

**CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED FUND")**

**AUDITED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2018**

**CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED FUND")
AUDITED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2018**

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TO WHOM IT MAY CONCERN

31 January 2019

Compliance report of the Trustee Société Générale Johannesburg Branch

We, Société Générale, in our capacity as trustee of the Coreshares Index Tracker Collective Investments Scheme (the "Scheme") have prepared a report in terms of Section 70(1)(f) of the Collective Investment Schemes Control Act, 45 of 2002 ("the Act"), for the period 01 January 2018 up to and including 31 December 2018 ("the Report").

Having fulfilled our duties as required by the Act, we confirm that the Manager of the Scheme has in general administered the Scheme:

- i. within the limitations on the investment and borrowing powers of the Manager imposed by the Act, and
- ii. in accordance with the provisions of the Act and the trust deeds.

No Exceptions were found for the period.



Jean-Louis Bernardo
Managing Director



Hilda de Villiers
Head of Securities Banking Operations - JHB

**CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED FUND")
AUDITED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2018**

MANAGER'S RESPONSIBILITY STATEMENT FOR FINANCIAL REPORTING

CoreShares Index Tracker Managers (RF) Proprietary Limited ("the Manager") is responsible for the preparation and fair presentation of the annual financial statements of CoreShares S&P South Africa Dividend Aristocrats Exchange Traded Fund, comprising of the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to investors, statement of cash flows for the period then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Collective Investment Schemes Control Act 45 of 2002 of South Africa and the CoreShares Index Tracker Collective Investment Scheme ("the Scheme") Deed.

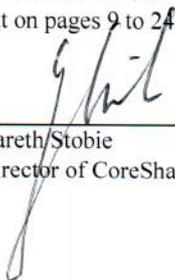
The Manager is also responsible for such internal control as it may determine to be necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the Manager, as at 31 December 2018, to indicate that the Scheme will not remain a going concern for the foreseeable future.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, and in the manner required by the Collective Investment Scheme Control Act 45 of 2002 of South Africa and the CoreShares Index Tracker Collective Investment Scheme Deed.

MANAGER'S APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of CoreShares S&P South Africa Dividend Aristocrats Exchange Traded Fund as set out on pages 9 to 24, were approved by the Manager on 29 March 2019 and are signed on its behalf by:



Gareth Stobie
Director of CoreShares Index Tracker Managers (RF) Proprietary Limited

**CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED FUND")
MANAGER'S REPORT
For the year ended 31 December 2018**

1. Nature of the business

The CoreShares S&P South Africa Dividend Aristocrats ("DivTrax") Exchange Traded Fund is registered in terms of the Collective Investment Schemes Control Act, 45 of 2002 ("the Act"), as set out in the supplemental trust deed number 4 of the CoreShares Index Tracker Collective Investment Scheme ("the Scheme") Deed.

The Scheme was established in 2014. The investment objective of the Scheme is to replicate, as far as reasonably possible, the price and yield performance of the S&P South Africa Dividend Aristocrats Index.

The underlying portfolio is held by DivTrax, and holders of DivTrax securities will have rights against the Scheme, this includes rights to the income earned from those assets.

DivTrax securities are Exchange Traded Fund (ETF) securities listed and traded on the JSE in much the same way as any listed share.

2. Trustee

The trustee at the date of this report is Societe Generale.

3. Manager

The Manager at the date of this report is CoreShares Index Tracker Managers (RF) Proprietary Limited.

4. Beneficiaries

Vested income beneficiaries include all holders of DivTrax securities.

5. Units in issue

2 677 000 units were created during the year (6 048 517 units were created during the prior year).

200 000 units were liquidated during the year (1 109 000 were liquidated during the prior year).

11 016 517 units in issue at year end (8 539 517 units were in issue at prior year end).

6. Business address

Kingsmead Office Park
Durban
4001

Postal address

P O Box 3211
Durban
4000

7. Auditors

Deloitte & Touche

8. Preparer of the annual financial statements

Sipho Thabethe, Manager Finance & Administration, Grindrod Bank Limited.

9. Comparative figures

During the prior period, the year end was changed from 30 September to 31 December to align with that of the manager and its holding company. Prior period figures therefore cover a fifteen month period.

INDEPENDENT AUDITOR'S REPORT TO THE SECURITY INVESTORS OF CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME ("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED FUND")

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of CoreShares Index Tracker Collective Investment Scheme ("CoreShares S&P South Africa Dividend Aristocrats Exchange Traded Fund") ("Collective Investment Scheme") set out on pages 9 to 24 which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to investors and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Collective Investment Scheme as at 31 December 2018, and its financial performance and cash flows for year then ended in accordance with International Financial Reporting Standards, CoreShares Index Tracker Collective Investments Schemes Deed and the Collective Investment Schemes Control Act 45 of 2002.

