NEWFUNDS COLLECTIVE INVESTMENT SCHEME -
ILBI INDEX ETF PORTFOLIO
AUDITED
ANNUAL FINANCIAL STATEMENTS
31 December 2022

Prepared under the supervision of Palesa Mkhize CA(SA)
Designation: Head of Financial Decision Support, Corporate and Investment Bank,
Absa Bank Limited

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PUBLIC

standard chartered

NewFunds (RF) Pty Ltd
Sandton Campus North
15 Alice Lane
Sandton
2196

29 March 2023

Attention: The Directors

NewFunds Collective Investment Scheme in Securities (the Scheme) – Year End 31 December 2022

We, Standard Chartered Bank, Johannesburg Branch, in our capacity as trustee of the Scheme, are required in terms of Section 70(3) of the Collective Investments Scheme Control Act, 45 of 2002, as amended (the "**Act**"), to satisfy ourselves that every Statement of Financial Position, Statement of Comprehensive Income and other return prepared by the manager of the Scheme in terms of Section 90 of the Act (the "**Accounts**") fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the manager of the Scheme.

We note that responsibility for the Accounts rests with the manager of the scheme in terms of the Act and that they have the obligation to ensure that the Accounts have been properly drawn up in accordance with both generally accepted accounting principles and the Act and that they fairly represent the financial position of each portfolio of the Scheme. Nothing in this report can be construed as us giving an accounting opinion in relation to the Accounts.

Based on our records, and the Accounts, we hereby report that nothing has come to our attention that would lead us to believe anything other than:

(a) the fact that the Accounts fairly represent the assets and liabilities of every portfolio of the Scheme;
(b) the fact that the Accounts fairly represent the income and distribution of income of every portfolio of the Scheme; and
(c) the fact that the Manager has administered the scheme in accordance the provisions of the Act and the relevant deed.

Sincerely,

Chantell Kruger
Senior Manager, Trustee Services

Chantelle Gertenbach
Manager, Trustee Operations

Standard Chartered Bank
Johannesburg Branch
2nd Floor, 115 West Street, Sandton, 2196
P.O. Box 782080, Sandton, 2146
South Africa
Tel: (+27) 11 217 6600
Fax: (+27) 11 217 6601
www.sc.com/za

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - ILBI INDEX ETF PORTFOLIO
DIRECTORS' RESPONSIBILITIES AND APPROVAL
for the year ended 31 December 2022

The directors of NewFunds (RF) Pty Ltd are responsible for overseeing the preparation, integrity and objectivity of the annual financial statements that fairly present the state of the affairs of the Scheme at the end of the financial year and the financial performance and cash flows for the reporting period, and other information contained in this report.

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

To enable the directors to meet these responsibilities:
- All directors will endeavour to maintain the highest ethical standards in ensuring the Scheme's business is conducted in a manner that in all reasonable circumstances is above reproach;

- The directors set standards and management implements systems of internal control and accounting and information systems aimed at providing reasonable assurance that both on and off statement of financial position assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;

- The directors and management identify all key areas of risk across the Scheme and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems and discipline are applied and managed within predetermined procedures and constraints;
- The internal audit function outsourced to Absa Group Internal Audit, which operates unimpeded and independently from operational management, appraises, evaluates and, when necessary, recommends improvements to the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business; and
- The internal auditors play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

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

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

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

It is the responsibility of the independent auditors to report on the financial statements. Their report to the investors is set out on pages 6 to 8.

The annual financial statements set out on pages 9 to 37 were approved by the Board of directors on 23 March 2023 and were signed on its behalf by:

BM Mgwaba 30 Mar, 2023 9:25:27 PM SAST

31 Mar, 2023 9:19:15 AM SAST
TJ Fearnhead

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - ILBI INDEX ETF PORTFOLIO
DIRECTORS' REPORT
for the year ended 31 December 2022

Management company registration number	2005/034899/07	
Date of incorporation of portfolio	26 January 2012	
Country of incorporation and domicile	South Africa	
Date of publication	31 March 2023	
Nature of business and principle activities	NewFunds Collective Investment Scheme manages exchange traded fund (ETF) portfolios. Its objective is to track the performance of specific indices on the stock market in each portfolio. The ILBI Index ETF scheme (the portfolio or ILBI) tracks the Barclays/ Absa South African Government Inflation-Linked Bond Index, a total return index comprising South African bonds issued by the South African government that are linked to the South Africa Consumer Price Index	
Directors of Management Company	**Name**	**Appointment date**
	CHM Edwards	24/03/2016
	TJ Fearnhead	25/11/2013
	BM Mgwaba	15/10/2015
	RMH Pitt	17/02/2017
	L Poswa	09/12/2020
	**NewFunds Collective Investment Scheme manages exchange traded fund portfolios. Accordingly, the appointment dates referred to above refer to the dates these directors were appointed.*	
Registered office	7th Floor Absa Towers West 15 Troye Street Johannesburg 2001	
Trustees	Standard Chartered Bank South Africa	
Bankers	Standard Chartered Bank South Africa	
Auditors	KPMG Inc 85 Empire Road Parktown Johannesburg 2193	

