STANLIB

STANLIB Top 40 ETF

Financial Statements

for the year ended 31 December 2014

Index

Chairman's message to unitholders

2014 REVIEW AND MARKET OUTLOOK

The past year was a challenging one for investment managers. The South African market was bullish into the third quarter when resources turned negative to end the year lower. Ultimately for our investors, and with the exception of the resources sector, there were positive results across the board.

While STANLIB has a multitude of funds catering for a wide range of investors, our primary focus for retail investors is the Retail Core Range of Funds. The introduction of the core range followed a thorough research process with the intention of providing a refined number of funds across the risk return spectrum. As a step towards simplifying the investment process, the Retail Core Range of Funds is therefore a starting point in a longer-term wealth management plan.

Performance of the STANLIB Core Range of Funds to 31 December 2014	1 Year	3 Years	5 Years
STANLIB Absolute Plus Fund	8.01	10.73	10.39
STANLIB Balanced Fund	7.79	16.85	14.98
STANLIB Balanced Cautious Fund	7.69	10.97	10.66
STANLIB Equity Fund	9.41	21.27	18.34
STANLIB Flexible Income Fund	5.32	6.94	8.34
Inflation	5.50	5.52	5.23

ECONOMIC REVIEW

Global Economy
Global growth has been somewhat disappointing and uneven during the past 12 to 18 months. Although the United States (US) and the United Kingdom (UK) have experienced a reasonable economic recovery since the global financial market crisis in 2009, the Euro-area and Japan have stagnated. Japan slipped back into recession during 2014 and the Euro-area is at the brink of recession. Amongst the major emerging economies, India and China continue to outperform, while Brazil is in recession; and Russia is at the verge of recession.

The divergence in economic performance between the US and the Euro-area has been increasingly reflected in divergent monetary policy between the two major economies. Already, the US Federal Reserve has stopped Quantitative Easing (QE), while the European Central Bank (ECB) is only now considering the introduction of outright QE. Equally, the US Federal Reserve has indicated that they are likely to start raising interest rates in 2015, whereas the ECB recently cut its policy interest rate to a record low of 0.05% and is unlikely to increase rates in 2015. This divergence in economic growth as well as monetary policy, is expected to translate into increased financial market volatility.

Fortunately, there is a reasonable expectation that global economic activity will improve somewhat in 2015. In particular, since the middle of 2014, the international price of oil has fallen around $50 per barrel. This should help to boost world growth in 2015, with every $10 reduction in the oil price lifting world growth by approximately 0.2 percentage points. A lower oil price is, effectively, equivalent to a tax cut, which should provide some relief to the household sector. The lower oil price should also help to reduce inflationary pressures, although in some parts of the world, such as the Euro-area, lower energy prices are exacerbating concerns about deflation.

South African Economy
South Africa's GDP growth rose about 1.4% in 2014, hurt by the protracted mining and manufacturing strikes in the first half of 2014. This, coupled with the constant threat of large-scale electricity blackouts, weakened the economy, undermining business and confidence. There is also clear evidence that consumer income is under pressure.

Consumer confidence is relatively depressed, and many middle to low-income earners have become more highly indebted in the past two years and are struggling to meet repayment obligations. This suggests that consumer spending is expected to remain under pressure on a longer-term trend basis, but hopefully avoid an outright recession.

In June 2014 Standard and Poor's downgraded SA's long-term foreign currency credit rating to BBB- from BBB, but with a stable outlook. The ratings downgrade reflects S&P's expectation of lackluster GDP growth in SA, against a backdrop of a relatively high current account deficit, rising general government debt; and the potential volatility and cost of external financing. More positively, the stable ratings outlook reflects S&P's view that current labour tensions will be resolved and that lackluster economic performance will not affect South Africa's fiscal and external balance beyond their revised expectations.

