1nvest ETF Issuer (RF) Limited
(formerly Africa ETF Issuer (RF) Limited)

(Registration Number 2013/022008/06)

Annual financial statements
for the year ended 29 February 2020

General information

Directors	Brian William Smith Johann Steyn Erasmus Brendan Harmse Wesley Alan Martens
Nature of Business and Principal Activities	Structured Entity to conduct an exchange traded fund ("ETF")
Company secretary	Maitland Group South Africa Limited
Registered office	18 Fricker Road Illovo Johannesburg 2196
Auditors	PricewaterhouseCoopers Inc. 4 Lisbon Lane, Waterfall City Jukskei View 2090
Shareholder	Africa Funds Issuer Owner Trust, incorporated in South Africa.
Registration Number	2013/022008/06
Country of Incorporation and Domicile	South Africa
Preparer / Compiler	The annual financial statements were independently compiled by Maitland Group South Africa Limited under the supervision of Pravesh Daya, CA (SA) (Global Markets Client Solutions Manager at Standard Bank).
Supervisor	1nvest ETF Issuer (RF) Limited is managed by The Standard Bank of South Africa Limited ("Standard Bank"). All References to manager and management relate to The Standard Bank of South Africa Limited. These audited annual financial statements are under the direction and supervision of Standard Bank.
Level of Assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008.

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Directors' responsibilities and approval for annual financial statements

The directors are responsible for overseeing the preparation, integrity and objectivity of the annual financial statements that fairly present the state of the affairs of 1nvest ETF Issuer (RF) Limited ("the Company") at the end of the financial year and the net income and cash flows for the reporting period, and other information contained in this report.

To enable the directors to meet these responsibilities:

- all directors will maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach;
- the board sets standards and management implements systems of internal control and accounting and information systems aimed at providing reasonable assurance that both on and off statement of financial position assets are safeguarded and the risk of error, fraud or loss is reduced in a cost- effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- the board and management identify all key areas of risk across the Company and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure controls, systems and discipline are applied and managed within predetermined procedures and constraints; and
- the internal audit function is outsourced to Standard Bank management, who appraise, evaluate and, when necessary, recommend improvements to the systems of internal control and Accounting practices based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business.

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

The Company consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis. The annual financial statements are prepared in accordance with the provisions of the Companies Act, 71 of 2008 and comply with International Financial Reporting Standards (IFRS) and all applicable legislation.

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

It is the responsibility of the independent auditors to report on the annual financial statements. Their report to the shareholders of the Company is set out on pages 7 to 11 of this report.

Approval of the annual financial statements

The directors' report on pages 15 to 17 and the annual financial statements of the company, set out on pages 18 to 53, were approved by the board of directors on 26 May 2020 and are signed on its behalf by:

Johann Steyn Erasmus

Brian William Smith

Report of the audit committee

Mr WA Martens is the chairman of the audit committee. Mr BW Smith and Mr B Harmse are members of the Company's audit committee. Mr WA Martens, Mr BW Smith and Mr B Harmse are independent non-executive directors and have relevant qualifications and financial expertise.

The Company secretary also serves as the secretary of the committee.

Besides the statutory functions for audit and risk committees contained in the Companies Act, the key terms of reference of the audit committee comprise various categories of responsibility and include the following:

- the Company's relationship with external auditors;
- the presentation of financial statements and reports complying with all relevant corporate disclosure requirements and accounting standards;
- the review of any other announcement regarding the Company's results or other financial information, including dividends proposed for declaration;
- the identification of exposure to significant risks;
- the operation of adequate processes of internal control; and
- the monitoring of the Company's corporate governance practices in relation to statutory and other regulatory requirements and guidelines.

In addition, the committee considers any matters referred to it by the board. The Chairman of the committee reports to the board on the recommendations made by the committee.

The audit committee met on the under mentioned occasions, during the year under review and up to approval of the annual financial statements, for the primary purposes mentioned above:

- 24 May 2019, to consider the financial statements for the year ended 28 February 2019 which were approved by the board of directors on 24 May 2019;
- 11 March 2020, to discuss the audit committee terms of reference and the external audit plan; and

The audit committee confirms that it has executed its responsibilities in terms of paragraph 3.84(g)(iii) of the Listings Requirements in its assessment of the suitability of the auditor.

Execution of functions

The audit committee has executed its duties and responsibilities during the financial year in accordance with its mandate as it relates to the company's accounting, internal control and financial reporting practices.

During the year under review, the committee, among other matters, considered the following:

In respect of the external auditors and external audit:

- considered and recommended the re-appointment of PricewaterhouseCoopers Inc. as external auditors for the financial year ended 29 February 2020, in accordance with all applicable legal requirements;
- approved the external auditor's terms of engagement, the audit plan and budgeted audit fees payable;
- reviewed the audit process and evaluated the effectiveness of the audit;
- assessed and obtained assurance from the external auditor that their independence was not impaired;
- considered the nature and extent of all non-audit services provided by the external auditors and confirmed that none were provided; and
- confirmed that no reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act 26 of 2005.

Report of the audit committee

Execution of functions (continued)

In respect of internal audit:

- confirmed that the internal audit function was conducted by Standard Bank Internal Audit, following a risk based approach; and
- confirmed that the Company was risk assessed and prioritised in relation to Standard Bank business functions to determine the audit need and therefore frequency of review.
- the previous internal audit process occurred in April - October 2016 and although the Company have not been selected for further internal audit processes based on their risk assessment approach since then, the Company has approached internal audit to undergo a process later this year.
- confirmed that an ISAE 3402 report has been completed for the internal control procedures at Maitland.

In respect of the financial statements:

- considered the impact of COVID-19 on the entity and going concern, and is comfortable that the entity is still a going concern based on management assessment as outlined on pages 15 and 17.
- examined and reviewed the annual financial statements prior to submission and approval by the board;
- ensured that the annual financial statements fairly present the financial position of the company as at the end of the financial year and the results of its operations and cash flows for the financial year then ended;
- ensured that the annual financial statements conform with IFRS, the requirements of the JSE Debt Listings Requirements, the Companies Act, 71 of 2008 and all other applicable accounting guides and pronouncements;
- considered accounting treatments, significant unusual transactions and accounting judgements;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- noted that there were no material reports or complaints received concerning accounting practices, internal financial controls, content of annual financial statements, internal controls and related matters;
- reviewed any significant legal and tax matters that could have a material impact on the financial statements; and
- reviewed and discussed the independent auditor's report.

In accordance with revised International Standards on Auditing, independent auditor's reports for financial years ending on or after 15 December 2016 are required to incorporate the reporting of key audit matters. As part of the audit committee's responsibilities, notably its review of financial results, reports from external audit, finance and the company's accounting policies, as well as the annual financial statements, the audit committee took cognisance of the key audit matters as reported in the independent auditor's report. In addition, the audit committee reviewed management's judgements on significant accounting and external reporting issues and confirmed the external auditor's agreement with the treatment thereof.

In respect of financial accounting and reporting developments:

- reviewed management's process and progress with respect to new financial accounting and reporting developments.

In respect of internal control:

- the committee formed the opinion that, at the date of this report, there were no material breakdowns in internal control, including internal financial controls, resulting in any material loss to the Company.

In respect of legal, regulatory and compliance requirements:

- reviewed, with management, matters that could have a material impact on the Company;
- monitored compliance with the Companies Act, 71 of 2008, JSE Debt Listing Requirements, the King IV Code and other applicable legislation and governance codes and reviewed reports from the external auditor and compliance detailing the extent of this; and
- noted that no complaints were received concerning accounting matters, internal financial controls, contents of financial statements, potential violations of the law and questionable accounting or auditing matters.

Report of the audit committee

Execution of functions (continued)

In respect of risk management:

- ensured that risk-related matters of relevance to the audit committee were considered.

Independence, skills and expertise of the external auditors

The audit committee is satisfied that PricewaterhouseCoopers Inc. is independent of the Company and that PricewaterhouseCoopers Inc. and the partner who is responsible for signing the Company's financial statements have the requisite skills and expertise. This conclusion was arrived at, inter alia, after taking into account the following factors:

- the representations made by PricewaterhousCoopers Inc. to the committee, including confirmation of the firm and individual auditor's accreditation on the JSE List of Auditors;
- the auditor does not, except as external auditor, receive any remuneration or other benefits from the company;
- the auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the auditor;
- the auditor's independence was not prejudiced as a result of any previous appointment as auditor;
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies were met.

The committee noted the Independent Regulatory Board for Auditors' announcement of its Mandatory Audit Firm Rotation (MAFR) ruling on 2 June 2016 which determined that an audit firm may not be appointed auditor of a public interest entity for more than ten years. This will be assessed by the audit committee when the ruling becomes effective.

The Company is fully committed to the principles of the Code of Corporate Practices and Conduct ("the Code") as set out in The King IV Report on Corporate Governance.

In supporting the Code, the directors recognise the need to govern the Company with integrity and in accordance with generally accepted corporate practices.

Notwithstanding the aforementioned, the directors of the Company are of the opinion that the Company has complied with the principles and recommendations of the Code, in all material respects, with regard to the period under review.