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - ILBI INDEX ETF PORTFOLIO
DIRECTORS' REPORT
for the year ended 31 December 2022

Supervised by	The scheme is managed by NewFunds (RF) Pty Ltd, a 100% owned subsidiary of Absa Bank Limited. The preparation of these annual financial statements therefore falls under the direct supervision of Absa Bank Limited, represented by Palesa Mkhize, CA(SA), Head of Financial Decision Support. All references to 'Manager' and 'Management' relate to NewFunds (RF) Pty Ltd.
Review of financial results	The financial results of the Portfolio are set out in the attached financial statements. The results do not, in the opinion of the Directors, require further explanation.
Events after the reporting date	Events material to the understanding of these financial statements, has occurred in the period between the financial year end and the date of this report. Events after the reporting date are disclosed in note 17.
Going concern	The financial statements have been prepared on the basis of accounting policies applicable to a going concern.
Special resolutions	No special resolutions were passed during the period under review.
Related party event	Absa Group Limited and its subsidiaries (“Absa”) and Sanlam Limited and its subsidiaries (“Sanlam”) combined Absa’s investment management business with Sanlam Investment Holdings Pty Ltd (“SIH”) to establish one of the largest black owned asset management companies in South Africa. As a result of the transaction NewFunds (RF) Pty Ltd resigned as the manager of the ETF and Satrix Managers (RF) Pty Ltd was appointed as the manager of the ETF on the 1 March 2023. The portfolio name changed to, Satrix ILBI ETF. Investors' participatory interests in the portfolio will not be affected. The portfolio strategy will remain unchanged, and the investors exposure will not be affected.

KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193,
Private Bag 9, Parkview, 2122, South Africa
Telephone +27 (0)11 647 7111
Fax +27 (0)11 647 8000
Docex 472 Johannesburg
Web http://www.kpmg.co.za

Independent Auditor's Report

To the manager and holders of securities in the NewFunds Collective Investment Scheme - ILBI Index ETF Portfolio

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NewFunds Collective Investment Scheme - ILBI Index ETF Portfolio (the Portfolio) set out on pages 9 to 37, which comprise the statement of financial position at 31 December 2022, and the statement of comprehensive income, the statement of changes in net assets attributable to investors and the statement of cash flows for the year then ended, and a summary of accounting policies and notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of NewFunds Collective Investment Scheme - ILBI Index ETF Portfolio at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board, the requirements of the Collective Investment Schemes Control Act of South Africa and the Trust Deed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Portfolio in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period

We have determined that there are no key audit matters to communicate in our report.

Other Matters

The financial statements of the Portfolio at and for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 March 2022.

Other Information

The directors of the manager ("the directors") are responsible for the other information. The other information comprises the information included in the document titled "NewFunds Collective Investment Scheme - ILBI Index ETF Portfolio Annual Financial Statements for the year ended 31 December 2022". The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 IFRS Standards as issued by the International Accounting Standards Board , the requirements of the Collective Investment Schemes Control Act of South Africa and the Trust Deed and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Portfolio's ability to continue as a going concern, disclosing, as applicable, matters related

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to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Portfolio or to cease operations, or 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 Portfolio's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Portfolio's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in 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

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may cause the Portfolio to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 KPMG Inc. has been the auditor of NewFunds Collective Investment Scheme - ILBI Index ETF Portfolio for one year.

KPMG Inc.

ZA

Per ZA Beseti
Chartered Accountant (SA)
Registered Auditor
Director
31 March 2023

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - ILBI INDEX ETF PORTFOLIO
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Notes	2022 R	2021 R
Interest income		**13,834**	7,515
Investment income	3	**3,750,701**	3,432,445
Net gain on financial assets at fair value through profit and loss	6.1	**1,232,250**	11,859,673
Total net income		**4,996,785**	15,299,633
Management and administration expenses	4	**(397,708)**	(364,805)
Increase in net assets attributable to investors before distribution		**4,599,077**	14,934,828
Increase in net assets attributable to investors after distribution		**4,599,077**	14,934,828
Represented by:			
Income attributable to investors		**3,366,827**	3,075,155
Capital attributable to investors		**1,232,250**	11,859,673

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - ILBI INDEX ETF PORTFOLIO
STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2022