Chairman's message to unitholders

Looking ahead to 2015, SA's economic growth rate is expected to improve slightly to 2.0%, largely on the expectation of improvement in export performance, a curtailment of imports due to sluggish consumer demand, less labour market unrest; and further progress in the implementation of much needed infrastructural development programme. Furthermore, the residential property sector is forecast to improve more meaningfully, helped by sustained low interest rates and a fundamental shortage of residential properties. The tourism sector is expected to benefit from another record inflow and the lower petrol price should support consumer activity.

INVESTMENT MARKETS

Equity

After a positive first half, the SA equity market softened from the third quarter. The overall themes played out in 2014 continued to be dominated by the debate whether the US Federal Reserve will hike rates in H2 2015, although consensus has moved to Q3; against a growing minority believing the European weakness will slow the Fed's hand.

In this environment, the 2014 returns for South Africa were 5.99% for cash, 10.88% for equities, 26.64% for listed property and 10.15% for bonds. Of the primary sectors, the Resources 10 Index declined 15.0%, while the Industrials 25 Index grew 17.2%. The Financials Index increased 27.8% for the year as US banks became attractive and SA CPI expectations moderated on the back of oil.

Note that we continue to believe the outlook for investors remains challenged by a poor SA macro environment. Our stretched valuation and weak earnings expectations continue to weigh on the SA equity market. We continue to prefer offshore equities in this environment and believe the risks for the ZAR remain high, due to the weak current account and deteriorating economic environment.

Fixed Interest

2014 saw bond market returns staying firmly in positive territory for the year as more bond positive scenarios played out both locally and internationally. Sentiment in the market turned very positive in the fourth quarter as oil prices declined, largely changing the domestic inflation profile; and the market cut back expectations of further rate hikes by the SARB.

The SA Reserve Bank left the repo rate unchanged at 5.75% as inflationary pressures remained benign. The path for monetary policy is data dependent as stated by the SARB, but with lower growth and inflation, the repo rate may remain unchanged for a considerable length of time. Bond yields are expected to remain supported by expected QE from Europe and lower domestic inflation, especially in the first half of 2015, until such time that the US Fed starts to hike rates.

Listed Property

For the year, listed property was the best performing asset class, delivering a total return of 26.6%. The sector's strong performance was driven by strengthening bond yields, better than expected company results and increased demand from balanced fund managers.

Looking ahead, we expect income growth of around 8.5% over the next 12 months. This results in a forward yield of 6.8% for listed property. Over the next 12 months, we expect listed property to deliver a total annualised return in the region of 5% - 11.5% in our base and bull case assumptions. This may however, deteriorate to -0.9% if bond yields weaken to 8.5% from the current 7.6% levels.

International

The key considerations shaping markets included the US economic recovery, divergent outlooks for monetary policy in the US, Europe and Japan, and a slump in the price of oil. The US market and currency were especially strong over the fourth quarter. The Fed's programme of QE came to an end as planned in October, followed almost immediately by an unexpected expansion to the Bank of Japan's QE programme. As a result, Japanese equities rallied in the quarter but the yen weakened, muting stock returns in other currencies. The ECB implemented a package of asset purchases and indicated that full QE could be introduced early in 2015. This helped offset negative Eurozone data, including from Germany, where industrial production and export figures released in October far undershot expectations. China's central bank unexpectedly cut interest rates, prompting a rally in Chinese equities. Tumbling oil prices hurt Russia and Brazil but Russia was buffeted by Western sanctions relating to the Ukraine conflict.

The final quarter of 2014 proved a tough one for emerging markets. After a modest rally, markets fell sharply during the first half of December as US dollar strength, further weakness in the price of crude oil and heightened concerns regarding the sharply-declining Russian rouble combined to put heavy pressure on the asset class. Net importers of oil, including most Asian markets, fared better than oil exporters such as Malaysia and Mexico. The standout performer was the Chinese market; the MSCI China Index rose 7% after the PBoC cut interest rates and loosened the loan to deposit regulations for banks.

Chairman's message to unitholders

Our economic forecasts suggest that the US economy should continue to lead growth in the developed world, while emerging economies face slowing growth and structural challenges. Whilst the overall environment for equities is supportive, we remain wary of political risks, particularly in Europe and Russia.

