its reporting currency.

CoreShares Global Investments PCC has elected to present separate financial statements for each of its cells.

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

In the current year, the Fund has applied all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 01 January 2017.

2.1 New and revised IFRSs applied with no material effect on the Financial Statements

All relevant new and revised Standards and Interpretations have been applied in the financial statements but have not has any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements:

IAS 7 Statement of Cash Flows - Amendments resulting from the disclosure initiative (effective 1 January 2017)

IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses (effective 1 January 2017)

2.2 New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 12 Income Taxes – Amendments resulting from Annual Improvements to IFRS Standards 2015–2017 Cycle (income tax consequences of dividends) (effective 1 January 2019)

CoreShares Global Investments PCC
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Notes to the financial statements
For the year ended 31 December 2017

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

- IAS 39 Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
- IFRS 7 Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
- IFRS 7 Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
- IFRS 9 Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
- IFRS 9 Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9 (effective 1 January 2018)
- IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

Management anticipate that these IFRSs will be applied on their effective dates in future periods. Management have not yet assessed the potential impact of the application of these amendments.

3. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset or liability at the measurement date.

CoreShares Global Investments PCC
In respect of its cell CoreShares S&P 500 Exchange Traded Fund

Notes to the financial statements
For the year ended 31 December 2017

3. Significant accounting policies (Continued)

(b) Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in USD, which is the Fund’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(c) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Fund becomes a party to the contractual provisions of the financial instruments.

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 are added to or deducted from fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Financial instruments are subsequently measured as follows:

Financial assets

The Fund classifies its financial assets into the following specified categories: ‘investments at fair value through profit or loss’ and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Investments at fair value through profit or loss

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value with any gain and loss arising on remeasurement recognised in profit or loss. All transaction costs for such instruments are recognised directly in profit or loss.

All purchases and sales of investment are recognised on the trade date, which is the date that the Fund commits to purchase or sell the asset.

Fair value determination

Investments at fair value through profit or loss consist of listed shares that are valued at the market price prevailing at the end of the reporting period.

CoreShares Global Investments PCC
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3. Significant accounting policies (Continued)

(c) Financial instruments (Continued)

Financial assets (Continued)

(ii) Loans and receivables

Loans and receivables include cash and cash equivalents and other receivables. Loans and receivables are measured at fair value, based on the relevant exchange rate at the reporting date.

Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The effective interest method is a technique for calculating the actual interest rate in the year based on the amount of a financial instrument's book value at the beginning of the year.

Financial liabilities

Financial liabilities are classified as "other financial liabilities" and comprise of Amount payable to holding company and bank overdraft. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Fund de-recognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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3. Significant accounting policies (Continued)

(c) Financial instruments (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Equity

Financial instruments issued by the Fund are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Fund's ordinary shares are classified as equity.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Impairment of financial assets

At the end of each reporting period, the carrying amounts of assets are assessed to determine whether there is any indication of impairment. If such indication exists, the Fund estimates the recoverable amount of the asset, being the higher of the asset's net selling price and its value in use. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss.

(d) Provisions

Provisions are recognised when the Fund has a present obligation as a result of past event, and it is probable that the Fund will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of each reporting period. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

(e) Related party transactions

All related party transactions are, unless otherwise disclosed, at arm's length and in the normal course of business. Related parties are individuals and companies where the individuals or companies have the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

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3. Significant accounting policies (Continued)

(f) Revenue recognition

Dividend income from investments is recognised when the shareholder's rights to receive payment has been established.

(g) Expenses

Expenses are accounted in the profit or loss on an accrual basis.

(h) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

(i) Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with the internal reporting used by the investment manager who is responsible for allocating resources and assessing performance.

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4. Accounting Judgements and Key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, therefore, differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Determination of functional currency

The determination of the functional currency is critical since the way in which every transaction is recorded and whether exchange differences arise are dependent on the functional currency selected. In making this judgement, the directors have considered the currency of the country whose competitive forces and regulations matter, the currencies in which costs are settled, the currencies in which the funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. The directors have determined that the functional currency of the Fund is USD.

5. Fair values and classification of financial instruments

(a) Valuation models

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments values using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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5. Fair values and classification of financial instruments (Continued)

(b) Valuation models (Continued)

Except where stated elsewhere, the directors consider that the carrying amounts of financial assets and liabilities to approximate their fair values due to their short term nature and commercial terms.