	Notes	2022 R	2021 R
Assets			
Non-current assets			
Portfolio investments at fair value through profit or loss	6.1	**116,063,467**	111,597,549
Total non-current assets		**116,063,467**	111,597,549
Current assets			
Other receivables	7	**1,066,376**	685,017
Cash and cash equivalents	10	**665,647**	912,658
Total current assets		**1,732,023**	1,597,675
Total assets		**117,795,490**	113,195,224
Liabilities			
Current liabilities			
Other payables	8	**33,688**	32,500
Total liabilities (excluding net assets attributable to investors)		**33,688**	32,500
Net assets attributable to investors		**117,761,802**	113,162,724

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - ILBI INDEX ETF PORTFOLIO
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO INVESTORS
for the year ended 31 December 2022

	Capital attributable to investors	Income attributable to investors	Net assets attributable to investors
	R	R	R
Balance at 1 January 2021	74,453,055	23,774,842	98,227,897
Increase in net assets attributable to investors	11,859,673	3,075,155	14,934,828
Balance at 31 December 2021	86,312,728	26,849,997	113,162,725
Balance at 1 January 2022	**86,312,728**	**26,849,997**	**113,162,725**
Increase in net assets attributable to investors	**1,232,250**	**3,366,827**	**4,599,077**
Balance at 31 December 2022	**87,544,978**	**30,216,824**	**117,761,802**

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - ILBI INDEX ETF PORTFOLIO
STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

	Notes	2022 R	2021 R
Cash flows from operating activities			
Cash used in operations	9	**(396,519)**	(356,564)
Purchase of bonds due to rebalancing		**(6,784,245)**	(14,943,898)
Proceeds from sale of bonds due to rebalancing		**3,535,025**	12,203,016
Coupon interest received		**3,384,894**	3,382,762
Other interest received		**13,834**	7,515
Net cash (utilised)/generated by operating activities		**(247,011)**	292,830
Net (decrease)/increase in cash and cash equivalents		**(247,011)**	292,830
Cash and cash equivalents at the beginning of the year		**912,658**	619,828
Cash and cash equivalents at the end of the year	10	**665,647**	912,658

NEWFUNDS COLLECTIVE INVESTMENT SCHEME - ILBI INDEX ETF PORTFOLIO
Summary of accounting policies
for the year ended 31 December 2022

1. STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Johannesburg Stock Exchange ("JSE") listings requirements and in accordance with the requirements of the Collective Investment Schemes Control Act of South Africa ("CISCA"), in order to meet the requirements of the Trust Deed approved by the Financial Sector Conduct Authority ("FSCA").

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the current year, the Scheme has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRS-IC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2022. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Scheme's accounting policies. For details of the new and revised accounting policies refer to Note 18.

2.2 BASIS OF PREPARATION

Apart from certain items that are carried at fair value, as explained in the accounting policies below, the financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

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

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

2.3. INTEREST INCOME

Interest Income on amortised cost financial instruments is recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to that instrument's net carrying amount on initial recognition.

2.4. INVESTMENT INCOME

Investment income comprises of coupon interest income on investments measured at fair value less cost to sell. Refer to Note 3.

The Scheme engages in securities lending in respect of the securities held by the portfolio, in line with the FSCA and as set out in the Scheme's Trust Deed. The fees earned for the administration of securities lending activities are received by the management company and are distributed to the benefit of all investors by way of reduction of management fees.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS

2.5.1 INITIAL RECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are recognised when it becomes a party to the terms of the contract, which is the trade date. All financial instruments are measured initially at fair value plus/minus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss, where transaction costs are expensed upfront.

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

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

2.5.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

On initial recognition, financial assets are classified into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

The classification and subsequent measurement of financial assets depends on:

- The business model within which the financial assets are managed; and;
- The contractual cash flow characteristics of the asset
(that is, whether the cash flows represent solely payments of principal and interest).

Business model assessment:

The business model reflects how the NewFunds Collective Investment Scheme manages the financial assets in order to generate cash flows and returns. The NewFunds Collective Investment Scheme makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The factors considered in determining the business model include:

(i) how the financial assets' performance is evaluated and reported to management;
(ii) how the risks within the portfolio are assessed and managed; and
(iii) the frequency, volume, timing for past sales, sales expectations in future periods, and the reasons for such sales. The NewFunds Collective Investment Scheme reclassifies debt instruments when, and only when, the business model for managing those assets changes. Such changes are highly unlikely and therefore expected to be very infrequent.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS

2.5.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI):

In making the assessment of whether the contractual cash flows have SPPI characteristics, the NewFunds Collective Investment Scheme considers whether the cash flows are consistent with a basic lending arrangement. That is, the contractual cash flows recovered must represent solely the payment of principal and interest. Principal is the fair value of the financial asset on initial recognition. Interest typically includes only consideration for the time value of money and credit risk but may also include consideration for other basic lending risks and costs, such as liquidity risk and administrative costs, together with a profit margin. Where the contractual terms include exposure to risk or volatility that is inconsistent with a basic lending arrangement, the cash flows would not be considered to be SPPI and the assets would be mandatorily measured at fair value through profit or loss, as described below. In making the assessment, the NewFunds Collective Investment Scheme considers, inter alia, contingent events that would change the amount and timing of cash flows, prepayment and extension terms, leverage features, terms that limit the NewFunds Collective Investment Scheme's claim to cash flows from specified assets (e.g. non-recourse asset arrangements), and features that modify consideration of the time value of money (e.g. tenor mismatch). Contractual cash flows are assessed against the SPPI test in the currency in which the financial asset is denominated.