The audit committee report was approved by the audit committee on 26 May 2020 and signed on its behalf by:

Wesley Alan Martens
26 May 2020

Independent auditor's report

To the Shareholder of 1nvest ETF Issuer (RF) Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of 1nvest ETF Issuer (RF) Limited (the Company) as at 29 February 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

1nvest ETF Issuer (RF) Limited's financial statements set out on pages 18 to 52 comprise:

- the statement of financial position as at 29 February 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

Our audit approach

Overview

Overall materiality
• *R 91.15 million, which represents 1% of total assets.*
Key audit matters
• *Existence and valuation of bullion investments of R9.1 billion.*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	*R91.15 million.*
How we determined it	*1% of total assets.*
Rationale for the materiality benchmark applied	*We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 1% which is consistent with quantitative materiality thresholds used for companies in this sector.*

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. 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.

Key audit matter	*How our audit addressed the key audit matter*
Existence and valuation of Bullion investments of R9.1 billion *Refer to Notes 1.10 (Gold, Platinum, Palladium and Rhodium Bullion) and 6 (Bullion investments) to the financial statements.* The Company has R9.1 billion in bullion investments (Gold, Palladium, Platinum and Rhodium) at year-end. The bullion investments are calculated with reference to the Rand value of the underlying precious metal. The fair value of bullion is affected by the market and is determined with reference to the exchange quoted selling price of gold / platinum / palladium / rhodium per ounce. The ounces of each metal are multiplied by the applicable metal price per ounce in dollar and exchange rate at each reporting date to determine the value of the investments. The existence of the bullion investments is a matter of most significance in the audit of the current year as the attendance of the physical metal counts is impractical due to security protocols instituted at the custodians only granting access to these vaults in line with the London Bullion Market Association practices and policies. Therefore, alternative procedures are required to be performed to obtain sufficient appropriate audit evidence. In addition, the value of the bullion investments is a significant input into the value of the debentures (refer to Note 10 to the financial statements - Debentures). Management fee income in the Statement of Comprehensive Income (Refer to Note 11 to the financial statements - Management fee income) is also derived from the measurement of the bullion investments.	• We compared the ounces of the bullion held at year-end recorded by the Company to the statement of metal account as at 29 February 2020 (a confirmation received directly from the custodians) and did not find exceptions. • We inspected the independent physical metal stock count reports performed by the management expert appointed by the Company (Gold and Palladium on 9 March 2020, Platinum on 10 March 2020 and Rhodium on 12 March 2020). • We obtained confirmation, by inspecting the website of the management expert and obtaining written representation from management, that the appointed management expert who performed the independent counts was accredited and independent of the Company and the custodians. • We agreed the independent counts performed by the management expert to the Company's accounting records and asset confirmations of the bullion investments and tested the roll-back movements to 29 February 2020 on a sample basis, by agreeing individual buy and sell transactions to underlying information. We did not identify any material differences. • We obtained a movement schedule which reconciles the opening balance of bullion investments as at 1 March 2019 to the closing balance as at 29 February 2020, which includes the movements during the year for bullion purchased and bullion redeemed, proceeds on bullion sales during the year and fair value adjustments for the year. We tested a sample of buy and sell transactions to underlying information, and recalculated the fair value adjustment for the year. We did not identify any material differences. • We recalculated the value of the bullion investments by multiplying the ounces of bullion held to the price per ounce in dollars at year-end, as published by The London Bullion Market for Gold, Platinum and Palladium and Iconnect for Rhodium at 29 February 2020 and recalculated the Rand amount with reference to the published 29 February 2020 Bloomberg USD - ZAR exchange rate. No material differences were identified in this recalculation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “1nvest ETF Issuer (RF) Limited Annual financial statements for the year ended 29 February 2020”, which includes the Directors’ Report, the Report of the audit committee and the Certification by the company secretary as required by the Companies Act of South Africa. 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 identified above 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 the 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 the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company’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 Company 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 judgement 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 Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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 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 PricewaterhouseCoopers Inc. has been the auditor of 1nvest ETF Issuer (RF) Limited for 7 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Shiraz Hassim

Registered Auditor

Johannesburg

27 May 2020

Corporate governance statement

The Company is fully committed to the principles of the Code of Corporate Practices and Conduct ('the Code") as set out in the King IV Report on Corporate Governance.

In supporting the Code, the directors recognise the need to govern the Company with integrity and in accordance with generally accepted corporate practices.

The Company has no employees. The directors of the Company are of the opinion that the Company has applied the principles and recommendations of the Code, in all material respects, with regard to the period under review.

Board of directors

The board consists of :
- 1 non-executive director
- 3 Independent non-executive directors

The board has the following committee:
- Audit committee

Independent advice

A director or any member of a board committee may, if necessary, take independent professional advice at the expense of the Company.

Company secretary

All directors have access to the advice and services of the Company secretary, who provides guidance to the board as a whole and to individual directors with regard to how their responsibilities should be discharged in the best interest of the Company.

Audit committee

The board has concluded that the audit committee have satisfied its responsibilities.

Internal audit

The internal audit function is conducted by Standard Bank Internal Audit, following a risk based approach. The Company is risk assessed and prioritised in relation to Standard Bank business functions to determine the audit need and therefore frequency of review. The previous internal audit process occurred in April - October 2016 and although the Company has not been selected for further internal audit processes based on their risk assessment approach since then, the Company have approached internal audit to undergo a process later this year.

Remuneration philosophy

The Company adopted the Standard Bank Human Resources policies. One of the non-executive directors of the Company is a full time employee of Standard Bank and therefore earns no directors' fees for his services as director.

Corporate governance statement

Integrated sustainability reporting and disclosure

As a special purpose entity, the company does not play an active role in the environment and the community and therefore an integrated sustainability report is not represented.

Managing stakeholder relationships

The board delegates to the management of Standard Bank to pro actively deal with stakeholder relationships.

Fundamental and affected transactions

The Company does not conduct business with entities in which its directors have an interest other than that disclosed in the related parties note to the annual financial statements. Refer to note 20. Directors are requested to declare their directorships in other companies on an annual basis.

IT governance

Information technology governance is performed in terms of the Standard Bank IT Governance Policy.

Social and Ethics Committee

The Company applied for an exemption from appointing a social and ethics committee. The application was successful and the Company is exempt from the requirement to appoint a social and ethics committee for a period of five years, with effect from 21 December 2015.

Certification by the company secretary

To the shareholders of 1nvest ETF Issuer (RF) Limited

In accordance with the provisions of the Companies Act 71 of 2008 ("the Act"), I, Neermaladevi Vessanather Naidoo, in my capacity as Company Secretary, certify that in respect of the year ended 29 February 2020, the Company has lodged with the Commissioner of the Companies and Intellectual Property Commission, all returns prescribed by the Act and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Maitland Group South Africa Limited
Company Secretary
Represented by: Neermaladevi Vessanather Naidoo
Johannesburg
26 May 2020

Directors' report

The directors have pleasure in presenting their report which accompanies the annual financial statements of the Company for the year ended 29 February 2020.

1. Review of activities

Main business and operations

The principal activity of the Company is that of a structured entity to conduct an exchange traded fund ("ETF"). The Company enables investors to invest in debt instruments, the value of which track the price of Gold, Platinum, Palladium and Rhodium (Precious Metals). The Company operates principally in South Africa, and from the way the business of the Company is structured and managed, there are no operating segments and the Company's results are reviewed as a single operating segment.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Registered office, date of incorporation and company registration number

Registered Office	18 Fricker Road Illovo Johannesburg 2196
Date of incorporation	11 February 2013
Company registration number	2013/022008/06

3. Shareholder

Africa Funds Issuer Owner Trust, established in South Africa, holds 100% of the share capital of the Company.

4. Directors

The directors of the company during the year and up to the date of this report are as follows:

Directors

Johann Steyn Erasmus
Brendan Harmse
Wesley Alan Martens
Brian William Smith

5. Events after the reporting date

That impact of COVID-19 on the Company has been assessed to be a non-adjusting event in terms of IAS 10. After year end, at the time of finalising these Annual Financial Statements, the Assets Under Management across the ETFs is approximately R 7.5 billion. As such, the ETFs are still profitable and, in the director's view, able to continue as a going concern for the next 12 month. Refer to Note 25 for further detail.

No other events, which are likely to have a material effect on the Company’s results in the current year, have occurred between the year- end date and the date of this report.

The annual financial statements were approved by the directors on 26 May 2020.

The annual financial statements cannot be amended after issue.

Directors' report

6. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act, 71 of 2008.

7. Secretary

The company secretary is Maitland Group South Africa Limited.

8. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the Company during the year under review.

9. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

10. Special Resolutions

In terms of section 16(5)(b)(i) of the Companies Act, a resolution was passed to change the name of the Company to 1nvest ETF Issuer (RF)Limited. The effective date of the name change is 8 October 2019.

11. Compilation of annual financial statements

The compiler was responsible for the preparation of the annual financial statements based on information provided by management and worked under the supervision of management and management is responsible for these annual financial statements.

12. Directors' interest in contracts

No contracts were entered into in which the directors' of the Company had an interest and which significantly affected the business of the Company.

