Maitland

AFRICA ETF ISSUER (RF) LIMITED
(Registration number: 2013/022008/06)

ANNUAL FINANCIAL STATEMENTS
For the year ended 28 February 2017

AFRICA ETF ISSUER (RF) LIMITED
Registration number: 2013/022008/06

GENERAL INFORMATION
For the year ended 28 February 2017

Directors	Brian William Smith Johann Steyn Erasmus Victor Marokwane Botsi Wesley Alan Martens
Nature of business and principal activities	Structured Entity to conduct an exchange traded fund ("ETF")
Secretary	Maitland Group South Africa Limited
Registered office	18 Fricker road Illovo Johannesburg 2196
Auditors	PricewaterhouseCoopers 2 Eglin Road, Sunninghill 2157
Shareholder	Africa Funds Issuer Owner Trust Incorporated in South Africa
Company registration number	2013/022008/06
Country of incorporation and domicile	South Africa
Preparer/Compiler	The audited annual financial statements were independently compiled by: Maitland Group South Africa Limited
Supervised	Africa 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 audited annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008.

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AFRICA ETF ISSUER (RF) LIMITED
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DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS
For the year ended 28 February 2017

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 Africa 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 and employees will endeavour to 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 from 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 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 forecast 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 3 to 6 of this report.

Approval of the annual financial statements

The directors' report on pages 10 to 12 and the annual financial statements of the company, set out on pages 13 to 44, were approved by the board of directors on 23 May 2017 and are signed on its behalf by:

Johann Steyn Erasmus

Victor Marokwane Botsi

AFRICA ETF ISSUER (RF) LIMITED
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AUDIT COMMITTEE REPORT
For the year ended 28 February 2017

Mr WA Martens is the chairman of the audit committee, while Mr BW Smith and Mr VM Botsi are members of the Company's audit committee. Mr WA Martens, Mr BW Smith and Mr VM Botsi 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 below:

- 27 May 2016, to consider the financial statements for the year ended 29 February 2016 which were approved by the board of directors on 27 May 2016 .
- 28 February 2017, to discuss the ETF vaulting, launching Silver ETF, audit committee terms of reference, and external audit plan.
- 23 May 2017, to consider the financial statements for the year ended 28 February 2017 which were recommended to and approved by the board of directors on 23 May 2017 .

The committee had concluded that the audit committee has satisfied its responsibilities for the year under review in compliance with the terms of reference and statutory requirements.

The Company is fully committed to the principles of the Code of Corporate Practices and Conduct ("the Code") as set out in The King 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 23 May 2017 and signed on its behalf by:

Wesley Alan Martens

Independent auditor's report

To the Shareholders of Africa 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 Africa ETF Issuer (RF) Limited (the Company) as at 28 February 2017, 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

Africa ETF Issuer (RF) Limited's financial statements set out on pages 13 to 44 comprise:

- the statement of financial position as at 28 February 2017;
- 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 *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Our audit approach

Overview

Overall materiality	• *R 68 million, which represents 1% of total assets.*
Key audit matter	• *Investment of the Bullion Investments of* R6,8 *billion (notes 1.11 and 5 to the financial statements)*

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	R 68 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 asset-oriented 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***
The Bullion Investments of R6,8 billion (notes 1.11 and 5 to the financial statements) The company has R6,8 billion bullion investments (Gold, Palladium, Platinum and Rhodium) at year-end which represents 99.4% of the total assets of the Company. The existence and condition of the bullion investments is a matter of most significance for the audit as the attendance of the physical metal count 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 obtain sufficient appropriate audit evidence. In addition the value of the bullion investment is a significant input to the value of the debenture. These debentures (note 8 to the financial statements), represent 99.9% of total liabilities of the Company. Management fee in the statement of comprehensive income (note 10) is also derived from the measurement of the bullion investments.	• Confirmed the ounces of the bullion held at year-end recorded by the Company to the custodian confirmation, the statement of metal account, at 28 February 2017. • Inspected the independent physical metal stock count report performed by the expert appointed by the custodians. (Gold, Palladium, Rhodium and Platinum on 14 March 2017). • Obtained confirmation, by inspecting their website and written representation from management, that the appointed management experts who performed the independent counts were accredited and independent from the Company. • Agreed the independent counts to the Company's accounting records and asset confirmations of the bullion investments and tested the roll back movements to 28 February 2017 on a sample basis by testing individual buy and sell transactions to supporting information. Testing did not identify any material differences. • Recalculated the value of the bullion investments by multiplying the ounces of bullion held (verified above) to the price per bullion in dollars at year-end as published by The London Bullion Market at 28 February 2017 and recalculated the exchange rate between USD and ZAR based on Bloomberg exchange rates published for year-end. No material differences were identified in this recalculation.