While most economies will benefit from the falling oil price, lower revenues have the potential to destabilize some economies and create volatility. We reduced exposure to high beta cyclical stocks over the past few months in favour of exposure to secular growth companies and quality. We have also added to positions in Japan, funded by reducing our overweight position in the US. Given strong market performance and rising risks, we feel a more defensive approach is appropriate heading into 2015.

Following the precipitous fall in the price of crude oil over the past six months, markets are now grappling with the economic implications for different economies. For emerging markets, the conclusions are mixed. Lower vehicle ownership and subsidized fuel prices in many countries mean that the direct positive impact on consumers will most likely be less than in developed economies such as the US. Nevertheless, for some countries, including many Asian economies, the lower oil price should have a positive impact on both inflation and current-account deficits.

Conversely, for oil exporters such as Russia and Malaysia, a lower oil price presents significant challenges, particularly with regards to fiscal budgets and currency depreciation. What is clear, however, is that the resultant pick-up in volatility from the falling oil price should provide interesting opportunities for active investors.

OTHER AFRICAN MARKETS

Egypt
For the calendar year 2014, the EGX 30 Index returned 31% (28% in US dollars). Egypt is a key beneficiary of the lower oil price, primarily due to lower subsidies required on fuel, thus improving the current account deficit. Further, the new government by President Sisi has gained a lot of credibility from the local and international investment community by taking hard decisions to tackle the fuel subsidy and security problems facing Egypt. This is reflected in the recent upgrade by Fitch to stable.

Going forward, there is renewed focus on rebuilding the economy as well as attracting investments into Egypt. The Egypt Investment Conference scheduled for Q1 2015 will showcase investment opportunities and return FDI to pre-revolution levels. A pickup in tourism arrivals is also being experienced as the travel advisories have largely been lifted and security situation stabilised. Lastly, parliamentary elections scheduled in Q1 2015 are expected to be uneventful.

Most importantly is the fact that they will be the last milestone in the troubled political transition since the 2011 revolution.

Kenya
For calendar 2014 the index was up 19% (14.2% in US dollars). Kenya, being an energy importer, is another beneficiary of lower oil prices, mainly via lower import bill which also benefits the current account. The country has also benefited from portfolio flows as investors switch out of Nigeria. This has also helped stabilise the currency.

Kenya remains a top performer and a key economy in the fast growing East African region. While the lower oil prices will delay the development of the newly discovered oil and gas reserves in the region, we do not expect this to dampen growth expectations going forward as the economies are fairly well diversified by frontier standards. A lot of work has gone into kick-starting various infrastructure projects such as a new railway, geo-thermal power plants and a new airport terminal in Nairobi.

Nigeria
The Nigerian All-Share Index was down 16.1% for the year with the 2014 US dollar performance showing a 28.8% decline. The dramatic fall in the oil price since June 2014 has had severe effects on Nigeria as the country is dependent on oil revenues to fund a large portion of the state's expenses. We therefore expect the Nigerian government to cut spending on subsidies, such as the petrol price subsidy. This is likely to spur an increase in inflation going forward. In addition, much needed spending on infrastructure will also be negatively affected over the short-term. We therefore expect the slow-down in spending and wider budget deficits to put pressure on the currency and economy in general. On the political front, Nigeria will be going into a presidential election in March 2015 with the contest possibly at its fiercest this time around. The ruling party, the PDP, will be facing a much stronger opposition from APC making the outcome of the election difficult to predict. In turn, this tends to make policy decisions, particularly economic policies, difficult to predict which may slow down economic activity somewhat. We further highlight the violence and insurgency in the north of the country as another politically related risk. The insurgency by militant group Boko Haram continues to make the north-eastern part of Nigeria near impossible to govern and generally inaccessible for the free movement of goods and services. However, we still remain optimistic on long-term growth prospects for Nigeria – the recent fall in the oil price highlights the need for the country to diversify its economy and getting this right should see Africa's most populous country get back on track to sustain high long-term economic growth.