13. Risk

The Precious Metals are held by the custodians, JP Morgan Chase Bank (Gold, Platinum and Palladium) and Johnson Matthey (Rhodium) in their vaults. The Custodians are London Bullion Market Association (LBMA) as well as London Platinum and Palladium Market (LPPM) members and are in good standing with both associations. There is a risk that the Precious Metals could be lost, stolen or damaged, therefore the Company would not be able to request the sale or delivery of Precious Metals for itself or on behalf of any qualifying debenture holder. The custodians have suitable all risk insurance cover for all the holdings in the custodians’ vaults and this cover has been reviewed by management. The cover includes general risks such as theft and/or fraud but excludes catastrophic risks such as acts of God.

Directors' report

14. Compulsory redemption of Precious Metal debentures

The compulsory redemption of Precious Metal debentures could occur if the amount derived from the sales is not sufficient to cover management and corporate expenses, i.e., if the individual precious metal ETF is no longer profitable. 1nvest ETF is able to call a compulsory redemption on that individual ETF, rather than to continue to operate in an unprofitable state. No such redemption occurred during the period under review.

15. Dividend

No dividend was declared or paid to the shareholder during the current year (2019: R 50,000,000).

16. Restatement in current year

Management has re-assessed the classification of certain items in the statement of cashflows as a result of the JSE proactive monitoring and their focus on the classification of the items. During the year, the purchase and sale of bullion investments have been reclassified and presented as part of operating activities.

Statement of financial position

Figures in R	Notes	2020	2019
Assets			
Cash and cash equivalents	**4**	23,406,062	16,426,110
Trade and other receivables	**5**	1,001,022	1,038,897
Bullion Investments	**6**	9,085,905,059	5,671,755,275
Current tax receivable	**17**	729,810	689,665
Deferred taxation	**7**	4,352,955	3,553,407
Total assets		**9,115,394,908**	**5,693,463,354**
Equity and liabilities			
Equity			
Share capital	**8**	120	120
Retained income		37,349,944	20,116,413
Total equity		**37,350,064**	**20,116,533**
Liabilities			
Trade and other payables	**9**	4,356,368	4,375,490
Debentures	**10**	9,073,688,476	5,668,971,331
Total liabilities		**9,078,044,844**	**5,673,346,821**
Total equity and liabilities		**9,115,394,908**	**5,693,463,354**

1nvest ETF Issuer (RF) Limited

(Registration Number 2013/022008/06)
Financial Statements for the year ended 29 February 2020

Statement of comprehensive income

Figures in R	Notes	2020	2019
Management fee income	**11**	22,438,070	19,439,425
Other income	**12**	8,621,415	7,817,195
Operating expenses	**13**	(5,960,489)	(7,021,996)
Fair value adjustment on Bullion Investments	**6**	3,563,865,059	977,260,316
Fair value adjustment on Debentures	**10**	(3,566,290,081)	(983,895,436)
Operating profit		**22,673,974**	**13,599,504**
Finance income		1,269,331	2,095,358
Finance costs	**14**	(1,062)	(15,660)
Profit before taxation		**23,942,243**	**15,679,202**
Taxation	**15**	(6,708,712)	(4,421,438)
Profit for the year		**17,233,531**	**11,257,764**
Profit for the year attributable to:			
Owners of the company		17,233,531	11,257,764
Other comprehensive income		-	-
Total comprehensive income for the year		**17,233,531**	**11,257,764**
Comprehensive income attributable to:			
Owners of the Company		**17,233,531**	**11,257,764**

Statement of changes in equity

Figures in R	Share capital	Retained income	Total
Balance at 1 March 2018	120	58,858,649	58,858,769
Changes in equity			
Total comprehensive income for the year	-	11,257,764	11,257,764
Dividend recognised as distributions to shareholder	-	(50,000,000)	(50,000,000)
Balance at 28 February 2019	**120**	**20,116,413**	**20,116,533**
Changes in equity			
Total comprehensive income for the year	-	17,233,531	17,233,531
Balance at 29 February 2020	**120**	**37,349,944**	**37,350,064**
Note	**8**		

Statement of cash flows

Figures in R	Notes	2020	Restated [1] 2019
Cash flows from operations activities			
Cashflow generated from operations	**16**	149,140,017	1,084,670,043
Taxation paid	**17**	(7,548,405)	(6,332,887)
Finance income		1,269,331	2,095,358
Finance costs	**14**	(1,062)	(15,660)
Net cash inflow from operating activities		**142,859,881**	**1,080,416,854**
Cash flows from financing activities			
Creation of debentures	**10**	4,114,655,551	757,879,427
Debentures redeemed	**10**	(4,250,535,480)	(1,829,212,191)
Dividend paid		-	(50,000,000)
Cash outflow from financing activities		**(135,879,929)**	**(1,121,332,764)**
Net increase / (decrease) in cash and cash equivalents		**6,979,952**	**(40,915,910)**
Cash and cash equivalents at beginning of year		16,426,110	57,342,020
Cash and cash equivalents at end of year	**4**	**23,406,062**	**16,426,110**

[1] See note 3 for more details on restatement as a result of a change in classification of purchase and sale of bullion from investing activities to operating activities.

Notes to the Financial Statements

Accounting Policies

1. Presentation of the annual financial statements

The significant accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, with the exception of the change referred to in note 2.

1.1 Statement of compliance

The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act, 71 of 2008 and the JSE Listings Requirements.

1.2 Basis of accounting and measurement

The annual financial statements have been prepared in accordance with going concern principles using the historical cost basis, unless otherwise stated in the detailed accounting policies below.

1.3 Functional and presentation currency

The annual financial statements are presented in South African Rand, which is the Company's functional currency. All financial information is presented to the nearest Rand.

1.4 Use of estimates, assumptions and judgement

In the preparation of the annual financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial year.

Judgements made by management that could have a significant effect on the amounts recognised in the financial statements include:

- Estimated fair value of Debentures

  Management uses the estimate that the value of the debentures at year end is equal to the value of the underlying metal referenced by the debentures at year end. There is a difference between the total fair value of metal and the total fair value of debentures, due to the metal that the Company holds on their own account and not reference by the debentures.

- Assessment to determine the Company's functional currency

  Management has assessed the functional currency of the business to be the South African Rand. Although the commodities are quoted and generally trade in USD, the debentures are listed in ZAR on the JSE. The South African Rand is also the currency that is used by management to assess the performance of the business on an ongoing basis.

1.5 Financial instruments

Financial instruments are initially measured at fair value and are subsequently measured on the basis as set out below. Transaction costs of instruments carried at fair value through profit or loss are recognised immediately through the profit and loss component of the statement of comprehensive income. For other categories of financial instruments, transaction costs (incremental costs directly attributable to the acquisition, issue or disposal of a financial instrument) and transaction income (i.e. initiation fees) are capitalised to the initial carrying amount.

1.5 Financial instruments (continued)

Financial instruments are recognised on the date when the Company enters into contractual arrangements with counterparties to purchase or sell the financial instruments.

Financial instruments designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- the assets and liabilities are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy which significantly modifies the cash flows that would otherwise be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in the profit or loss section in the statement of comprehensive income.

Financial liabilities

After initial recognition the debentures are held at fair value and this fair value is referenced to the price of Gold, Platinum, Palladium and Rhodium bullion respectively.

All redeemable securities provided by the portfolios provide investors with the right to request redemption for cash or in specie at the value proportionate to each investor's share. The securities are redeemable at any time at the option of the security holder and are therefore classified as financial liabilities. The carrying value of the liability at fair value and the amount which the Company is contractually required to pay the holder on redemption approximate each other.

Classification of financial liabilities at fair value through profit or loss

The Company classifies the debenture liability at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. They are presented as current liabilities if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current liabilities. The Company has elected to designate any financial liabilities at fair value through profit or loss.

Amounts recognised in profit or loss

Changes in fair values of financial liabilities at fair value through profit or loss are recorded in Fair value adjustment on Debentures in profit or loss.

Fair value

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include, using recent arm’s length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured is provided in note 18.

Notes to the Financial Statements

1.5 Financial instruments (continued)

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost. Trade and other receivables are short term in nature and are not discounted.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Trade and other payables are short term in nature and are not discounted.

Cash and cash equivalents

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

Impairment

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost. The Company measures the loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The loss allowance for trade and other receivables is measured at an amount equal to lifetime ECLs, and the loss allowance for cash and cash equivalents is measured at 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to action such as realising the security (if any is held); or
- The financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over when the Company is exposed to credit risk.

1.5 Financial instruments (continued)

Measurement of ECLs

ECLs are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- A restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Derecognition of financial instruments

Financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the investments have expired or on trade date when they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

Financial liabilities

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

1.6 Share capital

Ordinary share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Notes to the Financial Statements

1.7 Revenue

The company applies IFRS 15 Revenue from Contracts with Customers.

IFRS 15 identifies 5 requirements which need to be met in order to recognise revenue. These criteria are listed below and have been applied by the company as follows:

- Identify contract - The contract identified is the prospectus which outlines the arrangement between the investors into the respective ETFs and 1nvest ETF including the management fee rate applicable for each commodity.
- Identify performance obligations - The performance obligation per the prospectus is the management of the underlying bullion investments on behalf of debenture holders.
- Determine transaction price - The transaction price of the management fee income is determined using the quantity of the metal under management in ounces, the dollar value of each metal, the prevailing dollar / rand exchange rate in line with the company's accounting policy and the management fee rate per the prospectus, calculated and accrued daily.
- Allocate price to performance obligations - The full transaction price is allocated to the performance obligation as the management fee accrues on a daily basis.
- Recognise revenue as obligations are fulfilled - The fee is recognised over time, as the management fee accrues daily.