Other information

The directors are responsible for the other information. The other information comprises the Report of the directors, the Audit committee report and the Company secretary's certification as required by the Companies Act

Other information

The directors are responsible for the other information. The other information comprises the Report of the directors, the Audit committee report and the Company secretary's certification as required by the Companies Act of South Africa, the Directors' responsibility for the annual financial statements and the Corporate governance statement, which we obtained prior to the date of this auditor's report. 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 and will 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 Africa ETF Issuer (RF Limited) for 4 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: A. du Preez
Registered Auditor
Sunninghill
23 May 2017

CORPORATE GOVERNANCE STATEMENT
For the year ended 28 February 2017

The Company is fully committed to the principles of the Code of Corporate Practices and Conduct ('the Code") as set out in the King III 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 consist 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 has 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. Internal Audit has performed audits during the financial year, and the result was satisfactory with room for improvement. The suggested improvements related to certain processes, such as credit reviews, document management and central oversight of SE's in the bank.

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.

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 proactively 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 19. 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.

AFRICA ETF ISSUER (RF) LIMITED
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COMPANY SECRETARY'S CERTIFICATION
For the year ended 28 February 2017

To the shareholders of Africa ETF Issuer (RF) Limited

In accordance with the provisions of the Companies Act 71 of 2008 ("the Act"). I, in my capacity as Company Secretary, certify that in respect of the year ended 28 February 2017, 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: Victor Marokwane Botsi

Johannesburg

23 May 2017

REPORT OF THE DIRECTORS
For the year ended 28 February 2017

The directors have pleasure in presenting the report, which accompanies the annual financial statements of the Company for the year ended 28 February 2017.

1. Review of activities

Main business and operations

The Company is engaged as a structured entity to conduct an exchange traded fund ("ETF"). The Company enables investors to invest in debt instruments, the value of which tracks 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 state of affairs of the Company are fully set out in the attached annual 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 to the date of this report are as follows:

Names	Appointed
Johann Steyn Erasmus	16 October 2014
Victor Marokwane Botsi	31 August 2015
Wesley Alan Martens	16 October 2014
Brian William Smith	15 March 2016

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5. Events after the reporting period

No 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 23 May 2017.

The annual financial statements cannot be amended after issue.

6. Auditors

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

7. Secretary

The secretary of the Company is Maitland Group South Africa Limited.

8. Authorised and Issued share capital

There were no changes in 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

No special resolutions were passed during the year.

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.

14. Compulsory redemption of Precious Metals debentures

The compulsory redemption of Precious Metals debentures could occur if the amount derived from the sales is not sufficient to cover management and corporate expenses. No such redemption occurred during the period under review.

AFRICA ETF ISSUER (RF) LIMITED
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STATEMENT OF FINANCIAL POSITION
At 28 February 2017

	Notes	2017 R	2016 R
Assets			
Cash and cash equivalents	6	40 613 719	24 995 786
Trade and other receivables	4	260 345	535 441
Bullion Investments	5	6 777 704 780	6 209 544 136
Current tax receivable	16	505 044	376 174
Deferred tax	3	192 312	165 907
Total Assets		**6 819 276 200**	**6 235 617 444**
EQUITY AND LIABILITIES			
Equity			
Share capital	7	120	120
Retained income		40 391 241	24 851 443
Total Equity		**40 391 361**	**24 851 563**
Liabilities			
Trade and other payables	9	4 414 110	4 385 246
Debentures	8	6 774 470 729	6 206 380 635
Total Liabilities		**6 778 884 839**	**6 210 765 881**
Total Equity and Liabilities		**6 819 276 200**	**6 235 617 444**

AFRICA ETF ISSUER (RF) LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
For the year ended 28 February 2017

	Notes	2017 R	2016 R
Management fee income	10	25 705 711	26 927 762
Other income	11	2 101 490	285 000
Operating expenses	12	(7 582 710)	(7 195 090)
Fair value adjustment on Bullion Investments	5	967 700 474	(669 854 126)
Fair value adjustment on Debentures	8	(968 479 735)	669 869 469
Operating profit		**19 445 230**	**20 033 015**
Finance income		2 164 506	973 178
Finance cost	13	(8 644)	(2 715)
Profit before taxation		**21 601 092**	**21 003 478**
Taxation	14	(6 061 294)	(5 890 246)
Profit for the year		**15 539 798**	**15 113 232**
Profit for the year attributable to:			
Owners of the company		**15 539 798**	**15 113 232**
Other comprehensive income		-	-
Total comprehensive income for the year		**15 539 798**	**15 113 232**
Total comprehensive income attributable to:			
Owners of the Company		**15 539 798**	**15 113 232**

STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2017

	Share capital R	Retained income R	Total equity R
Balances as at 28 February 2015	**120**	**9 738 211**	**9 738 331**
Changes in equity	-	-	-
Total comprehensive income for the year	-	15 113 232	15 113 232
Total changes	-	15 113 232	15 113 232
Balances as at 29 February 2016	**120**	**24 851 443**	**24 851 563**
Changes in equity	-	-	-
Total comprehensive income for the year	-	15 539 798	15 539 798
Total changes	-	15 539 798	15 539 798
Balances as at 28 February 2017	**120**	**40 391 241**	**40 391 361**

AFRICA ETF ISSUER (RF) LIMITED
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STATEMENT OF CASH FLOWS
For the year ended 28 February 2017

	Notes	2017 R	2016 R
Cash flows from operating activities			
Cash generated from operations	15	19 678 640	21 840 385
Tax paid	16	(6 216 569)	(6 351 616)
Finance income		2 164 506	973 178
Finance expense	13	(8 644)	(2 715)
Net cash from operating activities		**15 617 933**	**16 459 232**
Cash flows from investing activities			
Sale of Bullion	5	2 052 910 580	2 682 118 871
Purchase of Bullion	5	(1 681 825 448)	(1 585 674 047)
Net cash from investing activities		**371 085 132**	**1 096 444 824**
Cash flows from financing activities			
Creation of debentures	8	1 681 825 448	1 585 674 046
Debentures redeemed	8	(2 052 910 580)	(2 682 118 871)
Net cash from financing activities		**(371 085 132)**	**(1 096 444 825)**
Net movement in cash and cash equivalents		**15 617 933**	**16 459 231**
Cash and cash equivalents at the beginning of the year	6	24 995 786	8 536 555
Cash and cash equivalents at the end of the year	6	**40 613 719**	**24 995 786**

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, unless otherwise stated.

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 judgements

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 Bullion Investments
- Assessment to determine the Company's functional currency

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.

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 modify 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.

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.

1.5.1 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.

1.5.2 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 are provided in note 18.

1.5.6 Offsetting

Financial instruments are offset and the net amount reported in the statement of financial position when the entity holds a current legally enforceable right to off-set the recognised amounts and has an intention to either settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

1.6 Share capital

Ordinary share capital

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

1.7 Revenue

Revenue is recognised at the fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following criteria are applicable to the following significant revenue categories:

Management fee income
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 0.30% per annum (excluding VAT) for the Gold ETF, 0.25% 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 accrued in profit or loss, using the effective interest method.

1.9 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.

1.10 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. The taxation charge in the annual financial statements for amounts due to fiscal authorities in the various territories in which the Company operates, includes estimates based on a judgement of the application of law and practice in certain cases to determine the quantification of any liability arising. In arriving at such estimates, management assesses the relative merits and risks of the tax treatment for similar classes of transactions, taking into account statutory, judicial and regulatory guidance and, where appropriate, external advice.

Deferred tax

Deferred income tax is provided, using the balance sheet method, on temporary differences arising between the tax bases and carrying amounts of property and equipment, certain financial instruments including derivative contracts, provisions for pensions and other post-retirements benefits and tax losses carried forward. 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.

The rates enacted or substantially enacted at the reporting date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss.

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

The tax effects of income tax losses available against 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.

1.10 Tax (Continued)

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.

1.11 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 publically available. The most appropriate policy is to hold Bullion as an investment held at fair value through profit and loss.

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/ rhodium per ounce known as Gold PM fix, Platinum PM fix, Palladium PM fix and Rhodium PM fix.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

The application of the Company's accounting policies are consistent with those adopted in the prior year. There were no standards and amendments which became effective in the current year which are applicable to the Company.

2.2 Standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations issued are not yet effective for the current reporting period and have not been applied in preparing these annual financial statements. Only those standards, amendments and interpretations which were assessed to be applicable to the Company are disclosed below:

IFRS 9 Financial Instruments

During July 2014 the IASB issued IFRS 9 as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.

This amendment completes the IASB's financial instruments project and the standard is effective for reporting periods on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements). The amount is not expected to have a material impact on the Company's annual financial statements.

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective

IFRS 15 Revenue from Contracts with Customers

The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer regardless of the type of revenue transaction or industry. The standard's requirements will also apply to the recognition of some gains and losses of some non-financial assets that are not an output of the entity's ordinary activities.