Debt Instruments:

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds. The NewFunds Collective Investment Scheme classifies its debt instruments as follows:

(i) Amortised cost - Financial assets are classified within this measurement category if they are held within a portfolio whose primary objective is the collection of contractual cash flows, where the contractual cash flows on the instrument are SPPI, and that are not designated at fair value through profit or loss. These financial assets are subsequently measured at amortised cost where interest is recognised within effective interest. The carrying amount is adjusted by the cumulative expected credit losses recognised.

(ii) Fair value through other comprehensive income (“OCI”) - This classification applies to financial assets which meet the SPPI test, and are held within a portfolio whose objectives include both the collection of contractual cash flows and the selling of financial assets. These financial assets are subsequently measured at fair value with movements in the fair value recognised in other comprehensive income, with the exception of interest income, expected credit losses and foreign exchange gains and losses that are recognised within profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS

2.5.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Debt Instruments: (continued)

(iii) Fair value through profit or loss - Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are mandatorily measured at fair value through profit or loss. Gains and losses on these instruments are recognised in fair value adjustment in profit or loss. The NewFunds Collective Investment Scheme may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise. These will be subsequently measured at fair value through profit or loss with gains and losses recognised as fair value adjustment in profit or loss.

Financial Liabilities

Financial liabilities arising from the securities issued by the Portfolio are measured at fair value representing the investor's right to an interest in the Portfolio's net assets, i.e. the Net Asset Value ("NAV") of the Portfolio. Changes in the fair value are included in profit or loss in the period in which the change arises and these financial liabilities are designated at fair value through profit or loss. Gains and losses on financial liabilities are presented in OCI to the extent that they relate to changes in own credit risk. For the current period there were no significant changes in own credit risk.

Net assets attributable to investors (redeemable securities)

The portfolio Net assets attributable to investors represents the total value of all the redeemable securities issued by the portfolio, the value consists of cash, cash on call, securities, other receivables and other payables. Net assets attributable to investors are classified as financial liabilities and is measured FVTPL with the exception of dividend income, REIT income and interest income. Investors have 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 measured at the redemption amounts.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS

2.5.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

OTHER RECEIVABLES

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

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

OTHER PAYABLES

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

FAIR VALUE

The listed underlying investments are mandatorily measured at fair value through profit or loss.

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

2.5.3 DERECOGNITION OF FINANCIAL INSTRUMENTS

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

On derecognition of a financial instrument, any difference between the carrying amount thereof and the consideration received is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS

2.5.3 DERECOGNITION OF FINANCIAL INSTRUMENTS (continued)

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

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

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

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

2.8 DISTRIBUTIONS
The portfolio tracks a total return index and therefore all distributions from the constituents are not paid to investors but are reinvested through the additional constituent securities.

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

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

2.10 CAPITAL AND INCOME ATTRIBUTABLE TO INVESTORS

Income attributable to investors relates to the income remaining in the Portfolio after distribution.
Capital attributable to investors relates to the realised and unrealised gains/losses on financial instruments measured at fair value through profit and loss.

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		2022	2021
		R	R
3.	**INVESTMENT INCOME**		
	Coupon interest income	**3,750,701**	3,432,445
		3,750,701	3,432,445

4. INCREASE IN NET ASSETS ATTRIBUTABLE TO INVESTORS BEFORE DISTRIBUTION

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

	2022	2021
Fair value gain on financial instruments measured at fair value through profit and loss	**1,232,250**	11,859,673
Management and administration expenses*	**397,708**	364,805

*The Management fee 2022: R397 087 (2021: R364 184) is paid by the Scheme to NewFunds (RF) Pty Ltd. The fee is accrued daily based on a predetermined basis point amount of the Net Asset Value of the Scheme. The only other expense included is bank charges of R621 (2021: R621).

5. TOTAL EXPENSE RATIOS

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

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

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

	2022	2021
	%	%
ILBI INDEX ETF PORTFOLIO	**0.35**	0.35

6. PORTFOLIO INVESTMENTS

These financial assets are mandatorily measured at fair value through profit and loss as the business model of the portfolio is to manage the instruments on a fair value basis.