Management fee rates

The management fee income consists of a fee accrued daily on all the company's holdings of the relevant commodity which that ETF references, calculated at the applicable rate set by the company, which is 0.25% per annum (excluding VAT) for the Gold ETF, 0.30% per annum (excluding VAT) for the Platinum ETF, 0.35% per annum (excluding VAT) for the Palladium ETF and 0.75% per annum (excluding VAT) for the Rhodium ETF.

1.8 Finance income

Finance income comprises of interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

1.9 Tax

Current tax

The current tax liability or asset is the expected tax payable or recoverable, using tax rates and tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax

Deferred income tax is provided, using the balance sheet method, on temporary differences arising between the tax bases and carrying amounts of bullion investments, debentures, trade and other payables and receivables. In relation to acquisitions, deferred tax is raised on the difference between the fair values of net assets acquired and their tax bases in the annual financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.9 Tax (continued)

Deferred tax (continued)

The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extend that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the asset or expense; and
- receivables and payables that are stated with the amount of VAT included.

1.10 Gold, Platinum, Palladium and Rhodium Bullion

Gold, Platinum, Palladium and Rhodium Bullion are commodities that the Company buys and/or sells for others or on their own account in order to generate a return of the respective Debenture and/or to realise fees. The Company enables investors to track the performance of commodities through investing in the respective debentures linked to Gold, Platinum, Palladium and Rhodium. There is an active market for the respective commodities with trading prices publicly available. The most appropriate policy is to hold Bullion as an investment held at fair value through profit and loss.

The company has elected to develop and adopt its own accounting policy for bullion investments in accordance with IAS 8.

Bullion is initially measured at fair value and is subsequently measured on the basis as set out below. Transaction costs of Bullion carried at fair value through profit or loss are recognised immediately through the profit and loss component of the statement of comprehensive income.

Bullion is recognised on the date when the Company enters into contractual arrangements with counterparties to purchase Bullion.

It is subsequently measured at fair value and recorded on the statement of financial position. Changes in fair value are recorded in the profit and loss section in the statement of comprehensive income.

The fair value of Bullion is affected by the market and is determined with reference to the exchange quoted selling price of gold / platinum / palladium per ounce known as Gold AM fix, Platinum AM fix, Palladium AM fix, and the closing spot price of Rhodium.

Notes to the Financial Statements

2. Adoption of new and revised standards

Standards and interpretations not yet effective

The application of the Company's accounting policies are consistent with those adopted in the prior year.

There are no new standards or interpretations in issue and not yet effective that will have a significant impact on the financial statements of the Company in future periods. Therefore, these have not been disclosed with the exception of the change referred to in note 2.

3. Prior year restatement

Management has re-assessed the classification of certain items in the statement of cashflows as a result of the JSE proactive monitoring and their focus on the classification of the items. During the year, the purchase and sale of bullion investments have been reclassified and presented as part of operating activities.

The principal activity of the Company is that of a structured entity to conduct an exchange traded fund ("ETF"). The Company enables investors to invest in debt instruments, the value of which track the price of Gold, Platinum, Palladium and Rhodium (Precious Metals). Thus, the management of the ETF and underlying bullion investments, which is driven by the purchase and sale of bullion investments, is the principal revenue generating activity for the Company. This change in presentation provides more reliable and relevant information as it classifies the cashflows in a manner that is more appropriate for the nature of the business of the Company.

The change in classification was effected by restating each of the affected financial statement line items for the prior periods as show below:

Statement of cashflow	2019	Adjustment	Restated 2019
Cash flows from operating activities			
Sale of Bullion	-	1,829,212,191	1,829,212,191
Purchase of Bullion	-	(757,897,427)	(757,897,427)
Net movement in bullion investments	-	1,071,332,764	1,071,332,764
Cash flows from investing activities			
Sale of Bullion	1,829,212,191	(1,829,212,191)	-
Purchase of Bullion	(757,897,427)	757,897,427	-
Net movement in bullion investments	1,071,332,764	(1,071,332,764)	-

The company assessed the classification of creations and redemptions of debentures in the cash flow statement, and determined that it meets the definition of financing activities under IAS 7, as it is used to finance the purchase and sale of bullion investments.

Notes to the Financial Statements

Figures in R	2020	2019

4. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash on hand	120	120
Balances with banks	23,405,942	16,425,990
Total cash	**23,406,062**	**16,426,110**

The bank balances are held with Standard bank and the expected credit loss on cash and cash equivalents is immaterial as they are short term deposits. The current Moody's credit rating is Ba1. Please refer to note 20 for additional information.

5. Trade and other receivables

Prepayments	269,903	563,440
Sundry debtors	731,119	475,457
	1,001,022	**1,038,897**

The sundry debtors balance of R731,120 comprises of management fees and charges of R472,369 (2019: R383,457) and creation and redemption income of R258,750 (2019: R92,000). The carrying value of trade and other receivables approximates the fair value. The impact of the expected credit loss model on financial assets measured at amortised cost is insignificant and immaterial to the financial statements because the receivable is a result of the daily accrual of management fee income which is accrued in metal and realized in cash when the bullion investments are sold by 1nvest ETF on a monthly basis. Since the realisation of cash and settlement of the receivable is within the control of the company, the impact of the expected credit loss is immaterial.

6. Bullion investments

Gold		
Fair value at the beginning of the year	109,521,104	91,711,797
Gold purchases during the year	1,380,725,565	-
Gold redemptions during the year	(68,235,550)	-
Proceeds on gold sales during the year	(1,033,081)	(268,000)
Fair value adjustment for the year	224,247,329	18,077,307
	1,645,225,367	109,521,104

As at 29 February 2020, 66,287.77 (2019: 5,911.14) ounces of gold bullion to the value of approximately R1,643,949,410 (2019: R109,486,825) has been pledged in favour of AfricaGold Security Trust as security for the guarantee provided by AfricaGold Security Trust against 1nvest ETF Issuer's obligations under the AfricaGold debentures. The balance of the gold bullion holdings which have not been pledged are for 1nvest ETF Issuer's own account. Refer to note 22 for details on the Security Trust

Platinum		
Fair value at the beginning of the year	2,035,758,866	1,688,217,653
Platinum purchases during the year	1,751,803,525	521,607,147
Platinum redemptions during the year	(402,095,236)	(364,300,117)
Proceeds on platinum sales during the year	(6,517,852)	(6,171,581)
Fair value adjustment for the year	21,450,116	196,405,764
	3,400,399,419	2,035,758,866

Notes to the Financial Statements

Figures in R	2020	2019

6. Bullion investments (continued)

Platinum (continued)

As at 29 February 2020, 250,861.9 (2019: 166,673.04) ounces of platinum bullion to the value of approximately R3,398,910,866 (2019: R2,035,012,013) has been pledged in favour of AfricaPlatinum Security Trust as security for the guarantee provided by AfricaPlatinum Security Trust against the 1nvest ETF Issuer's obligations under the AfricaPlatinum Debentures. The balance of the platinum bullion holdings which have not been pledged are for 1nvest ETF Issuer's own account. Refer to note 22 for details on the Security Trust.

Palladium

	2020	2019
Fair value at the beginning of the year	3,170,239,430	3,257,580,352
Palladium purchases during the year	846,297,846	148,955,704
Palladium redemptions during the year	(3,400,282,669)	(1,183,659,889)
Proceeds on palladium sales during the year	(5,457,813)	(8,037,459)
Fair value adjustment for the year	2,453,676,222	955,400,722
	3,064,473,016	3,170,239,430

As at 29 February 2020, 74,778.35 (2019: 146,816.90) ounces of palladium bullion to the value of approximately R3,060,142,468 (2019: R3,168,799,258) has been pledged in favour of AfricaPalladium Security Trust as security for the guarantee provided by AfricaPalladium Security Trust against 1nvest ETF Issuer's obligations under the AfricaPalladium Debentures. The balance of the palladium bullion holdings which have not been pledged are for 1nvest ETF Issuer's own account. Refer to note 22 for details on the Security Trust.

Rhodium

	2020	2019
Fair value at the beginning of the year	356,235,875	744,257,777
Rhodium purchases during the year	135,828,615	87,316,576
Rhodium redemptions during the year	(379,922,025)	(281,252,185)
Proceeds on rhodium sales during the year	(826,600)	(1,462,816)
Fair value adjustment for the year	864,491,392	(192,623,477)
	975,807,257	356,235,875

As at 29 February 2020, 5,259.69 (2019: 9,244.02) ounces of rhodium bullion to the value of approximately R970,685,732 (2019: R355,673,235) has been pledged in favour of AfricaRhodium Security Trust as security for the guarantee provided by AfricaRhodium Security Trust against 1nvest ETF Issuer's obligations under the AfricaRhodium Debentures. The balance of the palladium bullion holdings which have not been pledged are for 1nvest ETF Issuer's own account. Refer to note 22 for details on the Security Trust.