The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications). The standard also improves guidance for multiple-element arrangements. Extensive disclosures will be required including the disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard is effective for annual periods beginning on or after 1 January 2018. The amount is not expected to have a material impact on the Company's annual financial statements.

IAS 7 Statement of Cash Flows

Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses). The standard is effective for annual periods beginning on or after 1 January 2017. The amount is not expected to have a material impact on the Company's annual financial statements.

IAS 12 Income Taxes

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. The standard is effective for annual periods beginning on or after 1 January 2017. The amount is not expected to have a material impact on the Company's annual financial statements.

	2017 R	2016 R

3. Deferred tax

	2017 R	2016 R
Deferred tax (liability) / asset		
Deferred tax asset	192 312	165 907
Reconciliation of movement in deferred tax (liability) / asset		
Opening balance	165 907	168 686
Fair value movements on Precious Metals	(270 956 133)	187 559 155
Fair value movements on Precious Metals debentures	271 174 326	(187 563 451)
Accruals	(194 185)	72 023
Prepayments	2 397	(70 506)
	192 312	**165 907**
Tax effects of temporary differences between tax and book value for:		
Fair value on Bullion Investment	(207 970 865)	62 985 268
Fair value on Debentures	208 198 934	(62 975 392)
Accruals	32 352	226 537
Prepayments	(68 109)	(70 506)
	192 312	**165 907**

4. Trade and other receivables

	2017 R	2016 R
Deferred expenses	-	49 414
Prepayments	243 245	251 807
Sundry debtors	17 100	234 220
	260 345	**535 441**

The sundry debtors balance of R17,100 (2015: R234,220) comprises mainly of creation and redemption fees charges as stipulated in the prospectus as well as an overpayment of JSE fees. The carrying value of trade and other receivables approximates the fair value.

5. Bullion Investments

	2017 R	2016 R
Gold		
Fair value at the beginning of the year	38 985 266	27 839 868
Gold purchases during the year	94 711 390	-
Proceeds on gold sales during the year	(169 121)	(79 804)
Fair value adjustment for the year	(12 706 084)	11 225 202
	120 821 451	38 985 266

As at 28 February 2017, 7,428.99 (2016: 1,987.01) ounces of gold bullion to the value of approximately R120,772,649 (2016: R38,944,395) has been pledged in favour of AfricaGold Security Trust as security for the guarantee provided by AfricaGold Security Trust against Africa ETF Issuer's obligations under the AfricaGold debentures. The balance of the gold bullion holdings which have not been pledged are for Africa ETF Issuer's own account. Refer to note 22 for details on the Security Trust.

	2017 R	2016 R
5. Bullion Investments (continued)		
Platinum		
Fair value at the beginning of the year	1 710 375 670	1 501 132 057
Platinum purchases during the year	395 308 053	935 310 427
Platinum redemptions during the year	(136 074 903)	(894 231 496)
Proceeds on platinum sales during the year	(5 863 596)	(6 989 308)
Fair value adjustment for the year	(182 181 970)	175 153 990
	1 781 563 254	1 710 375 670

As at 28 February 2017, 133,664.79 (2016: 117,233,87) ounces of platinum bullion to the value of approximately R1,780,832,407 (2016: R1,709,800,836) has been pledged in favour of AfricaPlatinum Security Trust as security for the guarantee provided by AfricaPlatinum Security Trust against the Africa ETF Issuer's obligations under the AfricaPlatinum Debentures. The balance of the platinum bullion holdings which have not been pledged are for Africa ETF Issuer's own account. Refer to note 22 for details on the Security Trust.

	2017	2016
Palladium		
Fair value at the beginning of the year	4 452 249 398	6 567 000 350
Palladium purchases during the year	637 864 018	642 530 280
Palladium redemptions during the year	(1 848 821 294)	(1 787 887 375)
Proceeds on palladium sales during the year	(19 484 037)	(25 466 526)
Fair value adjustment for the year	1 090 803 572	(943 927 331)
	4 312 611 657	4 452 249 398

As at 28 February 2017, 423,987.49 (2016: 567,581.30) ounces of palladium bullion to the value of approximately R4,310,954,890 (2016: R4,449,712,542) has been pledged in favour of AfricaPalladium Security Trust as security for the guarantee provided by AfricaPalladium Security Trust against Africa ETF Issuer's obligations under the AfricaPalladium Debentures. The balance of the palladium bullion holdings which have not been pledged are for Africa ETF Issuer's own account. Refer to note 22 for details on the Security Trust.