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 Collective Investment Scheme in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). 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.

**INDEPENDENT AUDITOR’S REPORT (continued)
TO THE SECURITY INVESTORS OF CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT
SCHEME (“CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED
FUND”)**

Key audit matter	How the matter was addressed in the audit
<p>Reliance on the work of the service organisation</p> <p>The Exchange Traded Fund relies on Maitland Group South Africa Limited as their service administrator of the Fund. This is an area of audit focus because the controls we rely on in forming our audit opinion are administered by this service organisation. Scoping of the work of the service organisation to be relied on by the audit team requires judgement in determining the extent of procedures performed on the ISAE 3402 report issued by the independent auditor of the service organisation. As a result reliance on the service organisation is a key audit matter.</p>	<p>To address this key audit matter we completed the following audit procedures:</p> <ul style="list-style-type: none"> • Inspected the service level agreement held with the service organisation to understand the responsibilities of the service organisation; • Assessed the ISAE 3402 report issued by the independent auditors of the service organisation, which included the description of controls, their design, implementation and operating effectiveness over the period; and • Assessed the impact of any qualifications relating to the operating effectiveness of the controls during the period under review on our audit. <p>The above procedures were performed with no issues identified.</p>
<p>Valuation of listed investments</p> <p>The listed investments balance represents the most significant asset on the statement of financial position and the main driver of the Exchange Traded Fund’s performance. In valuing these investments, there is a risk that the listed investments are not fairly valued and the actual weightings of the portfolio are not a true replica of the Index.</p>	<p>To address this key audit matter we completed the following audit procedures:</p> <ul style="list-style-type: none"> • Considered the results in the ISAE 3402 report received from the service organisation’s independent auditors including key controls over the valuation of the investment portfolio; • For a sample of investments we agreed the investment values to the trustee’s confirmations and, agreed the price per security to the JSE Limited market prices; and • Re-calculated the year-end weightings of the investments and assessed whether the investments suitably tracked the Index. <p>The above procedures were performed with no issues identified.</p>

Other Information

The Manager is responsible for the other information. The other information comprises the Manager’s Report and the Trustee’s report. The other information 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.

**INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SECURITY INVESTORS OF CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT
SCHEME ("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED
FUND")**

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.

Responsibilities of the Manager for the Financial Statements

CoreShares Index Tracker Managers (RF) Proprietary Limited ("The Manager") is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Collective Investment Schemes Control Act 45 of 2002, the CoreShares Index Tracker Collective Investments Schemes Deed, and for such internal control as the Manager 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 Manager is responsible for assessing the Collective Investments Scheme'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 Manager either intend to liquidate the Collective Investment Scheme or to cease operations, or have 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 Collective Investment Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's 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 Collective Investment Scheme'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 Collective Investment Scheme 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.

**INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SECURITY INVESTORS OF CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT
SCHEME ("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED
FUND")**

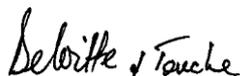
We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager 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 Manager, 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.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of CoreShares Index Tracker Collective Investment Scheme ("CoreShares S&P South Africa Dividend Aristocrats Exchange Traded Fund") for 5 years.



Deloitte & Touche

Registered Auditor

Per: Gavin Kruger CA(SA), RA

Partner

29 March 2019

CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED FUND")
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Notes	Represented	
		12 months	15 months
		<u>2018</u>	<u>2017</u>
		R	R
Distribution income		9,757,949	7,570,044
Interest income		125,978	118,245
Total revenue		9,883,927	7,688,289
Management and administration expenses	3	(1,495,982)	(1,162,030)
Income before taxation		8,387,945	6,526,259
Taxation	9	-	-
Income before distributions		8,387,945	6,526,259
Distributions paid	4	(8,921,297)	(5,804,369)
(Loss)/income after distributions		(533,352)	721,890
Net fair value (losses)/gains on financial instruments at fair value through profit or loss		(45,588,673)	15,052,469 *
(Loss)/income after net fair value (losses)/gains		(46,122,025)	15,774,359
Other comprehensive income		-	-
(Decrease)/increase in net assets attributable to investors		(46,122,025)	15,774,359

* Comparative figures have been represented to be consistent with the current year. Refer to note 10.

CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED FUND")
STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
		R	R
ASSETS			
Listed investments held at fair value through profit or loss	1	284,854,330	258,258,481
Distributions receivable		154,319	98,136
Cash and cash equivalents	5	2,272,732	1,265,822
TOTAL ASSETS		<u>287,281,381</u>	<u>259,622,439</u>
LIABILITIES			
Net assets attributable to investors		287,136,047	259,527,650
Trade and other payables	6	145,334	94,789
TOTAL LIABILITIES		<u>287,281,381</u>	<u>259,622,439</u>

CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED FUND")
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO INVESTORS
For the year ended 31 December 2018

	Capital	Accumulated Profit	Total
	R	R	R
Balance at 30 September 2016	101,246,072	818,703	102,064,775
Creation of 50 000 units on 13 October 2016	1,400,101		1,400,101
Creation of 100 000 units on 31 October 2016	2,778,243		2,778,243
Creation of 50 000 units on 03 November 2016	1,402,068		1,402,068
Creation of 50 000 units on 18 November 2016	1,371,329		1,371,329
Creation of 330 000 units on 29 November 2016	9,168,942		9,168,942
Creation of 50 000 units on 12 December 2016	1,392,290		1,392,290
Creation of 65 000 units on 22 December 2016	1,837,583		1,837,583
Creation of 65 000 units on 22 December 2016	1,826,395		1,826,395
Creation of 25 000 units on 05 January 2017	714,002		714,002
Creation of 75 000 units on 27 January 2017	2,173,391		2,173,391
Creation of 50 000 units on 06 February 2017	1,414,949		1,414,949
Creation of 50 000 units on 09 February 2017	1,430,096		1,430,096
Creation of 100 000 units on 23 February 2017	2,924,211		2,924,211
Creation of 50 000 units on 27 February 2017	1,453,556		1,453,556
Creation of 75 000 units on 03 March 2017	2,189,365		2,189,365
Creation of 100 000 units on 09 March 2017	2,914,574		2,914,574
Creation of 50 000 units on 29 March 2017	1,473,176		1,473,176
Creation of 50 000 units on 04 April 2017	1,406,855		1,406,855
Creation of 50 000 units on 05 April 2017	1,403,435		1,403,435
Creation of 100 000 units on 07 April 2017	2,763,935		2,763,935
Creation of 50 000 units on 24 April 2017	1,425,350		1,425,350
Creation of 1 798 517 units on 25 April 2017	51,544,776		51,544,776
Creation of 100 000 units on 02 May 2017	3,021,515		3,021,515
Creation of 100 000 units on 03 May 2017	2,916,285		2,916,285
Creation of 100 000 units on 19 May 2017	2,833,278		2,833,278
Creation of 50 000 units on 24 May 2017	1,427,157		1,427,157
Creation of 100 000 units on 05 June 2017	2,834,163		2,834,163
Creation of 50 000 units on 26 June 2017	1,363,581		1,363,581
Creation of 100 000 units on 29 June 2017	2,742,465		2,742,465
Creation of 100 000 units on 05 July 2017	2,741,557		2,741,557
Creation of 340 000 units on 14 July 2017	9,497,431		9,497,431
Creation of 150 000 units on 20 July 2017	4,249,080		4,249,080
Creation of 50 000 units on 07 August 2017	1,426,768		1,426,768
Creation of 150 000 units on 23 August 2017	4,369,254		4,369,254
Creation of 225 000 units on 29 September 2017	6,170,756		6,170,756
Creation of 100 000 units on 04 October 2017	2,755,455		2,755,455
Creation of 75 000 units on 13 October 2017	2,153,198		2,153,198
Creation of 75 000 units on 17 October 2017	2,130,579		2,130,579
Creation of 75 000 units on 18 October 2017	2,145,390		2,145,390
Creation of 150 000 units on 26 October 2017	4,176,539		4,176,539
Creation of 150 000 units on 31 October 2017	4,221,058		4,221,058
Creation of 100 000 units on 07 November 2017	2,839,131		2,839,131
Creation of 225 000 units on 05 December 2017	6,543,498		6,543,498
Creation of 100 000 units on 20 December 2017	2,969,200		2,969,200
Liquidation of 909 000 units on 20 June 2017	(24,623,943)		(24,623,943)
Liquidation of 200 000 units on 09 November 2017	(5,623,503)		(5,623,503)
Change in net assets attributable to investors	15,052,469	721,890	15,774,359
Balance at 31 December 2017	257,987,055	1,540,593	259,527,650
Creation of 125 000 units on 09 January 2018	3,736,318		3,736,318
Creation of 50 000 units on 01 February 2018	1,535,911		1,535,911
Creation of 50 000 units on 19 February 2018	1,558,475		1,558,475
Creation of 50 000 units on 27 February 2018	1,582,994		1,582,994
Creation of 75 000 units on 01 March 2018	2,367,670		2,367,670
Creation of 400 000 units on 07 March 2018	12,657,433		12,657,433
Creation of 150 000 units on 13 March 2018	4,733,543		4,733,543
Creation of 627 000 units on 29 March 2018	18,758,518		18,758,518
Creation of 75 000 units on 10 April 2018	2,230,316		2,230,316
Creation of 50 000 units on 17 April 2018	1,476,021		1,476,021
Creation of 75 000 units on 08 May 2018	2,226,556		2,226,556
Creation of 100 000 units on 18 May 2018	2,861,420		2,861,420
Creation of 75 000 units on 15 June 2018	2,068,918		2,068,918
Creation of 100 000 units on 02 July 2018	2,715,957		2,715,957
Creation of 100 000 units on 12 July 2018	2,782,380		2,782,380
Creation of 100 000 units on 03 August 2018	2,772,308		2,772,308
Creation of 150 000 units on 13 August 2018	4,191,861		4,191,861
Creation of 50 000 units on 05 October 2018	1,305,929		1,305,929
Creation of 100 000 units on 06 November 2018	2,685,889		2,685,889
Creation of 75 000 units on 08 November 2018	2,042,934		2,042,934
Creation of 100 000 units on 04 December 2018	2,647,440		2,647,440
Liquidation of 100 000 units on 17 October 2018	(2,591,060)		(2,591,060)
Liquidation of 100 000 units on 19 November 2018	(2,617,309)		(2,617,309)
Change in net assets attributable to investors	(45,588,673)	(533,352)	(46,122,025)
Balance at 31 December 2018	286,128,806	1,007,241	287,136,047

CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED FUND")
STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	<u>Notes</u>	12 months <u>2018</u> <u>R</u>	15 months <u>2017</u> <u>R</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	8,382,307	6,543,451
Distributions paid	B	(8,921,297)	(5,804,369)
Net cash (outflow)/inflow from operating activities		<u>(538,990)</u>	<u>739,082</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(193,876,778)	(259,299,589)
Proceeds from sale of investments		121,385,268	113,918,824
Net cash outflow from investing activities		<u>(72,491,510)</u>	<u>(145,380,765)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions received for new units created		79,268,250	175,300,151
Contributions repaid for units liquidated		(5,230,840)	(30,372,634)
Net cash inflow from financing activities		<u>74,037,410</u>	<u>144,927,517</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,006,910	285,834
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,265,822	979,988
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u><u>2,272,732</u></u>	<u><u>1,265,822</u></u>

**CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED FUND")
NOTES TO THE STATEMENT OF CASH FLOWS
For the year ended 31 December 2018**

	12 months <u>2018</u> R	15 months <u>2017</u> R
A. RECONCILIATION OF CHANGE IN NET ASSETS ATTRIBUTABLE TO INVESTORS TO CASH GENERATED FROM OPERATIONS		
Change in net assets attributable to investors	(46,122,025)	15,774,359
Adjusted for:		
- Distributions paid	8,921,297	5,804,369
- Fair value losses/(gains)	45,588,673	(15,052,469)
Working capital changes		
- (Increase)/decrease in distributions receivable	(56,183)	78,918
- Increase/(decrease) in trade and other payables	50,545	(61,726)
Cash generated from operations	<u>8,382,307</u>	<u>6,543,451</u>
B. DISTRIBUTIONS PAID		
Distributions payable at the beginning of the year	-	-
Current distributions	8,921,297	5,804,369
Distributions payable at end of the year	-	-
Distributions paid	<u>8,921,297</u>	<u>5,804,369</u>

**CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED FUND")
ACCOUNTING POLICIES
For the year ended 31 December 2018**

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

1. Basis of Preparation

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

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

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

New standards and amendments to standards and interpretations not yet adopted

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

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

IFRIC 23 Uncertainty over Income Tax Treatments. Effective for annual periods beginning on or after 1 January 2019. Prepayment Features with Negative Compensation (Amendments to IFRS 9). Effective for annual periods beginning on or after 1 January 2019.

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

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

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

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

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

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

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

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

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

Amendments to existing standards that became effective during the period

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

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

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

IFRS 9 Financial Instruments (refer to 1.1 below)

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

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1. Basis of Preparation (continued)

1.1 IFRS 9 Financial Instruments

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

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

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

1.2 Revenue from Contracts with Customers

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

2. Functional and reporting currency

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

3. Use of estimates and judgements

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

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4. Financial Instruments

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

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

Financial assets

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

Financial assets at amortised cost

Financial assets are classified and measured at amortised cost if:

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

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

Financial assets at FVTPL

Financial assets classified and measured at FVTPL are:

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

The financial assets have been classified into the following categories:

Investments

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

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

Receivables

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

Cash and cash equivalents

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

Impairment of financial assets

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

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

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as such at initial recognition. Financial liabilities arising from securities issued by the Scheme are carried at fair value, representing the investor's right to a residual interest in the Scheme's net assets, i.e. the net asset value of the Scheme. Changes in the fair value are included in profit or loss in the period in which the change arises.