Notes to the Financial Statements

Figures in R	2020	2019

6. Bullion investments (continued)

Total bullion investments		
Fair value at the beginning of the year	5,671,755,275	5,781,767,579
Total bullion purchases during the year	4,114,655,551	757,879,427
Total bullion redemptions during the year	(4,250,535,480)	(1,829,212,191)
Proceeds on total bullion sales during the year	(13,835,346)	(15,939,856)
Fair value adjustment for the year	3,563,865,059	977,260,316
	9,085,905,059	**5,671,755,275**

Risk

The Precious Metals are held by the custodians, JP Morgan Chase Bank (Gold, Platinum and Palladium) and Johnson Matthey (Rhodium) in their vaults. The Custodians are London Bullion Market Association ("LBMA") as well as London Platinum and Palladium Market (LPPM) members and are in good standing with both associations. There is a risk that the Precious Metals could be lost, stolen or damaged, therefore the Company would not be able to request the sale or delivery of Precious Metals for itself or on behalf of any qualifying debenture holder. The custodians have suitable all risk insurance cover for all the holdings in the custodians' vaults and this cover has been reviewed by management. The cover includes general risks such as theft and/ or fraud but excludes catastrophic risks such as acts of God.

7. Deferred Taxation

Deferred tax asset		
Deferred tax asset	**4,352,955**	**3,553,407**
Reconciliation of movement in deferred tax asset		
Opening balance	3,553,407	1,718,800
Fair value movements on Precious Metals	(997,882,217)	(273,632,889)
Fair value movements on Precious Metals debentures	998,561,224	275,490,722
Accruals	38,351	80,525
Prepayments	82,190	(103,751)
	4,352,955	3,553,407
Tax effects of temporary differences between tax and book value for:		
Fair value on Bullion Investment	(1,534,645,066)	(536,762,850)
Fair value movements on Precious Metals debentures	1,538,926,374	540,365,151
Accruals	147,220	108,869
Prepayments	(75,573)	(157,763)
	4,352,955	3,553,407

Notes to the Financial Statements

Figures in R	2020	2019

8. Share capital

Authorised

4 000 no par value shares

Issued

120 no par value shares	120	120

Authorised shares

There were no changes to authorised share capital during the current year.

Unissued shares

As at the reporting date, the unissued shares are under the control of the directors, in terms of a general authority to allot and issue them on such terms and conditions and at such times as they deem fit. This authority expires at the forthcoming annual general meeting of the Company.

Shares issued during the current reporting period

There were no shares issued during the current reporting period.

9. Trade and other payables

	2020	2019
VAT payable	3,262,444	3,036,146
JP Morgan Chase bank - custodian fees	560,062	159,445
Johnson Matthey - custodian fees	2,349	413,452
Maitland Group South Africa Limited - Portfolio administration	-	373,575
Accruals - PwC audit fees	332,522	313,700
Johannesburg Stock Exchange Limited - listing fees	193,266	75,118
Strate Limited - listing fee	5,725	4,054
Total trade and other payables	**4,356,368**	**4,375,490**

Trade and other payables are interest free and are payable within 3 months. The carrying value of trade and other payables approximates the fair value.

10. Debentures

The unsecured debenture values are linked to the respective gold, platinum, palladium and rhodium prices and are listed on the Exchange Traded Index Funds sector of the Johannesburg Stock Exchange. The date of initial issue of the debentures was 4 December 2015 for Rhodium, 24 March 2014 for Palladium and 7 April 2014 for Platinum and Gold.

The Debentures do not bear interest and rank pari passu among each other. The debenture holders have not acquired any ownership, right or beneficial interest in or to any Gold, Platinum, Palladium or Rhodium Bullion held by the Company. The holder can redeem a debenture as long as the conditions for redemption as set out in the prospectus have been met. Based on certain contingent events the Company has the option to settle the debentures; these events are not expected to occur in the normal course of business. The debenture holder has the option to put the debenture back to the Company. Details of the redemption process are set out in the prospectus.

10. Debentures (continued)

Fair value movements on debentures

The carrying value of the liability at fair value and the amount which the Company is contractually required to pay the holder on redemption, approximate each other.

Fair value adjustments increasing the debenture liability in the current year equals R3,566,290,081 (2019: R983,895,436).

The changes in fair value of the liability attributable to changes in credit risk is Rnil (2019: Rnil). The constant credit spread approach was applied from the date the liabilities were originated. No changes in the credit risk of the liabilities and the applicable credit spreads were observed after origin.

	2020 Number of debentures	2020 R	2019 Number of debentures	2019 R
Reconciliation - Gold				
Fair value at the beginning of the year	600,000	109,486,825	600,000	91,661,768
Creation of debentures	6,450,000	1,380,725,565	-	-
Redemptions of debentures	(300,000)	(68,235,550)	-	-
Gold fee accrual (incl VAT)	-	(1,392,714)	-	(306,793)
Fair value adjustment	-	223,365,284	-	18,131,850
Gold debentures	6,750,000	1,643,949,410	600,000	109,486,825
Reconciliation - Platinum				
Fair value at the beginning of the year	16,950,000	2,035,012,013	14,900,000	1,687,529,599
Creation of debentures	11,975,000	1,751,803,525	4,750,000	521,607,147
Redemptions of debentures	(3,325,000)	(402,095,236)	(2,700,000)	(364,300,117)
Platinum fee accrual (incl VAT)	-	(7,165,529)	-	(5,622,623)
Fair value adjustment	-	21,356,093	-	195,798,007
Platinum debentures	25,600,000	3,398,910,866	16,950,000	2,035,012,013
Reconciliation - Palladium				
Fair value at the beginning of the year	14,975,000	3,168,799,258	26,950,000	3,256,075,120
Creation of debentures	3,280,000	846,297,846	1,050,000	148,955,704
Redemptions of debentures	(10,596,950)	(3,400,282,669)	(13,025,000)	(1,183,659,889)
Palladium fee accrual (incl VAT)	-	(13,138,756)	-	(12,384,715)
Fair value adjustment	-	2,458,466,789	-	959,813,038
Palladium debentures	7,658,050	3,060,142,468	14,975,000	3,168,799,258

Notes to the Financial Statements

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10. Debentures (continued)

	2020 Number of debentures	2020 R	2019 Number of debentures	2019 R
Reconciliation - Rhodium				
Fair value at the beginning of the year	950,555	355,673,235	3,465,555	743,479,719
Creation of debentures	170,000	135,828,615	235,000	87,316,576
Redemptions of debentures	(575,000)	(379,922,025)	(2,750,000)	(281,252,185)
Rhodium fee accrual (incl VAT)	-	(3,996,008)	-	(4,023,416)
Fair value adjustment	-	863,101,915	-	(189,847,459)
Rhodium debentures	545,555	970,685,732	950,555	355,673,235

	2020	2019
Reconciliation - Total debentures		
Fair value at the beginning of the year	5,668,971,331	5,778,746,206
Creation of debentures	4,114,655,551	757,879,427
Redemptions of debentures	(4,250,535,480)	(1,829,212,191)
Total fee accrual (incl VAT)	(25,693,007)	(22,337,547)
Fair value adjustment	3,566,290,081	983,895,436
Total debentures	**9,073,688,476**	**5,668,971,331**

For the gold, platinum and palladium debentures, the fair value is derived from multiplying the number of ounces with the AM fix (price of an ounce of gold / platinum and palladium), and also with the ZAR/USD exchange rate taken around the same time on 29 February 2020. For the rhodium debentures, the fair value is derived from a price received from an independent data provider and the same ZAR/USD as per the gold, platinum and palladium ETFs. This is different from the Fund’s published NAVs in order to account for currency and price movements on 29 February 2020.

	US$	R/$	R
Quarterly review of the gold prices per ounce			
31 May 2019	1,296	14.80	19,181
31 August 2019	1,527	15.23	23,249
29 November 2019	1,456	14.65	21,336
28 February 2020	1,586	15.64	24,800

	R
Quarterly review of the gold debenture values per debenture	
31 May 2019	181.10
31 August 2019	230.04
29 November 2019	209.86
28 February 2020	243.55

	US$	R/$	R
Quarterly review of the gold prices per ounce			
31 May 2018	1,304	12.54	16,354
31 August 2018	1,207	14.56	17,571
30 November 2018	1,220	14.05	17,146
28 February 2019	1,325	13.97	18,516

10. Debentures (continued)

Quarterly review of the gold debenture values per debenture			**R**
31 May 2018			161.53
31 August 2018			173.07
30 November 2018			167.25
28 February 2019			182.48

	US$	**R/$**	**R**
Quarterly review of the platinum prices per ounce			
31 May 2019	793	14.78	11,721
31 August 2019	935	15.23	14,240
29 November 2019	895	14.64	13,103
28 February 2020	866	15.64	13,549

Quarterly review of the platinum debenture values per debenture	**R**
31 May 2019	113.44
31 August 2019	137.01
29 November 2019	128.76
28 February 2020	129.48

	US$	**R/$**	**R**
Quarterly review of the platinum prices per ounce			
31 May 2018	912	12.39	11,302
31 August 2018	798	14.64	11,686
30 November 2018	810	13.93	11,281
28 February 2019	874	13.97	12,210

Quarterly review of the platinum debenture values per debenture	**R**
31 May 2018	111.42
31 August 2018	115.11
30 November 2018	108.43
28 February 2019	120.06