	2017	2016
Rhodium		
Fair value at the beginning of the year	7 933 802	-
Rhodium purchases during the year	553 941 987	7 833 340
Rhodium redemptions during the year	(68 014 383)	-
Proceeds on Rhodium sales during the year	(2 937 944)	-
Fair value adjustment for the year	71 784 956	100 462
	562 708 418	7 933 802

As at 28 February 2017, 46,655.68 (2016: 748.45) ounces of rhodium bullion to the value of approximately R561,962,440 (2016:7,922,862) has been pledged in favour of AfricaRhodium Security Trust as security for the guarantee provided by AfricaRhodium Security Trust against Africa ETF Issuer's obligations under the AfricaRhodium Debentures. The balance of the rhodium bullion holdings which have not been pledged are for Africa ETF Issuer's own account. Refer to note 22 for details on the Security Trust.

	2017	2016
Total Bullion Investments		
Fair value at the beginning of the year	6 209 544 136	8 095 972 275
Total bullion purchases during the year	1 681 825 448	1 585 674 047
Total bullion redemptions during the year	(2 052 910 580)	(2 682 118 871)
Proceeds on Total bullion sales during the year	(28 454 698)	(32 535 638)
Fair value adjustment for the year	967 700 474	(757 447 677)
	6 777 704 780	6 209 544 136

5. Bullion Investments (continued)

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.

6. Total bullion purchases during the year

	2017 R	2016 R
Cash and cash equivalents consist of:		
Bank balances	40 613 599	24 995 666
Cash on hand	120	120
	40 613 719	**24 995 786**

The bank balances are held with Standard bank.
Please refer to note 19 for additional information.

7. Share capital

	2017 R	2016 R
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.

8. 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.

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 adjustment increasing debenture liability in the current year equals R968,479,735 (fair value reduction in 2016: R669,869,469).

The changes in fair value of the liability attributable to changes in credit risk is Rnil (2016: 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.

8. Debentures (continued)

	2017 Number of debentures	2017 R	2016 Number of debentures	2016 R
Reconciliation - Gold				
Fair value at the beginning of the year	200 000	38 944 395	200 000	27 822 736
Creation of debentures	550 000	94 711 390	-	-
Gold fee accrual (incl VAT)	-	(206 806)	-	(105 276)
Fair value adjustment	-	(12 727 969)	-	11 226 935
Gold debentures	750 000	120 721 010	200 000	38 944 395
Reconciliation - Platinum				
Fair value at the beginning of the year	11 800 000	1 709 800 836	11 100 000	1 500 234 532
Creation of debentures	2 700 000	395 308 053	7 300 000	935 310 427
Redemptions of debentures	(1 000 000)	(136 074 903)	(6 600 000)	(894 231 496)
Platinum fee accrual (incl VAT)	-	(6 264 092)	-	(6 426 918)
Fair value adjustment	-	(181 937 490)	-	174 914 292
Platinum debentures	13 500 000	1 780 832 404	11 800 000	1 709 800 836
Reconciliation - Palladium				
Fair value at the beginning of the year	57 200 000	4 449 712 542	70 800 000	6 562 622 492
Creation of debentures	7 400 000	637 864 018	7 300 000	642 530 280
Redemptions of debentures	(21 700 000)	(1 848 821 294)	(20 900 000)	(1 787 887 375)
Palladium fee accrual (incl VAT)	-	(19 308 066)	-	(24 154 761)
Fair value adjustment	-	1 091 507 676	-	(943 398 094)
Palladium debentures	42 900 000	4 310 954 876	57 200 000	4 449 712 542
Reconciliation - Rhodium				
Fair value at the beginning of the year	75 000	7 922 862	-	-
Creation of debentures	5 290 555	553 941 987	75 000	7 833 340
Redemptions of debentures	(650 000)	(68 014 383)	-	-
Rhodium fee accrual (incl VAT)	-	(3 525 545)	-	(10 695)
Fair value adjustment	-	71 637 518	-	100 217
Rhodium debentures	4 715 555	561 962 439	75 000	7 922 862
Reconciliation - Total debentures				
Fair value at the beginning of the year		6 206 380 635		8 090 679 760
Creation of debentures		1 681 825 448		1 585 674 047
Redemptions of debentures		(2 052 910 580)		(2 682 118 871)
Total fee accrual (incl VAT)		(29 304 509)		(30 697 650)
Fair value adjustment		968 479 735		(757 156 651)
Total debentures		**6 774 470 729**		**6 206 380 635**

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 28 February 2017. 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 28 February 2017.