Other financial liabilities

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

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5. Revenue

Revenue comprises distribution income and interest income.

Distribution income

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

Interest income

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

6. Income tax

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

7. Management and administration expenses

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

8. Distributions

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

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

9. Creations and redemptions

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

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

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

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

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

10. Redeemable securities

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

11. Net assets attributable to security investors

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

12. Increase/decrease in net assets attributable to security investors

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

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1. LISTED INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS, CASH AND CASH EQUIVALENTS

2018

<u>Name of Instrument</u>	<u>Ticker Symbol</u>	<u>Holdings</u>	<u>Cost R</u>	<u>Market value %</u>	<u>Market Value R</u>
ABSA GROUP LTD	ABG	65,300	11,157,718	3.71	10,566,846
A E C I LTD	AFE	97,458	10,273,932	2.86	8,138,718
AVI LTD	AVI	98,105	9,608,103	3.50	9,974,335
BRIT AMERICA TOBACO PLC	BTI	16,214	12,479,120	2.67	7,609,230
COM FINANCE RICHMONT SA	CFR	92,889	10,506,752	3.05	8,699,055
CAPITEC BANK HOLDING	CPI	9,827	7,732,214	3.86	10,986,586
DISTELL GROUP HOLDINGS LTD	DGH	91,754	12,202,021	3.46	9,854,380
DISCOVERY HLDS LTD	DSY	63,008	8,973,959	3.53	10,068,048
FIRSTRAND LTD	FSR	153,317	8,468,824	3.53	10,051,463
INVESTEC LTD	INL	107,417	10,314,715	2.98	8,485,943
JSE LTD	JSE	63,811	9,685,418	3.71	10,564,549
MEDICLINIC INTERNAT PLC	MEI	109,734	13,152,657	2.32	6,598,305
MONDI PLC	MNP	28,206	10,171,440	3.01	8,576,598
MR PRICE GROUP LTD	MRP	41,405	8,370,738	3.58	10,191,841
NEDBANK GROUP LTD	NED	40,537	9,614,410	3.91	11,136,325
NASPERS LTD-N SHS	NPN	3,461	9,279,100	3.51	10,010,146
NETCARE LTD	NTC	399,768	11,031,817	3.71	10,565,868
PEREGRINE HLDS LTD	PGR	484,682	11,535,512	3.19	9,097,481
PSG GROUP LTD	PSG	45,907	10,732,182	3.95	11,238,034
REMGRO LTD	REM	50,500	11,446,513	3.45	9,834,370
REUNERT LTD	RLO	130,357	10,608,370	3.24	9,231,883
RMB HOLDINGS LTD	RMH	136,382	9,162,402	3.78	10,760,540
STANDARD BANK GROUP LTD	SBK	58,568	9,555,317	3.68	10,472,544
SHOPRITE HLDS LTD	SHP	51,616	10,443,974	3.45	9,814,782
SANLAM LTD	SLM	135,080	9,776,043	3.78	10,779,384
SANTAM LTD	SNT	33,230	8,621,718	3.46	9,850,701
SPAR GROUP	SPP	55,839	10,399,049	4.07	11,586,593
THE FOSCHINI GROUP LTD	TFG	57,850	9,399,539	3.38	9,616,984
TRUWORTHS INT LTD	TRU	119,101	10,130,631	3.68	10,492,800
			294,834,188	100.00	284,854,330

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1. LISTED INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS, CASH AND CASH EQUIVALENTS (CONTINUED)