Chairman's message to unitholders

INDUSTRY OVERVIEW

The local unit trust industry closed off the year with assets of R1.9 trillion following net flows of R44 billion. The majority of net flows were invested in the SA Multi Asset category (R139 billion) and the Equity category (R18 billion).

Industry Event
On Wednesday, 6 August 2014, African Bank Investment Limited (ABIL) issued an announcement forecasting a loss of at least R6.4 billion in the 2014 financial year, the resignation of their long-time CEO and the need to raise at least R8.5 billion in additional capital. This in turn raised questions around the future of African Bank as a going concern.

Over the following three days the share price collapsed from R6.86 to R0.31 and on Sunday, 10 August 2014 the South African Reserve Bank (SARB) issued a statement to say that African Bank has been placed under curatorship. ABIL's shares were then also suspended on the JSE Securities Exchange.

Certain STANLIB funds had exposure to either shares (equity) in African Bank or fixed interest instruments issued by African Bank, or a combination of both. Funds with equity exposure experienced a market-related loss due to the decline of the share price and its eventual suspension. Funds with exposure to fixed interest instruments were impacted by a 10% write-down of the senior debt and a 100% write down of subordinated debt and preference shares.

On 15 August 2014, the Registrar of Collective Investments issued Guidance Note 6 outlining a process for the creation of retention funds for the purpose of isolating illiquid ABIL debt assets into a side pocket. In line with international best practice, STANLIB established side pockets with the primary aim of protecting our investors, both existing and new. This meant that new investments would not be exposed to any ABIL assets and ensured that existing investors would not be prejudiced by other investors exiting the fund and leaving the remaining investors with a greater share of the illiquid ABIL instruments.

As a representative of our investors, STANLIB continues to work with the curator and relevant stakeholders in the on-going process of resolving the future of African Bank and the debt instruments. We will continue to send out updates and feedback as this process unfolds or new information becomes available.

STANLIB
We saw strong inflows into our Equity and Multi Asset franchises and as a whole STANLIB ended the 2014 year with assets under management up at R221 billion, and a market share of 11.3%.

Our continuous review of product requirements led to the rationalisation of the STANLIB Nationbuilder Fund, STANLIB Gold and Precious Metals Fund and the STANLIB Small Cap Fund. The name of the STANLIB Growth Fund was also amended to reflect more closely the fund's investment approach and this fund is now named the STANLIB Capital Growth Fund.

We launched a number of new funds, predominantly in the institutional market, namely the STANLIB Africa Income Fund; STANLIB Inflation Linked Bond Fund; STANLIB Global Emerging Markets Property Feeder Fund; STANLIB Multi-Manager Bond Fund, STANLIB Multi-Manager Defensive Balanced Fund and the STANLIB Multi-Manager Enhanced Yield Fund.

As always, STANLIB Collective Investments is committed to offering investment performance and service excellence and was once again a recipient at both the Raging Bulls and Morningstar awards events.

In conclusion, I express my thanks to the board, management team, trustees, investment managers and staff for their support in 2014.

T Dloti
Chairman

Johannesburg
30 March 2015

Directors' Responsibilities and Approval

The directors of the management company are responsible for the preparation, integrity and objectivity of financial statements that fairly present the state of affairs of the unit portfolios at the end of the financial year and the income and cash flow for that period, and other information contained in these financial statements.

To enable the directors to meet these responsibilities:

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

- STANLIB Collective Investments Limited makes use of the Liberty Group Limited internal audit function which operates independently and unimpaired, and has unrestricted access to the Liberty Group Audit and Risk Committees, appraises, evaluates and, when necessary, recommends improvements in, the systems of internal control and accounting practices; and

- The Audit and Risk Committees 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 major breakdown in the operation of the systems of internal control and procedures has occurred during the period under review. There was a change of Trustees in the current financial year end.

The management company consistently adopts appropriate and recognised accounting policies.