8. Debentures (continued)

Quarterly review of the gold prices per ounce	US$	R/$	R
31 May 2016	1 211	15.8221	19 153
31 August 2016	1 314	14.4293	18 967
30 November 2016	1 187	14.0157	16 642
28 February 2017	1 252	12.9858	16 257

Quarterly review of the gold debenture values per debenture	R
31 May 2016	190.18
31 August 2016	188.17
30 November 2016	164.98
28 February 2017	161.04

Quarterly review of the platinum prices per ounce	US$	R/$	R
31 May 2016	993	15.8579	15 747
31 August 2016	1 076	14.4322	15 529
30 November 2016	923	13.9902	12 913
28 February 2017	1 026	12.9855	13 323

Quarterly review of the platinum debenture values per debenture	R
31 May 2016	156.33
31 August 2016	154.03
30 November 2016	131.92
28 February 2017	131.92

Quarterly review of the palladium prices per ounce	US$	R/$	R
31 May 2016	543	15.8579	8 611
31 August 2016	692	14.4322	9 987
30 November 2016	753	13.9902	10 535
28 February 2017	783	12.9855	10 168

Quarterly review of the palladium debenture values per debenture	R
31 May 2016	85.37
31 August 2016	98.92
30 November 2016	104.24
28 February 2017	100.51

Quarterly review of the rhodium prices per ounce	US$	R/$	R
31 May 2016	670	15.8140	10 595
31 August 2016	675	14.4937	9 783
30 November 2016	740	13.9604	10 331
28 February 2017	925	13.0215	12 045

8. Debentures (continued)

Quarterly review of the rhodium debenture values per debenture	R
31 May 2016	105.51
31 August 2016	97.20
30 November 2016	102.40
28 February 2017	119.17

Africa 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	Stock Exchange
Palladium	42 900 000	Namibian Stock Exchange

Debentures are level 2 in nature, even though there is a quoted market price. The requirement for 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.

9. Trade and other payables

	2017 R	2016 R
Vat payable	3 125 090	3 042 920
JP Morgan Chase bank - custodian fees	474 029	230 033
Maitland Group South Africa Limited- Portfolio administration	538 383	242 396
Accruals	115 543	809 063
Johannesburg Stock Exchange Limited - listing fees	96 481	-
Sundry creditors	62 374	59 297
Strate Limited - listing fee	2 210	1 537
	4 414 110	**4 385 246**

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. The accrual relates to Maitland Group South Africa Limited.

10. Management fee income

	2017 R	2016 R
Management fee : Gold	181 409	92 347
Management fee : Platinum	5 494 818	5 637 647
Management fee : Palladium	16 936 901	21 188 387
Management fee : Rhodium	3 092 583	9 381
	25 705 711	**26 927 762**

11. Other income

	2017 R	2016 R
Profit on gold sales	26 478	-
Profit on palladium sales	1 498 604	-
Profit on platinum sales	223 130	-
Foreign exchange gain	38 278	-
Creation and redemption fees	315 000	285 000
	2 101 490	**285 000**

	2017 R	2016 R
12. Operating expenses		
Audit fees	241 453	227 575
Corporate and Trust administration fees	689 401	290 958
Custodian fees	3 494 202	3 670 238
Foreign exchange loss	-	136 151
Loss on rhodium sales	176 470	-
Portfolio administration fees	1 796 411	1 906 731
Professional fees	116 202	165 000
Subscription fees	316 860	123 857
Sundry expenses	751 711	674 580
	7 582 710	**7 195 090**
13. Finance cost		
Interest paid to Standard Bank	8 644	2 715
	8 644	**2 715**
14. Taxation		
Major components of the tax expense		
South African normal tax		
Current year	6 087 699	5 887 467
Current taxation	6 087 699	5 887 467
Deferred tax		
Current year	(26 405)	2 779
Deferred taxation	(26 405)	2 779
Total taxation	**6 061 294**	**5 890 246**
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense		
Operating profit before tax	21 601 092	21 003 478
Tax at the applicable tax rate of 28%	6 048 306	5 880 974
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
SARS Interest and penalties	12 988	9 272
	6 061 294	5 890 246

	2017 R	2016 R
15. Cash generated from operations		
Profit before taxation	21 601 092	21 003 478
Adjustments for:		
Finance expense	8 644	2 715
Finance income	(2 164 506)	(973 178)
Non-cash items		
Fair value (gain)/loss on bullion	(967 700 474)	669 854 126
Fair value (gain)/loss on debentures	968 479 735	(669 869 469)
Bullion held for company's own account	3 185 926	2 098 136
Fair value (gain)/loss on bullion held on the company's account	(4 035 737)	46 221
Changes in working capital:		
Increase in trade and other receivables	275 096	(466 130)
Increase in trade and other payables	28 864	144 485
	19 678 640	**21 840 385**
16. Tax paid		
Balance at beginning of the year	376 174	(87 975)
Current tax for the year recognised in profit and loss	(6 061 294)	(5 890 246)
Deferred tax for the year recognised in profit or loss	(26 405)	2 779
Balance at end of the year	(505 044)	(376 174)
	(6 216 569)	(6 351 616)

17. 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 28 February 2017, 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.