2017

<u>Name of Instrument</u>	<u>Ticker Symbol</u>	<u>Holdings</u>	<u>Cost</u>	<u>Market value</u>	<u>Market Value</u>
			<u>R</u>	<u>%</u>	<u>R</u>
A E C I LTD	AFE	78,451	8,219,053	3.02	7,845,100
AVI LTD	AVI	86,117	7,983,626	3.67	9,521,096
BRIT AMERICA TOBACO PLC	BTI	9,867	8,383,556	3.15	8,184,677
COM FINANCE RICHMONT SA	CFR	69,660	8,030,344	3.00	7,784,505
CAPITEC BANK HOLDING LTD	CPI	8,888	6,260,348	3.76	9,758,668
DISTELL GROUP LTD	DST	65,434	9,377,835	3.58	9,281,813
DISCOVERY HLDS LTD	DSY	58,859	7,709,160	4.22	10,947,774
EOH HOLDINGS LTD	EOH	84,543	10,481,782	2.20	5,701,580
FIRSTRAND LTD	FSR	158,280	8,011,970	4.10	10,644,330
INVESTEC LTD	INL	87,003	8,407,780	3.01	7,805,909
JSE LTD	JSE	62,733	8,841,173	3.72	9,650,845
MEDICLINIC INTERNAT PLC	MEI	70,840	9,671,870	2.90	7,535,959
MMI HOLDINGS LTD	MMI	431,427	9,656,208	3.49	9,059,967
MR PRICE GROUP LTD	MRP	45,416	7,928,306	4.29	11,121,016
NEDBANK GROUP LTD	NED	39,033	8,588,843	3.85	9,996,351
NASPERS LTD-N SHS	NPN	2,597	6,229,129	3.45	8,962,247
NETCARE LTD	NTC	330,340	9,338,701	3.20	8,308,051
PEREGRINE HLDS LTD	PGR	283,505	7,125,364	2.79	7,240,718
REMGRO LTD	REM	37,033	8,500,316	3.37	8,739,788
RMB HOLDINGS LTD	RMH	129,831	8,128,794	3.96	10,278,720
STANDARD BK GRP LTD	SBK	49,196	7,282,793	3.71	9,625,689
SANDOWN CAPITAL PTY LTD	SDC	283,859	1,257,943	0.36	922,542
SHOPRITE HLDS LTD	SHP	39,631	7,655,834	3.38	8,765,981
SANLAM LTD	SLM	116,712	7,894,721	3.91	10,153,944
STEINHOFF INTERNATIONAL HOLDINGS	SNH	139,806	8,941,879	0.25	650,098
SANTAM LTD	SNT	32,723	7,816,408	3.37	8,738,350
SPAR GROUP LTD	SPP	48,946	8,825,383	3.83	9,952,190
THE FOSCHINI GROUP LTD	TFG	59,904	8,776,786	4.55	11,820,856
TRUWORTHS INT LTD	TRU	108,478	8,817,852	3.95	10,247,917
WOOLWORTHS HLDS LTD	WHL	137,985	10,028,530	3.47	9,011,802
			244,172,291	99.51	258,258,481
Cash and cash equivalents			1,265,822	0.49	1,265,822
Total			245,438,113	100.00	259,524,303

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	<u>2018</u>	<u>2017</u>
2. CREATION AND LIQUIDATION OF INCOME GENERATING UNITS		
Opening balance	8,539,517	3,600,000
Units created during the year	2,677,000	6,048,517
Units liquidated during the year	(200,000)	(1,109,000)
Closing balance	<u>11,016,517</u>	<u>8,539,517</u>

	<u>R</u>	<u>R</u>
3. MANAGEMENT AND ADMINISTRATION EXPENSES		
Income available for distribution is stated after charging:		
Bank charges, trustee and custodian fees	(126,716)	(168,887)
Management and administration expenses	(1,369,266)	(993,143)
	<u>(1,495,982)</u>	<u>(1,162,030)</u>

4. DISTRIBUTIONS PAID

Distributions are made quarterly out of income. During the year the following distributions were paid.

<u>Payment date</u>	<u>cents per</u>			
	<u>unit</u>	<u>Unit in issue</u>		
20/10/2016	28	3,500,000	-	973,169
23/01/2017	15	4,360,000	-	657,874
20/04/2017	34	4,935,000	-	1,670,485
20/07/2017	12	6,574,517	-	799,775
06/10/2017	22	7,689,517	-	1,703,067
22/01/2018	25	8,664,517	2,157,063	-
16/04/2018	20	10,141,517	2,042,131	-
16/07/2018	17	10,541,517	1,795,406	-
15/10/2018	27	10,941,517	2,926,697	-
			<u>8,921,297</u>	<u>5,804,369</u>

5. CASH AND CASH EQUIVALENTS

Current bank account	<u>2,272,732</u>	<u>1,265,822</u>
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6. TRADE AND OTHER PAYABLES

Expense accruals	<u>145,334</u>	<u>94,789</u>
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The carrying values of trade and other payables approximate fair value as they are short-term in nature and not subject to material changes in fair value.

7. RELATED PARTY TRANSACTIONS

CoreShares Index Tracker Managers (RF) Proprietary Limited, the management company of the Scheme, and Societe General, the trustees are considered to be related parties.

The following related party transactions occurred during the year:

Management company - management and administration expenses	1,369,266	993,143
Trustee - bank charges, trustee and custodian fees	126,716	168,887

The following related party balances existed at the year end:

Payables - management company	145,334	94,789
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Outstanding balances will be settled in the ordinary course of business.

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8. FINANCIAL INSTRUMENTS

Financial risk management

Exposure to investment, index, credit, secondary trading, market and operational risks arise in the normal course of investment activities in listed index securities. The Scheme's acceptance of risk is directly attributable to the risks associated with any investment in equities.