Quarterly review of the palladium prices per ounce	**US$**	**R/$**	**R**
31 May 2019	1,367	14.78	20,204
31 August 2019	1,500	15.23	22,845
29 November 2019	1,840	14.64	26,938
28 February 2020	2,617	15.64	40,923

10. Debentures (continued)

Quarterly review of the palladium debenture values per debenture	R
31 May 2019	187.51
31 August 2019	221.39
29 November 2019	263.70
28 February 2020	400.16

Quarterly review of the palladium prices per ounce	US$	R/$	R
31 May 2018	989	12.36	12,225
31 August 2018	977	14.82	14,478
30 November 2018	1192	13.60	16,216
28 February 2019	1545	13.97	21,583

Quarterly review of the palladium debenture values per debenture	R
31 May 2018	119.71
31 August 2018	141.55
30 November 2018	161.82
28 February 2019	211.61

Quarterly review of the rhodium prices per ounce	US$	R/$	R
31 May 2019	2,840	14.78	41,975
31 August 2019	4,500	15.25	68,625
29 November 2019	5,925	14.68	86,979
28 February 2020	11,800	15.64	184,552

Quarterly review of the rhodium debenture values per debenture	R
31 May 2019	399.65
31 August 2019	726.11
29 November 2019	834.95
28 February 2020	1 779.26

Quarterly review of the rhodium prices per ounce	US$	R/$	R
31 May 2018	2240	12.59	28,212
31 August 2018	2390	14.60	34,899
30 November 2018	2600	13.90	36,128
28 February 2019	2760	13.94	38,476

Quarterly review of the rhodium debenture values per debenture	R
31 May 2018	276.14
31 August 2018	340.86
30 November 2018	351.23
28 February 2019	374.17

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Figures in R	2020	2019

10. Debentures (continued)

1nvest ETF Issuer (RF) Limited debentures are primary listed on the Johannesburg Stock Exchange and secondary listed on the following exchange. The details are given below:

Precious Metals debentures	**Number of listed debentures**	**Stock Exchange**
Palladium	7,658,050	Namibian Stock Exchange

11. Management fee income

	2020	2019
Management fee : Gold	1,222,856	266,949
Management fee : Platinum	6,261,911	4,892,940
Management fee : Palladium	11,456,837	10,777,064
Management fee : Rhodium	3,496,466	3,502,472
	22,438,070	**19,439,425**

12. Other income

	2020	2019
Realised gain on gold sales	117,810	16,649
Realised gain on palladium sales	6,306,798	4,538,972
Realised gain on platinium sales	36,578	-
Realised gain on rhodium sales	1,640,229	2,762,052
Creation and redemption fees	520,000	499,522
	8,621,415	**7,817,195**

13. Operating expenses

	2020	2019
Audit fees	336,302	670,673
Corporate and Trust administration fees	236,914	113,960
Custodian fees	2,837,890	3,032,409
Foreign exchange loss	17,441	33,321
Realised loss on platinum sales	-	944,842
Portfolio administration fees	1,065,599	1,197,208
Professional fees	118,196	52,284
SARS penalties	-	62,665
Subscription fees	360,927	323,345
Sundry expenses	987,220	591,289
	5,960,489	**7,021,996**

14. Finance costs

	2020	2019
Interest paid to Standard Bank	1,062	-
Interest paid to SARS	-	15,660
	1,062	**15,660**

Notes to the Financial Statements

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15. Taxation

Major components of the tax expense

South African normal tax		
Current year	7,508,260	6,256,045
Current taxation	7,508,260	6,256,045
Deferred tax		
Current year	(799,548)	(1,834,607)
Deferred taxation	(799,548)	(1,834,607)
Total taxation	6,708,712	4,421,438

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense

Profit before tax	23,942,243	15,679,202
Tax at the applicable tax rate of 28%	6,703,829	4,390,177
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
SARS Interest and penalties	-	21,931
Expenses not deductible	4,883	9,330
	6,708,712	4,421,438

16. Cash generated from operations

Profit before taxation	23,942,243	15,679,202
Adjustments for:		
Finance expense	1,062	15,660
Finance income	(1,269,331)	(2,095,358)
Non-cash items:		
Fair value gain on bullion	(3,563,865,059)	(977,260,316)
Fair value loss on debentures	3,566,290,081	983,895,436
Proceeds on total bullion sales during the year [1]	13,835,346	15,939,856
Total fee accrual in metal [1]	(25,693,007)	(22,337,547)
Changes in working capital:		
Decrease / (increase) in trade and other receivables	37,875	(460,827)
Decrease in trade and other payables	(19,122)	(38,827)
Sale of Bullion	4,250,535,480	1,829,212,191
Purchase of Bullion	(4,114,655,551)	(757,879,427)
	149,140,017	1,084,670,043

[1] The net effect of these line items removes the non-cash portion of management fee income earned during the year.

Notes to the Financial Statements

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17. Tax paid

Balance at beginning of the year	689,665	612,823
Income tax expense for the year recognised in profit or loss (note 15)	(7,508,260)	(6,256,045)
Balance at end of the year	(729,810)	(689,665)
	(7,548,405)	(6,332,887)

18. Fair value of financial instruments

Financial instruments at amortised cost carried on the statement of financial position include cash and cash equivalents, trade and other receivables, and trade and other payables. As at 29 February 2020, for all these instruments, the carrying amounts approximate the fair values of the respective assets and liabilities because the instruments are short term in nature, therefore no further hierarchy disclosure were made for these instruments.

19. Fair value hierarchy

The table below shows the Company's assets and liabilities that are recognised and subsequently measured at fair value and are analysed by valuation techniques. The classification of assets and liabilities is based on the lowest level input that is significant to the fair value measurement in its entirety. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on unobservable inputs is set out in the table below:

Recurring fair value measurements

	Valuations with reference to observable prices	Valuations based on observable inputs	Valuations based on un-observable inputs	Total
	Level 1	**Level 2**	**Level 3**	
2020				
Assets				
Bullion investment	9,085,905,059	-	-	9,085,905,059
Total assets	**9,085,905,059**	**-**	**-**	**9,085,905,059**
Liabilities				
Debentures	-	9,073,688,476	-	9,073,688,476
Total liabilities	**-**	**9,073,688,476**	**-**	**9,073,688,476**

	Level 1	Level 2	Level 3	Total
2019				
Assets				
Bullion investment	5,671,755,275	-	-	5,671,755,275
Total assets	5,671,755,275	-	-	5,671,755,275
Liabilities				
Debentures	-	5,668,971,331	-	5,668,971,331
Total liabilities	-	5,668,971,331	-	5,668,971,331

Note that a level 1 fair value was not used for debentures as we applied a bid-ask adjustment to the level 1 fair value.

Debentures are level 2 in nature, even though there is a quoted market price. The requirement for a frequently traded instrument is not met, due to the nature of the Debenture (i.e. the value of the debenture changes more frequently than the actual trading on the Debenture, as a result of the changes in metal price).

19. Fair value hierarchy (continued)

Recurring fair value measurements (continued)

Level 1

Financial instruments valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Level 2

Financial instruments valued using inputs other than quoted prices as described above for Level 1 including:
- quoted price for similar assets or liabilities in an active market;
- quoted price for identical or similar assets or liabilities in inactive markets;
- valuation model using observable inputs; and
- valuation model using inputs derived from/corroborated by observable market data.

The value of the level 2 financial instruments (debentures) is determined according to the value of the underlying referenced bullion investments. The bullion investments and the sales values are calculated with reference to the Rand value of the underlying precious metal. The ounces of each metal referenced to the corresponding debentures (calculated using the allocation factor) are multiplied by the applicable metal price and exchange rate at each reporting date to determine the value of the debentures. The management fee is accrued daily, in metal, on the quantity of bullion outstanding. This results in a decay effect as the quantity of metal referenced by a fixed number of debentures outstanding reduces each day with the applicable management fee including VAT.

Level 3

Financial instruments valued using inputs that were not based on observable market data (unobservable data) such as an entity's own assumptions about assumptions of market participants in pricing the asset or liability. At year end there are no financial instruments classified at level 3.

Notes to the Financial Statements

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20. Related parties

Key management personnel:

- Maitland Group South Africa Limited
- The Standard Bank of South Africa Limited

Holding Company

- Africa Funds Issuer Owner Trust

Directors:

Brendan Harmse
Brian William Smith
Johann Steyn Erasmus
Wesley Alan Martens

Related party balances

	2020	2019
The Standard Bank of South Africa Limited		
Cash and cash equivalents	23,405,942	16,425,990
Maitland Group South Africa Limited		
Fees payable	-	(373,575)

The Africa Funds Issuer Owner Trust owns 100% (2019: 100%) of the ordinary shares in the entity. The founder of the Africa Funds Issuer Owner Trust is The Standard Bank of South Africa Limited. The Trustees of Africa Funds Issuer Owner Trust are Maitland Group South Africa Limited.