18. 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 Level 1 R	Valuations based on observable inputs Level 2 R	Valuations based on un-observable inputs Level 3 R	Total R
2017				
Assets				
Bullion Investment	6 777 704 780	-	-	6 777 704 780
Total assets	6 777 704 780	-	-	6 777 704 780
Liabilities				
Debentures	-	6 774 470 729	-	6 774 470 729
Total liabilities	-	6 774 470 729	-	6 774 470 729

	Valuations with reference to observable prices Level 1 R	Valuations based on observable inputs Level 2 R	Valuations based on un-observable inputs Level 3 R	Total R
2016				
Assets				
Bullion Investment	6 209 544 136	-	-	6 209 544 136
Total assets	6 209 544 136	-	-	6 209 544 136
Liabilities				
Debentures	-	6 206 380 635	-	6 206 380 635
Total liabilities	-	6 206 380 635	-	6 206 380 635

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.

18. Fair value hierarchy (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 valuation technique applied in order to value the Level 2 financial instrument is with reference to the value of the underlying bullion investments after deducting the current sales. The bullion investments and the sales values are calculated with reference to the Rand value of the underlying precious metal.

Level 3

Financial instruments valued using inputs that are 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.

19. Related parties

Key management personnel:

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

Holding Company

- Africa Funds Issuer Owner Trust

Related party balances

	2017 R	2016 R
The Standard Bank of South Africa Limited		
Cash and cash equivalents	40 613 599	24 995 666
Maitland Group South Africa Limited		
Fees payable	(653 926)	(242 396)

		2017	2016
		R	R
19.	**Related parties (continued)**		
	Related party transactions		
	Maitland Group South Africa Limited		
	Fees for fund administration	(1 796 411)	(1 906 731)
	Fees for corporate services	(689 401)	(290 958)
	The Standard Bank of South Africa Limited		
	Interest paid	(8 644)	(2 715)
	Interest Income	2 151 640	973 178

The Africa Funds Issuer Owner Trust owns 100% (2015: 100%) of the ordinary shares in the entity.

20. 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.

21. 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 below) and operational risk.

	2017	2016
	R	R

21. Risk Management (continued)

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 reputable financial institutions. Credit risk with respect of trade and other receivables is limited as it mainly relates to creation/redemption fees due from investors.

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.

	2017 R	2016 R
Cash and cash equivalents	40 613 599	24 995 786
Trade and other receivables (excluding deferred expenses and prepayments)	17 100	234 220

Concentration of risks of financial assets with credit risk exposure:
Industry sectors

	2017 R	2016 R
Financial services	40 630 699	25 230 006

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

	2017 R	2016 R
Neither past due nor impaired	40 630 699	25 230 006

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

Cash and cash equivalents are held with Standard Bank that has a long term rating of baa3.

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.

21. Risk Management (continued)

Market risk (continued)

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 Metals debentures is affected by movements in the US Dollar price of Precious Metals. The Precious Metals 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 Precious Metals; and
- Interest rates and currency exchange rates, particularly the strength of the US Dollar.

A 10% change in the strengthening or weakening of the commodity price at 28 February 2017 would result in the changes below:

	2017 Precious Metals: Bullion Investment	2017 Precious Metals: Debentures	2017 Profit or (loss)
	R	R	R
Commodity price strengthening	677 770 478	677 447 073	323 405
Commodity price weakening	(677 770 478)	(677 447 073)	(323 405)

	2016 Precious Metals: Bullion Investment	2016 Precious Metals: Debentures	2016 Profit or (loss)
	R	R	R
Commodity price strengthening	620 954 414	620 638 064	316 350
Commodity price weakening	(620 954 414)	(620 638 064)	(316 350)

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.

21. Risk Management (continued)

Interest rate sensitivity

The sensitivity analysis below 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.

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:

28 February 2017	Amounts R	Increase/ decrease in rate	Increase/ (decrease) in profit before tax R
Cash and cash equivalents	40 613 719	2%	812 274

29 February 2016	Amounts R	Increase/ decrease in rate	Increase/ (decrease) in profit before tax R
Cash and cash equivalents	24 995 786	2%	499 916

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 creditor are denominated in USD.