The objectives for managing the risks associated with financial instruments held for investment purposes as well as a brief description of the relevant risks and methods adopted to mitigate these risks are outlined in more detail below. The Scheme is regulated by the Act. In terms of the Act the Manager must appoint a Trustee. The assets comprising the portfolio of the Scheme are held under control of the Trustee.

The Manager monitors compliance in terms of the Act's requirements and reports are submitted to the Financial Sector Conduct Authority on a monthly basis. Capital adequacy requirements required by the Act are maintained by the Manager of the Scheme.

Daily pricing of the Scheme is publicly available.

The investment objective of the Scheme is to replicate, as far as reasonably possible, the price and yield performance of the relevant Index by holding a portfolio of securities substantially equivalent to the basket of securities comprising the Index in the same weighting as the Index. The Scheme's portfolio will be adjusted as determined by the ground rules to conform to changes in the basket of securities comprising the Index so as to ensure that the composition and weighting of the securities comprising the relevant portfolio at all times reflects, as closely as reasonably possible, the composition and weighting of the securities comprising the Index.

The Scheme's ability to replicate the price and yield performance of the Index will be affected by the costs and expenses incurred by the Scheme and by the liquidity of the constituent securities. Costs and expenses may result in the Index not being replicated perfectly by the Scheme. Any adverse cost implications may be countered through the generation of securities lending revenue. In addition, the Manager may, where necessary or in the interest of countering any adverse cost implications, use derivatives for investment purposes. Securities lending and derivative transactions will only be used within the lending and investment limits stipulated in the CoreShares Index Tracker Collective Investment Scheme Deed and the Act.

The Scheme has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Investment and market risk;
- Secondary trading risk;
- Index risk;
- Interest rate risk
- Regulatory, economic and political risk

Credit risk

The Scheme's exposure to credit risk could be as a result of a counterparty to a transaction failing to meet its contractual obligations. This could arise primarily from the Scheme's investment and scrip lending activities.

In terms of the Act, the Manager may, subject to the requirements of Section 85, lend or offer to lend assets included in a portfolio within the limits or on the conditions determined by the CoreShares Index Tracker Collective Investment Scheme Deed.

No security lending activities took place during the current year.

Financial assets subject to IFRS 9's impairment requirements

The Scheme's financial assets subject to the expected credit loss model per IFRS 9 are only short-term receivables. All trade receivables are expected to be received in three months or less. As only receivables are impacted by the IFRS 9 ECL model, the Scheme has adopted the simplified approach. The loss allowance is determined based on lifetime ECLs. No receivables are considered impaired and no amounts have been written off in the current period.

Financial assets not subject to IFRS 9's impairment requirements

The Scheme is exposed to credit risk on listed investments. These classes of financial assets are not subject to IFRS 9's impairment requirements as they are measured at fair value through profit or loss. The carrying value of these assets, under both IAS 39 (2017) and IFRS 9 (2018) represents the Scheme's maximum exposure to credit risk on financial instruments not subject to the IFRS 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

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8. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations towards investors when they fall due.

The approach to managing liquidity risk is to ensure that the Scheme would be able to pay suitable distributions to investors on a quarterly basis. All distributions are approved by the Trustee and calculated by the Manager in terms of the Scheme deed.

The portfolio could also be exposed to liquidity risk in cases where insufficient securities are available to effect the necessary changes in Index constituents. The need to employ alternative investment techniques would only arise in the event of a liquidity problem, for example, if it's not possible to acquire certain securities comprising the Index due to there being no sellers of such securities.

The Scheme's securities are listed instruments that are bought and sold on the JSE through a JSE member. The participatory interests can be sold to the Manager, who 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 at prices around the net asset value 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 Scheme's securities from the market makers.

The contractual maturities of all trade and other payables and net assets attributable to investors are less than 90 days.

Investment and market risk

Market risk exists where significant changes in equity prices will affect the value of the Scheme's financial instruments. The investment mandates indicate that the Scheme is passively managed and as a result the management of market risk is not possible.

There is no guarantee that the Scheme will achieve its investment objective of perfectly tracking the Index.

The value of the participatory interests and the distribution payable by the Scheme will rise and fall as the capital values of the underlying securities housed in the Scheme and the income flowing therefrom fluctuate (which fluctuations may be caused by events specific to the constituent entities) and as the expenses of the Scheme rise and fall. The Scheme's participatory interests can accordingly have a value below the price paid by the investor. Prospective investors should be prepared for the possibility that they may sustain a loss.

The Scheme may not be able to perfectly replicate the performance of the Index because:

- The Scheme is liable for certain costs and expenses not taken into account in the calculation of the Index;
- Certain Index constituents may become temporarily unavailable (for example, due to illiquidity, or a lack of trade, in those securities); or
- Other extraordinary circumstances may result in a deviation from precise Index weightings.