	2022	2021
	R	R

6.1 RECONCILIATION OF THE FAIR VALUE OF INVESTMENTS

Balance at 1 January	**111,597,549**	96,967,162
Fair value adjustments	**1,232,250**	11,859,673
Rebalancing effect	**3,249,220**	2,770,714
Coupon interest due to rebalance	**(15,552)**	-
Balance at 31 December	**116,063,467**	111,597,549

Rebalancing

Fund rebalancing activities are undertaken periodically to ensure proper tracking of performance of the Benchmark Index and to keep adequate cash balance. It is recorded on trade date using historic cost being the previous day closing index price.

The rebalancing effect is the net of "Purchase of bonds due to rebalance" and "Proceeds from the sale of bonds due to rebalance" as outlined in the Statement of Cash Flows.

6.2 PARTICIPATION INTEREST

The Scheme is the primary issuer of participatory interests for the NewFunds CIS ETFs. The Scheme is obliged to sell and repurchase one or more basket(s) of participatory interests requested or offered from or to it by investors. There is a provision that a scheme can never be obliged to deliver part of a basket. As participatory interests are listed on the JSE, typically, investors can buy or sell partial baskets of their participatory interests on the secondary market (and may contact either of the participating brokers or the market maker in this regard) on the JSE.

Partial baskets are traded on the secondary market as ILBI Index securities (NFILBI) on the JSE.

The net asset value per ILBI Index Security, after attributable amounts, at 31 December 2022 was **R83.19** (31 December 2021: R80.83).

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6. PORTFOLIO INVESTMENTS (continued)

6.3 ILBI INDEX BASKET CONSTITUENTS

	No. of Bonds	Cost R	Current Price Cents	Market Value R	% of the Fund
2022					
1-3 Years					
R197 5.50% 071223	**4,883,482**	**14,586,144**	**325.09**	**15,875,488**	**13.68**
3 - 7 Years					
I2025 2% 310125	**9,824,197**	**13,413,801**	**165.31**	**16,239,925**	**13.99**
R210 2.60% 310328	**4,340,697**	**7,963,361**	**220.04**	**9,551,303**	**8.23**
7 - 12 Years					
I2029 1.875% 310329	**6,117,000**	**6,415,952**	**119.01**	**7,279,659**	**6.27**
I2033 1.8750% 280233	**8,310,879**	**8,569,852**	**115.02**	**9,559,016**	**8.24**
R202 3.45% 071233	**5,474,547**	**12,396,805**	**248.11**	**13,582,873**	**11.70**
12 - 19 Years					
I2038 2.25% 310138	**10,933,498**	**12,899,457**	**128.48**	**14,047,648**	**12.10**
20 + Years					
I2046 2.5% 310346	**12,213,823**	**13,568,612**	**114.41**	**13,973,948**	**12.04**
I2050 2.5% 311250	**13,731,728**	**16,010,609**	**116.18**	**15,953,607**	**13.75**
		105,824,593		**116,063,467**	**100**

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6. PORTFOLIO INVESTMENTS (continued)

6.3 ILBI INDEX BASKET CONSTITUENTS

	No. of Bonds	Cost	Current Price	Market Value	% of the Fund
		R	Cents	R	
2021					
3-7 Years					
I2025 2% 310125	9 906 197	13,446,330	154.96	15,350,721	13.76
I2033 1.8750% 280233	6 751 879	6,804,817	155.96	7,626,130	6.83
I2038 2.25% 310138	10 779 498	12,679,617	156.96	13,893,234	12.45
R197 5.50% 071223	5 146 482	15,369,719	157.96	16,440,650	14.73
R202 3.45% 071233	5 769 547	13,063,728	158.96	14,272,552	12.79
R210 2.60% 310328	4 496 697	8,220,599	159.96	9,539,155	8.55
7-12 Years					
I2029 1.875% 310329	5 471 000	5,640,361	113.03	6,183,634	5.54
12+ Years					
I2046 2.5% 310346	11 010 823	12,186,103	117.21	12,905,590	11.56
I2050 2.5% 311250	12 710 728	14,822,244	121.05	15,385,884	13.79
Total		102,233,518		111,597,550	100

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		2022 R	2021 R
7.	**OTHER RECEIVABLES**		
	Coupon interest receivable	**1,066,376**	685,017
		1,066,376	685,017
8.	**OTHER PAYABLES**		
	Management fee	**33,688**	32,500
		33,688	32,500
9.	**CASH USED IN OPERATIONS**		
	Management fee	**(397,087)**	(364,184)
	Transaction fee	**(621)**	(621)
	Movement in other payables	**1,189**	8,240
	Cash used in operations	**(396,519)**	(356,565)
10.	**CASH AND CASH EQUIVALENTS**		
	Current account	**665,647**	912,658
		665,647	912,658

11. RISK MANAGEMENT

11.1 CAPITAL RISK MANAGEMENT

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

11.2 FINANCIAL RISK MANAGEMENT

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

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

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

With regards to the ILBI ETF portfolio the financial instruments consist mainly of underlying listed investments, cash and cash equivalents, other receivables and other payables.