	2020	2019
The Standard Bank of South Africa Limited		
Interest paid	1,062	-
Interest income	1,232,623	2,063,347
Maitland Group South Africa Limited		
Fees for fund administration	(1,065,599)	(1,197,208)
Fees for corporate services	(236,914)	(113,960)

The above fees for corporate services incurred includes the following amounts in respect of director responsibility services provided by Maitland Group South Africa Limited to the Company:

Maitland Director:	2020	2019
Brendan Harmse	62,004	58,494
Brian William Smith	62,004	58,494
Wesley Alan Martens	62,004	58,494
	186,012	175,482

21. Directors' emoluments

The non-executive director of the Company that is a full time employee of Standard Bank does not earn any directors fees for his services as director. None of the independent directors are paid by the Company. Fees for corporate services incurred include amounts paid to Maitland Group South Africa Limited in respect of director responsibility services provided to the Company. Refer to note 20.

22. Risk management

Financial risks

The Company's financial instruments consist mainly of debentures, cash and cash equivalents, trade and other receivables and trade and other payables. In respect of all financial instruments the carrying value is the fair value. Exposure to interest, credit and liquidity risks arises in the normal course of business.

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

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

The risks arising from financial instruments to which the Company is exposed are financial risks which include credit risk, liquidity risk, market risk (which are discussed on the following page) and operational risk.

Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company.

The entity's cash resources are placed with a reputable financial institution. Credit risk with respect to trade and other receivables is limited as it mainly relates to creation/redemption fees due.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period represented below, is the worst case scenario of credit risk exposure.

	2020	**2019**
Cash and cash equivalents (note 4)	23,405,942	16,425,990
Trade and other receivables (excluding deferred expenses and prepayments) (note 5)	731,119	475,457
Concentration of risks of financial assets with credit risk exposure:		
Industry sectors		
Financial services	24,137,061	16,901,447

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22. Risk management (continued)

Credit risk (continued)

The credit quality of all the financial assets that were neither past due nor impaired are as follows:

Neither past due nor impaired	24,137,061	16,901,447

The credit quality of all the financial assets that are neither past due nor impaired can be assessed by reference to an external credit rating (if available) or past information about counterparty default rates.

Cash and cash equivalents are held with Standard Bank that has a long term rating of baa3 on the Moody's credit rating scale at year end. The credit rating for Standard Bank was downgraded to Ba1 in March 2020.

Market risk

Market risk is the risk of a reduction in the Company's earnings or capital due to:
- traded market risk: The risk of the company being impacted by changes in the level or volatility of market rates or prices. This Includes changes in interest rates, inflation rates, credit spreads, property prices, commodity prices, equity and bond prices and foreign exchange levels.
- non- traded market risk: The risk of the Company exposed to interest rate risk arising from loans, deposits and similar instruments held for longer term strategic purposes rather than for the purpose of profiting from changes in interest rates.

Market risk exposure

Market risk exposure arises from cash and cash equivalents, debentures and investments.

Market risk management process

The Company's market risk management objectives include the protection and enhancement of the statement of financial position and statement of comprehensive income and facilitating business growth within a controlled and transparent risk management framework.

Commodity risk

The value of the Precious Metal debentures is affected by movements in the US Dollar price of the respective Precious Metals. These Precious Metal prices are affected by numerous factors including:
- political, economic or financial situations;
- future expectations of inflation rates and movements in world equity, financial and property markets;
- supply and demand for the respective Precious Metals; and
- interest rates and currency exchange rates, particularly the strength of the US Dollar.

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22. Risk management (continued)

Commodity risk (continued)

A 10% change in the strengthening or weakening of the commodity price at 29 February 2020 would result in the changes below:

	Precious Metals: Bullion Investment	Precious Metals: Bullion Investment (own account)	Precious Metals: Debentures	Profit or (loss)
	2020	**2020**	**2020**	**2020**
Commodity price strengthening	908,065,383	525,123	907,368,848	1,221,658
Commodity price weakening	(908,065,383)	(525,123)	(907,368,848)	(1,221,658)
	2019	**2019**	**2019**	**2019**
Commodity price strengthening	566,897,601	277,927	566,897,133	278,395
Commodity price weakening	(566,897,601)	(277,927)	(566,897,133)	(278,395)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The only exposure to interest rate risk relates to cash with reputable financial institutions and is therefore not material.

Interest rate sensitivity

The sensitivity analysis on the next page has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 200 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

22. Risk management (continued)

Interest rate sensitivity (continued)

If interest rates had been 200 basis points higher or lower and all other variables were held constant, this would result in the changes below:

29 February 2020	Amounts	Increase/ decrease in rate	Increase/ (decrease) in profit before tax
Cash and cash equivalents	23,406,062	2 %	468,121

28 February 2019	Amounts	Increase/ decrease in rate	Increase/ (decrease) in profit before tax
Cash and cash equivalents	16,426,110	2 %	328,522

There has been no change in sensitivity method or assumptions since the previous period.

Foreign exchange risk

Foreign exchange risk means the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates.

The Company is exposed to currency risk as the precious metals and the JP Morgan and Johnson Matthey creditors are denominated in USD.

A 10% change in the strengthening or weakening of the US Dollar against the Rand at 29 February 2020 would result in the changes below:

	Precious Metals: Bullion Investment	Precious Metals: Debentures	Profit or (loss)
	2020	**2020**	**2020**
ZAR strengthening against USD	908,590,506	907,368,848	1,221,658
ZAR weakening against USD	(908,590,506)	(907,368,848)	(1,221,658)
	2019	**2019**	**2019**
ZAR strengthening against USD	567,175,528	566,897,133	278,395
ZAR weakening against USD	(567,175,528)	(566,897,133)	(278,395)

22. Risk management (continued)

Foreign exchange risk (continued)

	Trade and other payables	Profit or (loss)
	2020	**2020**
Rand strengthening against the US Dollar	562,411	56,241
Rand weakening against the US Dollar	(562,411)	(56,241)
	2019	**2019**
Rand strengthening against the US Dollar	572,897	57,290
Rand weakening against the US Dollar	(572,897)	(57,290)

There has been no change in sensitivity method or assumptions since the previous period.

Liquidity risk

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

The availability of funding through liquid cash positions ensures that the Company has the ability to fund day- to- day operations. The liquid cash position has inclined in the current year as evidenced by the increase in cash and cash equivalents from R16,426,110 in the prior year to R23,406,062 in the current year.

The redemption value that 1nvest ETF Issuer would pay in relation to a Debenture and as at the redemption date thereof, is an amount equal to the sale proceeds realised or that would have been realised by 1nvest ETF Issuer pursuant to a sale of the reference quantity of the relevant commodity to which such debenture is linked.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreement.

	Carrying amount	Contractual cash flows	On demand	Within 1 year	1-5 years
At 29 February 2020					
Cash and cash equivalents	23,406,062	23,406,062	23,406,062	-	-
Trade and other receivables	1,001,022	1,001,022		1,001,022	
Trade and other payables	4,356,368	4,356,368	-	4,356,368	-
Debentures	9,073,688,476	9,073,688,476	9,073,688,476	-	-
	9,102,451,928	9,102,451,928	9,097,094,538	5,357,390	-

22. Risk management (continued)

Liquidity risk (continued)

At 28 February 2019	Carrying amount	Contractual cash flows	On demand	Within 1 year	1-5 years
Cash and cash equivalents	16,426,110	16,426,110	16,426,110	-	-
Trade and other receivables	1,038,897	1,038,897		1,038,897	
Trade and other payables	4,375,490	4,375,490	-	4,375,490	-
Debentures	5,668,971,331	5,668,971,331	5,668,971,331	-	-
	5,690,811,828	5,690,811,828	5,685,397,441	5,414,387	-

23. Unconsolidated structured entities

The AfricaPlatinum Security Trust is a special purpose trust established in terms of the AfricaPlatinum Security Trust Deed for the purposes of issuing a Guarantee in favour of the AfricaPlatinum Debenture Holders and the creditors in respect of the Platinum ETF. As at the date of these financial statements, the trustee of the AfricaPlatinum Security Trust is Maitland Group South Africa Limited.

The AfricaPalladium Security Trust is a special purpose trust established in terms of the AfricaPalladium Security Trust Deed for the purposes of issuing a Guarantee in favour of the AfricaPalladium Debenture Holders and the creditors in respect of the Palladium ETF. As at the date of these financial statements, the trustee of the AfricaPalladium Security Trust is Maitland Group South Africa Limited.

The AfricaGold Security Trust is a special purpose trust established in terms of the AfricaGold Security Trust Deed for the purposes of issuing a Guarantee in favour of the AfricaGold Debenture Holders and the creditors in respect of the Gold ETF. As at the date of these financial statements, the trustee of the AfricaGold Security Trust is Maitland Group South Africa Limited.

The AfricaRhodium Security Trust is a special purpose trust established in terms of the AfricaRhodium Security Trust Deed for the purposes of issuing a Guarantee in favour of the AfricaRhodium Debenture Holders and the creditors in respect of the Rhodium ETF. As at the date of these financial statements, the trustee of the AfricaRhodium Security Trust is Maitland Group South Africa Limited.

The AfricaPlatinum Security Trust has issued a Guarantee in favour of the AfricaPlatinum Debenture Holders and other creditors in respect of the PlatinumETF. The AfricaPalladium Security Trust has issued a Guarantee in favour of the AfricaPalladium Debenture Holders and other creditors in respect of the Palladium ETF. The AfricaGold Security Trust has issued a guarantee in favour of the AfricaGold Debenture Holders and other creditors in respect of the Gold ETF. The AfricaRhodium Security Trust has issued a guarantee in favour of the AfricaRhodium Debenture Holders and other creditors in respect of the Rhodium ETF. Each Security Trust is ring-fenced to the specific metal to which it relates.