A 10% change in the strengthening or weakening of the US Dollar against the Rand at 28 February 2017 would result in the changes below:

	Precious Metals: Bullion Investment R	Precious Metals: Debentures R	Profit or (loss) R
	2017	**2017**	**2017**
Rand strengthening against the US Dollar	677 770 478	677 447 073	323 405
Rand weakening against the US Dollar	(677 770 478)	(677 447 073)	(323 405)
	2016	**2016**	**2016**
Rand strengthening against the US Dollar	620 954 414	620 638 064	316 350
Rand weakening against the US Dollar	(620 954 414)	(620 638 064)	(316 350)

21. Risk Management (continued)

Foreign exchange risk (continued)

	Trade and other payables	Profit or (loss)
	R	R
	2017	**2017**
Rand strengthening against the US Dollar	474 029	47 403
Rand weakening against the US Dollar	(474 029)	(47 403)
	2016	**2016**
Rand strengthening against the US Dollar	230 033	23 003
Rand weakening against the US Dollar	(230 033)	(23 003)

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.

Liquidity risk management process

The availability of funding through liquid cash positions with various institutions ensures that the Company has the ability to fund day-to-day operations. The liquid cash position has improved in the current year as evidenced by the increase in cash and cash equivalents from R24,995,786 in the prior year to R40,613,719 in the current year.

The redemption value that Africa 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 Africa 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.

At 28 February 2017	**Carrying amount**	**Contractual cash flows**	**On demand**	**Within 1 year**	**1-5 years**
Trade and other payables	4 414 110	4 414 110	-	4 414 110	-
Debentures	6 774 470 729	6 774 470 729	6 774 470 729	-	-
	6 778 884 839	6 778 884 839	6 774 470 729	4 414 110	-

At 29 February 2016	**Carrying amount**	**Contractual cash flows**	**On demand**	**Within 1 year**	**1-5 years**
Trade and other payables	4 385 246	4 385 246	-	4 385 246	-
Debentures	6 206 380 635	6 206 380 635	6 206 380 635	-	-
	6 210 765 881	6 210 765 881	6 206 380 635	4 385 246	-

22. Unconsolidated structured entities

The Africa ETF Issuer's obligations under the Debentures are not secured by any of the assets of the Africa ETF Issuer (including any Commodity held by the Africa ETF Issuer from time to time), but the payment obligations of the Africa ETF Issuer under the Debentures are secured by the relevant Security Trust binding itself under a Guarantee issued in favour of the Debenture Holders in respect of the relevant Class of Debentures as guarantor, guaranteeing the Africa ETF Issuer's obligations under the relevant Debentures.

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 this Prospectus, 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 this Prospectus, 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 this Prospectus, 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 this Prospectus, 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 Platinum ETF. 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.

22. 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 Africa 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 Africa ETF Issuer in respect of the Security or otherwise, nor to enforce claims against the Africa 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 Africa 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 distribution of the Africa ETF Issuer's assets which relate to that Debenture in accordance with the relevant Priority of Payments.

23. 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.

	2017	2016
Capital consists of:		
Ordinary share capital	120	120
Retained income	40 391 241	24 851 443
	40 391 361	24 851 563

24. Events after the reporting period

No 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 the date in the statement of directors' responsibility.

The annual financial statements cannot be amended after issue.

25. 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.

26. 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.

	28 February 2017 Amounts expected to be recovered or settled		
	Within 12 months after the reporting period R	After 12 months after the reporting period R	Total R
Assets			
Cash and cash equivalents	40 613 719	-	40 613 719
Trade and other receivables	260 345	-	260 345
Bullion Investments [1]	6 777 704 780	-	6 777 704 780
Current tax receivable	505 044	-	505 044
Deferred tax	-	192 312	192 312
Total Assets	6 819 083 888	192 312	6 819 276 200
Liabilities			
Trade and other payables	4 414 110	-	4 414 110
Debentures	6 774 470 729	-	6 774 470 729
Total Liabilities	6 778 884 839	-	6 778 884 839

	29 February 2016 Amounts expected to be recovered or settled		
	Within 12 months after the reporting period R	After 12 months after the reporting period R	Total R
Assets			
Cash and cash equivalents	24 995 786	-	24 995 786
Trade and other receivables	535 441	-	535 441
Bullion Investments [1]	6 209 544 136	-	6 209 544 136
Current tax receivable	376 174	-	376 174
Deferred tax	-	165 907	165 907
Total Assets	6 235 451 537	165 907	6 235 617 444
Liabilities			
Trade and other payables	4 385 246	-	4 385 246
Debentures	6 206 380 635	-	6 206 380 635
Total Liabilities	6 210 765 881	-	6 210 765 881

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