11.3 MARKET RISK

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

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

The Scheme’s Index Securities may not be able to perfectly replicate the performance of a specific index because:

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

11. RISK MANAGEMENT (continued)

11.3 MARKET RISK (continued)

Price Sensitivity Analysis

All investments, in portfolios of the Scheme’s portfolios, are listed on the JSE. Index securities are created with an objective to track the performance of specific portfolio indexes (customised indexes).

Any movement or adjustment in the specific portfolio index will have an impact on the price of the investment in the portfolio. At any point in time the market value of one unit in the portfolio may be expected to reflect $1/10^{th}$ of the Index level, plus an amount which reflects a pro rata portion of any accrued distribution amount within the portfolio.

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

The ILBI Index Securities investment portfolio of **R116 063 467** (2021: R111 597 549) is affected by price fluctuations.

At reporting date a 10% decrease in the value of the investment in the portfolio's security price would decrease the index and resulting profit of the portfolio by **R11 606 347** (2021: R11 159 755).

At reporting date a 10% increase in the value of the investment in the portfolio's security price would increase the index and resulting profit of the portfolio by **R11 606 347** (2021: R11 159 755).

11.4 INVESTMENT RISK

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

On a monthly basis, the index is adjusted to ensure that the constituent securities in the index are the top performing SA government bonds. Thus adjustments, such as removing a bond that is not performing well or a change in the weighting of the bonds, are performed.

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

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

11.5 SECONDARY TRADING RISK

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

11.6 INTEREST RATE RISK

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The portfolio is exposed to fair value interest rate risk on fixed interest securities and cash balances.

Interest rate sensitivity

	2022	**2021**
	R	**R**
The following balances are affected by interest rate fluctuations		
Portfolio Investments	**116,063,467**	111,597,549
Cash and cash equivalents	**665,647**	912,658
	116,729,114	112,510,207
At reporting date a 1% increase in the interest rate would have decreased the net assets attributable to investors by:		
Portfolio Investments	**(6,780,718)**	(9,821,328)
Cash and cash equivalents	**6,656**	9,127
	(6,774,062)	(9,812,201)
At reporting date a 1% decrease in the interest rate would have increased the net assets attributable to investors by		
Portfolio Investments	**8,442,539**	11,622,530
Cash and cash equivalents	**(6,656)**	(9,127)
	8,435,883	**11,613,403**

11. RISK MANAGEMENT (continued)

11.7 CREDIT RISK

Credit risk is the risk of financial loss to the Scheme if a party to a financial instrument fails to meet its contractual obligations. The Scheme is also exposed to credit risks arising from investments in debt securities. The carrying amounts of the debt securities represent the maximum credit exposure. The debt securities are neither past due nor impaired with the concentration of risk being in the financial services and government sectors.

Risk limits, control and mitigation policies:

The cash and cash equivalents of the Scheme are placed with reputable financial institutions. The credit risk relating to the other receivables is limited as it relates mainly to interest income receivable from listed securities.

	2022	**2021**
	R	**R**
Maximum credit risk		
Portfolio Investments	**116,063,467**	111,597,549
Other receivables	**1,066,376**	685,017
Cash and cash equivalents	**665,647**	912,658
	117,795,490	113,195,224
Credit exposure by industry		
Financial Services	**665,647**	912,658
Government	**117,129,843**	112,282,566
	117,795,490	113,195,224

Financial assets subject to IFRS 9 impairment requirements

The Scheme's financial assets subject to the expected credit loss model within IFRS 9 are only short-term receivables. There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the period.

All receivables are expected to be received in three months or less. An amount is considered to be in default if it has not been received 30 days after it is due. The carrying amount of other receivables and cash and cash equivalents represents the maximum exposure.

11. RISK MANAGEMENT (continued)

11.8 LIQUIDITY RISK

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

Liquidity risk management process:

The availability of funding through liquid cash positions with various institutions ensures that the Scheme has the ability to fund day-to-day operations.

During rebalancing, proceeds received from the sale of selected constituents are utilised to buy a basket of selected constituents. The approach to managing liquidity risk is to ensure that the portfolio would be able to pay suitable distributions or deemed distribution to investors on a monthly basis. All distributions or deemed distributions are approved by the Trustee and calculated by the administrators.

All of the portfolios' securities are listed instruments and are bought and sold in the JSE Limited through a JSE member. The participatory interest in the portfolio securities can be sold to the market maker, which is obliged to buy them from the investor.