Fair values of the Fund's financial assets that are measured at fair value on a recurring basis

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

<i>Fair value hierarchy</i>	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
31 December 2017				
Financial assets				
Financial assets at fair value through profit or loss	<u>39,912,967</u>	<u>-</u>	<u>-</u>	<u>39,912,967</u>
31 December 2016				
Financial assets				
Financial assets at fair value through profit or loss	<u>13,864,343</u>	<u>-</u>	<u>-</u>	<u>13,864,343</u>

(b) Classification of financial assets and financial liabilities

The table below sets out the classifications of the carrying amounts of the Fund's financial assets and financial liabilities into categories of financial instruments.

	<u>2017</u>	<u>2016</u>
	USD	USD
Financial assets		
<i>Financial assets at fair value through profit or loss</i>	<u>39,912,967</u>	<u>13,864,343</u>
<i>Loans and receivables</i>		
Other receivables	<u>160,343</u>	<u>57,280</u>
Cash and cash equivalents	<u>95,543</u>	<u>87,761</u>
Total financial assets	<u><u>40,168,853</u></u>	<u><u>14,009,384</u></u>
Financial liabilities		
Other payables	<u>119,303</u>	<u>-</u>
Net assets attributable to the holders of participating shares	<u>40,044,696</u>	<u>14,007,449</u>
Total financial liabilities	<u><u>40,163,999</u></u>	<u><u>14,007,449</u></u>

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6. Financial assets at fair value through profit or loss

(a) Investments in listed securities, recurring

	<u>2017</u>	<u>2016</u>
	USD	USD
<i>Investments in listed securities</i>		
At beginning of year/period	13,252,732	-
Additions during the year/period	22,786,619	13,252,732
Disposal during the year/period	<u>(1,321,638)</u>	<u>-</u>
Cost at 31 December	34,717,713	13,252,732
Unrealised gain on remeasurement	<u>5,195,254</u>	<u>611,611</u>
Fair value at 31 December	<u>39,912,967</u>	<u>13,864,343</u>

Investments in listed securities are valued at the market price prevailing on the London Stock Exchange at the end of the reporting period. The investments in listed securities are classified within level 1 of the fair value hierarchy.

(b) Realised gain on disposal

	<u>2017</u>	<u>2016</u>
	USD	USD
Cost	1,321,638	-
Proceeds from disposal	<u>1,594,991</u>	<u>-</u>
	<u><u>273,353</u></u>	<u><u>-</u></u>

(c) Realised gain on remeasurement

	<u>2017</u>	<u>2016</u>
	USD	USD
At beginning of year/period	611,611	-
Unrealised gain during the year/period	<u>4,583,643</u>	<u>611,611</u>
At end of year/period	<u><u>5,195,254</u></u>	<u><u>611,611</u></u>

7. Other receivables

	<u>2017</u>	<u>2016</u>
	USD	USD
Amount receivable from investment manager	-	96
Dividend receivable	<u>160,343</u>	<u>57,184</u>
	<u><u>160,343</u></u>	<u><u>57,280</u></u>

The amount receivable from the investment manager was unsecured and interest free.

8. Other payables

	<u>2017</u>	<u>2016</u>
	USD	USD
Management fee payable	105,536	-
Custodian fee payable	1,893	-
Amount due to investment manager	<u>11,874</u>	<u>-</u>
	<u><u>119,303</u></u>	<u><u>-</u></u>

The amount due to the investment manager is interest free and repayable on demand.
Management fee payable is interest free and repayable on demand.

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9. Participating shares

	2017	2016
<i>Number of shares:</i>		
At beginning of year/period	6,147,874	-
Issued during the year/period	9,380,029	6,147,874
Redeemed during the year/period	(643,172)	-
At 31 December	<u>14,884,731</u>	<u>6,147,874</u>
	2017	2016
	USD	USD
<i>In value:</i>		
At beginning of year/period	13,350,678	-
Issued during the year/period	22,972,215	13,350,678
Redeemed during the year/period	(1,592,119)	-
At 31 December	<u>34,730,774</u>	<u>13,350,678</u>

Participating shareholders of the Fund consist of redeemable shares of USD 1 each and have the following rights attached to their shares:

- (a) carry a right to class dividend; and
- (b) right on the assets of the Fund in the event of winding up of the Fund provided assets are available after distribution to creditors.