23. Unconsolidated structured entities (continued)

In terms of each Guarantee, the liability of the relevant Security Trust is limited to the amount recovered under the Indemnity granted in its favour and the Security granted in respect thereof in terms of the relevant Security Agreement. In relation to each Class of Debentures the interests of the creditors will be represented by the corresponding Security Trust. In terms of the applicable Debenture Conditions the relevant Security Trust is required to enforce the Security granted to it on behalf of the creditors and issue an Enforcement Notice to the 1nvest ETF Issuer if called upon to do so by an Extraordinary Resolution of the Debenture Holders under that Class of Debentures. Creditors will not be able to enforce the Security themselves nor to take any action against the 1nvest ETF Issuer in respect of the Security or otherwise, nor to enforce claims against the 1nvest ETF Issuer except through the relevant Security Trust unless the Guarantee structure is not enforceable or the relevant Security Trust is sequestrated or fails to act within a reasonable time of being called upon to do so.

If the Security Trust is sequestrated, creditors shall be entitled to take action themselves to enforce claims directly against the 1nvest ETF Issuer by delivering an Enforcement Notice in respect of a Debenture but, in such circumstances, the applicable Security held by the Security Trust will be bypassed and thus no longer be effective as a means of achieving tribution of the 1nvest ETF Issuer's assets which relate to that Debenture in accordance with the relevant Priority of Payments.

24. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of ordinary dividends paid to shareholders. There are no externally imposed capital requirements on the Company.

	2020	2019
Capital consists of:		
Ordinary share capital	120	120
Retained income	37,349,944	20,116,413
	37,350,064	20,116,533

25. Events after the reporting date

In terms of IAS 10 Events after the reporting period, non-adjusting post balance sheet events are events after the reporting period that are indicative of a condition that arose after the end of the reporting period which is 29 February 2020.

During March 2020, the first case of a positive COVID-19 case was reported in South Africa. Whilst it is too early to quantify the financial effect in 2020 and beyond, it is clear that the virus outbreak will have a significant impact on the global and local economies, across all industries. The Government also announced a 21 day lockdown starting on midnight 26 March 2020, which was subsequently extended by a further 2 weeks, in order to try and curb the spread of the disease.

Since 29 February 2020, the development and spread of the virus has resulted in the occurrence of several associated events. Among these are the identification of the virus, its spread in terms of number of infected and geographical prevalence, actions taken by governments and non- governmental organisation, actions taken by private entities, and the resulting economic effects of these.

There is judgement involved in determining whether the impact of COVID- 19 is an adjusting or non- adjusting event. In management's view, the development and spread of the virus (and multitude of associated events) subsequent to the reporting date generally does not provide evidence of conditions that existed at 29 February 2020, as described above. Rather, the development and spread of the virus generally evidences conditions that arose after the reporting date. In making the assessment, management took the following factors and key dates into account:

25. Events after the reporting date (continued)

- 30 January 2020 – World Health Organisation announces COVID-19 as a Public Health Emergency of International Concern
- 5 March 2020 – The first positive COVID-19 case was announced in South Africa
- 11 March 2020 – World Health Organisation declared COVID-19 as a pandemic
- 15 March 2020 – South Africa declares a national state of disaster with certain restrictions being put in place
- 23 March 2020 – 21 day lockdown announced from 26 March to 16 April
- 9 April 2020 – Lockdown extended by 2 weeks

Since there were no reported cases of COVID-19 at 29 February 2020, and because the financial markets were worst impacted towards the end of March 2020, management believe that the events that occurred subsequent to year end do not provide evidence of conditions that existed at year end.

As a result, management concluded that COVID-19 is a non-adjusting post balance sheet event and believes no adjustments are required to the financial statements.

Due to the Coronavirus (COVID- 19) outbreak, global financial markets have shown high volatility in asset prices, including commodity prices and foreign exchange rates. The local markets have been no exception to the volatility in asset prices, further exacerbated by Moody's cut to South Africa's sovereign credit rating to sub-investment grade in March 2020, resulting in the country having a junk rating from all three major international rating agencies.

Management considered the following to be the likely future impact of the virus on the entity.

Assets under management

1nvest ETF issues debentures and in turn holds the corresponding underlying metal, thereby enabling investors to express their respective views and obtain exposure to the underlying commodity. Commodity ETFs assets under management (AUM) is a direct function of changes in the underlying Rand commodity prices (prices in US Dollars x Rand/Dollar exchange rate) and clients' investments and disinvestments.

AUM has decreased from approximately R9 billion as at 28 February 2020 to approximately R7.5billion at the time of finalising the Annual Financial Statements. This decrease in AUM has been driven mainly by clients' disinvestments, as well as the decrease in commodity prices in all metals held except gold. The decrease in commodity prices was offset by the weakening of the Rand to the USD, which would increase the value of AUM, since prices are quoted in USD.

As management fee income is earned on AUM, this has resulted in a commensurate decrease in revenue, but because the largest cost items (Custody and Fund Administration fees) are also driven by AUM, the company remains cash positive. According to management estimates, the breakeven level of AUM is around R500 million and the current AUM is still well in excess of that.

As the 1nvest ETFs are unleveraged investment vehicles into the underlying physical commodities, there is no debt on or off balance sheet and the debenture liabilities held by 1nvest ETF are fully backed by physical commodity holdings, i.e. 1nvest ETF Issuer's legal obligations in respect of the debentures are limited to the value of the physical underlying commodity assets held (the AUM). There is a corresponding decrease in liabilities with the decrease in AUM and 1nvest ETF Issuer is therefore regarded as being bankruptcy remote.

25. Events after the reporting date (continued)

All investors into the ETF products can at any stage redeem their debentures, but since bullion investments are held to back the debentures, and cash and cash equivalents of approximately R30 million (at date of sign-off of the financial statements) would be left in 1nvest ETF Issuer's Statement of financial position should all assets be sold and debentures redeemed, management are of the view that the company can continue as a going concern well beyond 12 months. The company further has the ability to increase or decrease the annual management fee percentages at its discretion. In addition, should certain conditions prevail (as described in the prospectus of the Company) the company has the option to redeem the ETFs, thereby effectively closing the "fund" and repaying its debenture investors.

The 1nvest Commodity ETFs are invested in liquid physical commodities. The JSE, the Manager and the Committed Market Maker (Standard Bank acts as the Committed Market Maker for the ETFs by providing liquidity in the ETFs throughout any given trading day) remain open for business despite the pandemic.

Management's intention for the next 12 months

Management have no intention at this stage to fully redeem the debentures, sell the bullion investments and liquidate the Company for at least the next 12 months.

Impact on the operations of 1nvest ETF issuer

The teams and service providers assigned to manage and administer the ETFs are fully set- up to work remotely for a prolonged period of time. There is sufficient cash available at year end to service operating expenses for at least 12 months after year end. Management also have contingency plans for Information Technology and Business Continuity issues that may arise.

No other events, which are likely to have a material effect on the Company's results in the current year, have occurred between the year-end and the date of this report.

26. Going concern

The directors assess the Company's future performance and financial position on an ongoing basis and have no reason to believe that the Company will not be a going concern in the reporting period ahead. For this reason, these annual financial statements are prepared on a going concern basis.

The criteria considered in this regard included the solvency and liquidity requirements; financial performance and position of the Company that could impact the going concern; operating results of the Company and expected performance over the next 12 months after year end; capacity and continuity of service providers; and the intention of the Board to continue or cease operations.

Based on the Board of Director's assessment of the above criteria, there is no reason to believe that the Company is not in a position to continue as a going concern. The financial statements as at 29 February 2020 have been prepared on the going concern basis.

27. Presentation of statement of financial position in order of liquidity

The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. The following table provides information on the amounts expected to be recovered before and after 12 months after the reporting period.

	29 February 2020		
	Amounts expected to be recovered or settled		
	Within 12 months after the reporting period	After 12 months after the reporting period	Total
Assets			
Cash and cash equivalents	23,406,062	-	23,406,062
Trade and other receivables	1,001,022	-	1,001,022
Bullion Investments [1]	9,085,905,059	-	9,085,905,059
Current tax receivable	729,810	-	729,810
Deferred tax	-	4,352,955	4,352,955
Total Assets	9,111,041,953	4,352,955	9,115,394,908
Liabilities			
Trade and other payables	4,356,368	-	4,356,368
Debentures	9,073,688,476	-	9,073,688,476
Total Liabilities	9,078,044,844	-	9,078,044,844

	28 February 2019		
	Amounts expected to be recovered or settled		
Assets			
Cash and cash equivalents	16,426,110	-	16,426,110
Trade and other receivables	1,038,897	-	1,038,897
Bullion Investments [1]	5,671,755,275	-	5,671,755,275
Current tax receivable	689,665	-	689,665
Deferred tax	-	3,553,407	3,553,407
Total Assets	5,689,909,947	3,553,407	5,693,463,354
Liabilities			
Trade and other payables	4,375,490	-	4,375,490
Debentures	5,668,971,331	-	5,668,971,331
Total Liabilities	5,673,346,821	-	5,673,346,821

[1] The bullion investments are liquid in nature. These are classified as current as they back the debentures, which are also current in nature.