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

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

11. RISK MANAGEMENT (continued)

11.8 LIQUIDITY RISK (continued)

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

	On demand R	0-12 months R	Total R
2022			
Other payables	**-**	**33,688**	**33,688**
Net assets attributable to investors	**117,761,802**	-	**117,761,802**
	117,761,802	**33,688**	**117,795,490**
2021			
Other payables	-	32,500	32,500
Net assets attributable to investors	113,162,725	-	113,162,725
	113,162,725	32500	113,195,225

11.9 INFLATION RISK

The portfolio is comprised of inflation linked bonds, and as such is subject to inflation rate movements.

Inflation rate sensitivity analysis

	2022 R	2021 R
The following fixed income balance is affected by inflation rate fluctuations:		
Portfolio Investments:	**116,063,467**	111,597,549
At reporting date a 1% increase in the inflation rate would have increased the net assets attributable to investors by:	**6,780,718**	9,821,328
At reporting date a 1% decrease in the inflation rate would have increased the net assets attributable to investors by:	**(8,442,539)**	(11,622,530)

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

12.1 FAIR VALUE HIERARCHY

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

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

Level 2 fair value measurements are those derived from quoted prices in active markets and inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

The table below shows the portfolio's financial instruments that are recognised and subsequently measured at fair value analysed by level of the fair value hierarchy. The classification of instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. All the fair values disclosed are recurring fair value measurements. The table below sets out the fair value of Level 1, 2, and 3 financial instruments:

12.1 FAIR VALUE HIERARCHY (continued)

	Level 1	Level 2	Level 3
	R	R	R
2022			
Recurring fair value measurements			
Financial Instruments			
Mandatorily measured at Fair Value Through Profit and Loss:			
Portfolio Investments	**116,063,467**	**-**	**-**
Net assets attributable to investors	**-**	**(117,761,802)**	-
	116,063,467	**(117,761,802)**	-
2021			
Recurring fair value measurements			
Financial Instruments			
Mandatorily measured at Fair Value Through Profit and Loss:			
Portfolio Investments	111,597,549	**-**	**-**
Net assets attributable to investors	-	(113,162,724)	-
	111,597,549	(113,162,724)	-

The valuation technique applied in order to value Level 2 financial instruments is the Net Asset Value which is linked to the adjusted price of the underlying market traded instruments.

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

The fair value of the cash and cash equivalents, other receivables and other payables approximates the carrying value because the instruments are short term in nature. These lines are measured at amortised cost in line with the descriptions in the accounting policies. There has been no change in fair values as a result of a change in credit risk.

13. SEGMENTAL REPORTING

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

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

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14. RELATED PARTIES

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

Trustee: Standard Chartered Bank South Africa. The service of the trustee is set out in the Trust Deed of the Scheme.
Ultimate holding company: Absa Group Limited.
Market maker: Absa Bank Limited. The market maker function is explained in 11.8 Liquidity Risk note.

Key Management Personnel

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

Other than trustee fees and management fees paid to Standard Chartered Bank South Africa and NewFunds (RF) Pty Ltd, there were no material transactions with key management personnel or their families during the year.
The portfolio is consolidated by Absa Bank Ltd.

	Admin and management fees paid	Interest Income	Cash and cash equivalents	Other Payables	Participatory Interest Held
	R	R	R	R	R
2022					
NewFunds (RF) Pty Ltd	**(397,087)**	-	-	**(33,689)**	-
Absa Group Limited	-	-	-	-	**(36,196,859)**
Standard Chartered Bank South Africa	**(621)**	**13,834**	**665,647**	-	-
2021					
NewFunds (RF) Pty Ltd	(364,184)	-	-	(32,500)	-
Absa Group Limited	-	-	-	-	(26,047,271)
Standard Chartered Bank South Africa	(621)	7,515	912,658	-	-

All related-party transactions and balances were made at arm's length on normal commercial terms and conditions.

15. DISTRIBUTIONS

The Index Securities will effect monthly distributions after paying all the accrued expenses of the NewFunds Collective Investment Scheme. All distributions are made out of the income of each ETF portfolio. All distributions from the constituents are not paid to investors but are reinvested through the additional constituent securities. Refer to 2.8.

Distributions from the constituent bonds within the portfolio are reinvested through additional securities and not paid. The monthly record dates are: 21 January 2022, 18 February 2022, 18 March 2022, 29 April 2022, 27 May 2022, 24 June 2022, 22 July 2022, 26 August 2022, 30 September 2022, 21 October 2022, 18 November 2022, 15 December 2022 and 27 January 2023. During the period under review the following distributions were affected by the portfolio:

	2022 R	2021 R
2022 : 20.24 cents per security announced on 13 January 2022 and reinvested on 24 January 2022. (2021: 52.69 cents per security announced 14 January 2021 and reinvested 25 January 2021.)	**283,360**	238,616
2022 : 17.68 cents per security announced on 10 February 2022 and reinvested on 21 February 2022. (2021: 17.04 cents per security announced on 11 February 2021 and reinvested on 23 February 2021.)	**247,450**	238,616
2022 : 17.65 cents per security announced on 10 March 2022 and reinvested on 22 March 2022. (2021: 16.04 cents per security announced on 11 March 2021 and reinvested on 24 March 2021.)	**247,044**	224,588
2022 : 21.17 cents per security announced on 14 April 2022 and reinvested on 03 May 2022. (2021: 20.66 cents per security announced on 15 April 2021 and reinvested on 27 April 2021.)	**296,394**	289,212
2022 : 19.02 cents per security announced on 17 May 2022 and reinvested on 30 May 2022. (2021: 17.03 cents per security announced on 13 May 2021 and reinvested on 25 May 2021.)	**266,238**	238,462
2022 : 18.47 cents per security announced on 13 June 2022 and reinvested on 27 June 2022. (2021: 16.52 cents per security announced on 17 June 2021 and reinvested on 29 June 2021.)	**258,566**	231,266
2022 : 21.38 cents per security announced on 14 July 2022 and reinvested on 25 July 2022. (2021: 19.64 cents per security announced on 15 July 2021 and reinvested on 27 July 2021.)	**299,250**	274,932

15. DISTRIBUTIONS (continued)

	2022 R	2021 R
2022 : 19.03 cents per security announced on 16 August 2022 and reinvested on 29 August 2022. (2021: 18.23 cents per security announced on 12 August 2021 and reinvested on 24 August 2021.)	**266,378**	255,192
2022 : 21.99 cents per security announced on 20 September 2022 and reinvested on 03 October 2022. (2021: 18.01 cents per security announced on 15 September 2021 and reinvested on 28 September 2021.)	**307,818**	252,196
2022 : 20.35 cents per security announced on 13 October 2022 and reinvested on 24 October 2022. (2021 : 19.40 cents per security announced on 14 October 2021 and reinvested on 26 October 2021.)	**284,928**	271,558
2022 : 20.14 cents per security announced on 10 November 2022 and reinvested on 21 November 2022. (2021: 18.22 cents per security announced on 11 November 2021 and reinvested on 23 November 2021.)	**281,988**	255,010
2022 : 21.84 cents per security announced on 08 December 2021 and reinvested on 19 December 2021. (2021: 18.45 cents per security announced on 08 December 2021 and reinvested on 21 December 2021.)	**305,774**	258,244
	3,345,188	3,027,892

Distributions declared after year end

2023 : 21.10 cents per security announced on 19 January 2023 and reinvested on 30 January 2023. (2022: 20.24 cents per security announced on 13 January 2022 and reinvested on 24 January 2022.)	**295,386**	283,360
2023 : 17.139 cents per security announced on 16 February 2023 and reinvested on 27 February 2023. (2022 : 17.68 cents per security declared 11 February 2022 and re-invested 22 February 2022)	**239,946**	247 450

16. QUARTERLY REVIEW OF PORTFOLIO PRICES

	31 March (cents)	30 June (cents)	30 September (cents)	31 December (cents)
2022				
ILBI INDEX ETF PORTFOLIO	**8,091**	**8,336**	**8,225**	**8,319**
2021				
ILBI INDEX ETF PORTFOLIO	7,365	7,578	7,688	8,083

17. EVENTS AFTER THE REPORTING DATE

Absa Group Limited and its subsidiaries (“Absa”) and Sanlam Limited and its subsidiaries (“Sanlam”) combined Absa’s investment management business with Sanlam Investment Holdings (Pty) Ltd (“SIH”) to establish one of the largest black owned asset management companies in South Africa.

As a result of the transaction NewFunds (RF) Pty Ltd resigned as the manager of the ETF and Satrix Managers (RF) Pty Ltd was appointed as the manager of the ETF on 1 March 2023. The portfolio name changed to, Satrix ILBI ETF. Investors' participatory interests in the portfolio will not be affected. The portfolio strategy will remain unchanged, and the investors exposure will not be affected.

Refer to note 15 for distributions declared after year end.

18. NEW ACCOUNTING PRONOUNCEMENTS

Adoption of new and revised Standards

During the current year, the Scheme has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRS-IC that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2022. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Scheme's accounting policies.

	Standard	**Annual periods beginning on or after**
Annual Improve-ments	Amendments resulting from annual improvements 2018-2020 Cycle for the following standards: IFRS 9 - The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.	1 January 2022
IAS 1	Classification of liabilities as current or non-current - Amendments which aim to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	1 January 2023

19. NEW ACCOUNTING PRONOUNCEMENTS (continued)

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

IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the four-step materiality process' described in IFRS Practice Statement 2.	1 January 2023
IAS 8	Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.	1 January 2023
IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction - The amendments update the initial recognition exemption to IAS 12 Income Taxes such that it is not applicable to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences (leases and decommissioning obligations).	1 January 2023

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