10. Taxation

The Fund is subject to income tax in the Republic of Mauritius at the rate of 15% (2016: 15%). However, it is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritian tax on its foreign source income. There is no capital gains tax in the Republic of Mauritius.

<i>Tax payable</i>	2017	2016
	USD	USD
At beginning of year/period	1,935	-
Provision for the year/period	14,889	1,935
Tax paid	(11,970)	-
At 31 December	<u>4,854</u>	<u>1,935</u>
	Year ended 31 December 2017	Period from 14 April 2016 (date of incorporation) to 31 December 2016
	USD	USD
<i>Tax reconciliation</i>		
Profit before tax	<u>5,222,474</u>	<u>658,706</u>
Income tax at 15% (2016: 15%)	783,371	98,806
Non-taxable income	(728,549)	(91,742)
Non-allowable expenses	19,615	2,613
Deemed tax credit	(59,548)	(7,742)
Tax expense	<u>14,889</u>	<u>1,935</u>

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11. Fees

Management

CoreShares ETF Managers Ltd (the "Manager") acts as the investment manager of the Fund. The Manager is entitled to a management fee calculated as a percentage of the Net Asset Value of each of the Cells accrued daily and payable monthly in arrears. The Manager may from time to time in its sole discretion, in respect of any month nominate an amount which is lower than the amount calculated as the Management Fee for that month and upon written notice to the Fund waive payment of all or a part of the difference.

Custodian fee

Societe Generale acts as the Fund's custodian. The custodian is entitled to a custody and transaction fees as agreed from time to time between the Fund and the custodian. The custodian fees was borne by the Manager till 31 March 2017.

Administrator and other fees

SGG Fund Services (Mauritius) Ltd (the "Administrator") acts as the Fund's Administrator. The Administrator also provides secretarial services and is responsible for the tax affairs of the Fund in the Republic of Mauritius. The Administrator is entitled to a fee as agreed between the parties from time to time. The fee is payable quarterly in arrears by the Manager.

The Administrator is also entitled to reimbursement of certain out of pocket expenses.

As per the management agreement dated 03 May 2016, the manager will bear all the administrative expenses of the Fund.

12. Related party transactions

During the year ended 31 December 2017, the nature, volume of transactions and balances with the related entity are as follows:

Name of Company	Relationship	Nature of transactions	Volume of transactions for the year ended	Balance at	Volume of transactions for the period ended	Balance at
			31-Dec-2017	31-Dec-2017	31-Dec-2016	31-Dec-2016
			USD	USD	USD	USD
CoreShares ETF Managers Ltd	Investment manager	Management fee payable	(105,536)	(105,536)	-	-
CoreShares ETF Managers Ltd	Investment manager	Amount (payable)/receivable	(11,970)	(11,874)	96	96

Refer to notes 7 and 8 for terms and condition of related party balances.

There was no compensation paid to key management personnel during the year (2016: Nil).

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13. Financial risk management

The Fund's investment portfolio comprises of quoted equity investments only. The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets it invests. The most important types of financial risk to which the Fund is exposed are market risk, credit risk and liquidity risk.

Exposure to credit, liquidity, interest rate, foreign currency and equity price risks arises in the normal course of the Fund's business. These risks are limited by the Fund's financial management policies and practices described below.

(a) Market risk

Market risk embodies the potential for both loss and gain and includes currency risk, interest rate risk and price risk. The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The Fund's market risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

(i) Foreign currency risk

The Fund does not hold any financial assets or liabilities in a currency other than the USD. The Fund is therefore not significantly exposed to foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not significantly exposed to interest risk as it holds no variable interest bearing financial assets and liabilities.

(iii) Price risk

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Fund's investments are measured at fair value, and hence fair value changes are recognised through profit or loss.

Sensitivity analysis-financial assets at fair value through profit or loss

The following table indicates the approximate change in the Fund's profit or loss and net assets in response to reasonably possible changes in net assets value per share of the investments.

	Increase/ (decrease) in net asset value per share of investment for the year ended 31-Dec-2017	Effect on profit or loss and net assets for the year ended 31-Dec-2017	Increase/ (decrease) in net asset value per share of investment for the period ended 31-Dec-2016	Effect on profit or loss and net assets for the period ended 31-Dec-2016
	%	USD	%	USD
Net asset per share of investments	10%	3,991,297	10%	1,386,434
	(10)%	(3,991,297)	(10)%	(1,386,434)

The stated changes represent management's assessment of reasonably possible changes in the relevant net asset value per share of the investments over the period until the next annual reporting date.