Secondary trading risk

There is no guarantee that a liquid secondary market in the Scheme's participatory interests will develop. The Scheme's participatory interests may trade at a discount or premium to their underlying securities. There is no guarantee that the Scheme's participatory interests will remain listed on the JSE. Any termination of listing would be subject to the JSE Listings Requirements.

Index risk

There is no guarantee that the Index will continue to be calculated in the manner in which it is currently calculated.

The past performance of the Index is not necessarily an indication of the future performance.

Neither the Index licensor, nor the Manager or the Trustee:

- Guarantee the accuracy/or completeness of the Index or any data included in the Index;
- Will bear any liability for any errors, omissions or interruptions in the Index;
- Warrant or make any representations as to the results to be obtained by the Scheme's portfolio or any investor in the Scheme from the use of the Index or any data included in the Index; or
- Warrant the ability of any portfolio to track any applicable Index.

Given that the Index was created as a measure of market performance and not for the purpose of trading in the Scheme's participatory interests, the Index may be adjusted by the Index licensor without regard to the interest of holders of participatory interests, but solely with a view to the original purpose of the Index.

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8. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The risk that fluctuating interest rates will unfavourably affect the Scheme's earnings (cash flow interest risk) or the value of its assets and liabilities (cash flow valuation risk). The risk is solely relates to interest earned from cash held at the Scheme's bank account.

Regulatory, economic and political risk

The performance of the Scheme may be affected by changes in economic and market conditions, political developments or changes in government policies, changes in legal, exchange control, regulatory and tax requirements.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been identified as:

Level 1: quoted prices (unadjusted) in an active market for identified assets and liabilities.

Level 2: inputs other than quoted prices in level 1 that are observable for the assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are based on observable market data (unobservable inputs).

		Level 1	Level 2	Level 3
		<u>R</u>	<u>R</u>	<u>R</u>
2018				
Financial Instruments	Category			
Investment in listed equities	Designated at fair value	284,854,330	-	-
Net assets attributable to investors	Designated at fair value	-	(287,136,047)	-
2017				
Investment in listed equities	Designated at fair value	258,258,481	-	-
Net assets attributable to investors	Designated at fair value	-	(259,527,650)	-

Net assets attributable to investors are valued at the net assets value of the Scheme.

There are no financial instruments classified within level 3. There were no transfers between level 1 and level 2 during the financial year.

Sensitivity analysis

All the Scheme's underlying investments are listed on the JSE. The price of the Scheme's security is closely correlated to the movements in the Index. Any movement or adjustment in the Index, or the underlying constituents of the Index, will have a directly proportional impact on the price of the Scheme's security.

Actual market values may be affected by supply, liquidity and other market factors, but the ability of a holder of the Schemes securities to take delivery of the underlying basket of constituent securities, should operate to substantially avoid or minimise any differential which may otherwise arise between the price at which the Schemes securities trade and the value of the underlying basket of securities.

The following analysis reflects the sensitivity of the fair value of the Scheme's investments to fluctuations in the Index based on market values as at 31 December 2018. The analysis is based on the assumption that if the Index increased or decreased by 1%, with all other variables held constant, the listed investment value will increase or decrease by:

	2018	2017
	<u>R</u>	<u>R</u>
Investments as reported	284,854,330	258,258,481
1% increase in the Index	287,702,873	260,841,066
1% decrease in the Index	282,005,787	255,675,896

9. TAXATION

Schemes are not taxed under CoreShares Index Tracker Collective Investment Schemes, as income received in the Scheme has been distributed within 12 months. Income is thus taxed in the hands of the income beneficiaries. Capital gains and losses are disregarded.

**CORESHARES INDEX TRACKER COLLECTIVE INVESTMENT SCHEME
("CORESHARES S&P SOUTH AFRICA DIVIDEND ARISTOCRATS EXCHANGE TRADED FUND")
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2018**

10. REPRESENTATION OF COMPARATIVES

	Amount as represented	Amount previously reported	Difference
	<u>R</u>	<u>R</u>	<u>R</u>
Realised losses on financial instruments designated at fair value through profit or loss		(1,758,082)	1,758,082
Unrealised gains on financial instruments designated at fair value through profit or loss		16,810,551	(16,810,551)
Net fair value gains on financial instruments at fair value through profit or loss	15,052,469		15,052,469
	<u>15,052,469</u>	<u>15,052,469</u>	<u>-</u>

The realised losses and unrealised gains have been represented as net fair value gains due to similar nature of the transactions.

11. SUBSEQUENT EVENTS

The Manager is not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.