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13. Financial risk management (Continued)

(b) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Financial assets which potentially subject the Fund to concentrations of credit risk consist principally of bank balances. These assets are held in reputable financial institutions.

Credit risk in relation to securities transactions awaiting settlement is managed effectively by the Investment Manager.

The Fund's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	<u>2017</u>	<u>2016</u>
	USD	USD
ASSETS		
Financial assets at fair value through profit or loss	39,912,967	13,864,343
Other receivables	<u>160,343</u>	<u>57,280</u>
	<u>40,073,310</u>	<u>13,921,623</u>

(c) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund ensures that it has sufficient cash on demand to meet its expected operational expenses for a minimum period of 60 days, including the servicing of any financial obligations. This excludes the potential impact of extreme circumstances which cannot be reasonably predicted, for example, natural disasters.

The maturity profile of the Fund's financial liabilities based on contractual cash flows is summarised as follows. The contractual cash flows approximate the carrying amounts.

	<u>2017</u>
	USD
	On demand
Other payables	119,303
Net assets attributable to the holders of participating shares	<u>40,044,696</u>
	<u>2016</u>
	USD
	On demand
Net assets attributable to the holders of participating shares	<u>14,007,449</u>

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13. Financial risk management (Continued)

(d) Capital management

The Fund is not subject to externally imposed capital requirements and has no restrictions on issue and redemption of shares.

The Fund's objectives for managing cash flows are:

- To invest the capital in investments in order to meet its objective;
- To achieve consistent returns while safeguarding capital by investing in a diversified portfolio;
- To maintain sufficient liquidity to meet the expenses of the Fund and to meet redemption requests as they arise; and
- To maintain sufficient size to make the operation of the Fund cost-efficient.

(e) Legal and regulatory risk

The operations of the Company are dependent on the Company's ability to maintain a good standing with the relevant regulators and, in particular, its GBLI licence conditions and authorisation to operate as a Collective Investment Scheme in Mauritius.

(f) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

14. Commitments and contingencies

There are no other commitments or contingencies at the reporting date.

15. Segmental reporting

The investment manager makes the strategic resource allocations on behalf of the Fund. The investment manager is responsible for the Fund's portfolio and considers the business to have a single operating segment as the allocation decisions are based on a single integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The Fund is domiciled in Mauritius and the Fund's income is from investment in an Exchange Traded Fund incorporated in USA.

The fund has no assets classified as non-current assets.

The Fund seeks to provide its investors with an efficient and easily accessible means by which to achieve a return that tracks the price and yield performance of the S&P 500® Index by subscribing for and holding shares in the Vanguard S&P 500 Exchange Traded Fund.

The cell invest solely on the London Stock Exchange.

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16. Comparative information

The comparatives are for the period from 14 April 2016 to 31 December 2016 and therefore are not comparable.

17. Earnings per share

Earnings per share is calculated by dividing the profit attributable to the holders of participating shares by the weighted average number of participating shares as follows:

	<u>2017</u>	<u>2016</u>
	USD	USD
Earnings per share		
Profit attributable to the holders of participating shares	5,207,585	656,771
Weighted average number of participating shares	<u>11,810,605</u>	<u>2,167,240</u>
Earnings per share	<u>0.44</u>	<u>0.30</u>

18. Net Assets value per share

Net assets value per share is calculated by dividing the net asset value by the number of participating shares as at reporting date as follows:

	<u>2017</u>	<u>2016</u>
	USD	USD
Net Assets Value	40,044,696	14,007,449
Number of participating shares issued (note 9)	<u>14,884,731</u>	<u>6,147,874</u>
Net assets value per share	<u>2.69</u>	<u>2.28</u>

19. Events after reporting date

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the period ended 31 December 2017.

20. Dividends

	<u>2017</u>	<u>2016</u>
	USD	USD
Dividend paid on 20 March 2017 of 0.0391 per share	380,044	-
Dividend paid on 18 October 2017 of 0.013357 per share	<u>170,390</u>	-
	<u>550,434</u>	<u>-</u>