The financial statements are prepared in accordance with the requirements of the respective Trust Deeds and in accordance with the International Financial Reporting Standards.

It is the responsibility of the auditors to report on the financial statements. Their report to the unitholders of the STANLIB Top 40 ETF is set out on page 7 and 8 of the financial statements.

The financial statements set out on page 9 to 22 which have been prepared on the going concern basis, were approved by the board of directors on 30 March 2015 and were signed on its behalf by:

Mr. C G Troskie
Director

Johannesburg
30 March 2015

Mr. T Gobalsamy
Director

Johannesburg
30 March 2015

Sizwe Ntsaluba Gobodo

AUDIT • ADVISORY • FORENSICS

REPORT OF THE INDEPENDENT AUDITORS

To the Directors of STANLIB Collective Investments Limited

We have audited the financial statements of the STANLIB TOP 40 ETF ("the collective investment scheme"), which comprise the statements of financial position as at 31 December 2014, and the statements of comprehensive income, the statements of changes in net assets attributable to unit holders and statement of cash flows, for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 22.

Directors' Responsibility for the Financial Statements

STANLIB Collective Investments Limited and its directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the respective Trust Deeds and the Collective Investments Schemes Control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion on the financial statements of the collective investment scheme.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the STANLIB TOP 40 ETF as at 31 December 2014, 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 respective Trust Deeds and the Collective Investments Schemes Control Act of South Africa.

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Supplementary Information

We draw your attention to the fact that the supplementary information set out from page 23 onwards do not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

SizweNtsalubaGobodo Inc.
Director: Dumisani Manana
Chartered Accountant (SA)
Registered Auditor

Woodmead
30 March 2015

STANLIB Top 40 ETF

Financial Statements for the year ended 31 December 2014

Statement of comprehensive income

	Note	2014 R'000	2013 R'000
Net income/(deficit)		**41,195**	**95,698**
Investment income	2	17,927	13,795
Income adjustments on creation and cancellation of units	13	1,691	-
Sundry income		157	-
Fair value gains/(losses) on financial instruments	3	21,420	81,903
Operating expenses	4	**(1,526)**	**(1,066)**
Net income/(deficit) for the year before finance costs		39,669	94,632
Finance costs		**(18,232)**	**(12,748)**
Distributions	15	(17,822)	(12,580)
Withholding tax expense		(410)	(168)
Total comprehensive income/(deficit) for the year		**21,437**	**81,884**

Statement of financial position

		2014 R'000	2013 R'000
Assets			
Financial instruments at fair value through profit and loss	5	746,474	510,952
Trade and other receivables	6	18	6,401
Cash and cash equivalents	7	4,559	2,723
Total assets		**751,051**	**520,076**
Liabilities			
Net assets attributable to unitholders		746,326	510,874
Trade and other payables	8	578	7,044
Distributions payable		4,147	2,158
Total liabilities		**751,051**	**520,076**

Statement of changes in net assets attributable to unitholders

	Note	Capital attributable to unitholders R'000	Income attributable to unitholders R'000	Total R'000
Balance at 01 January 2013		**429,070**	**(80)**	**428,990**
Total comprehensive income/(deficit) for the year		-	81,884	81,884
Transfer of fair value gains/(losses) not distributable	3	81,903	(81,903)	-
Net capital creation/(cancellation) of units	13	-	-	-
Balance at 01 January 2014		**510,973**	**(99)**	**510,874**
Total comprehensive income/(deficit) for the year		-	21,437	21,437
Transfer of fair value gains/(losses) not distributable	3	21,420	(21,420)	-
Net capital creation/(cancellation) of units	13	214,015	-	214,015
Balance at 31 December 2014		**746,408**	**(82)**	**746,326**

Statement of cash flows

	Note	2014 R'000	2013 R'000
Net cash inflows from operating activities		**23,571**	**20,465**
Cash generated from/(utilised in) operations	9	5,653	6,673
Interest received	10	492	331
Dividends received	11	17,426	13,461
Net cash flow from investing activities		**(221,608)**	**(7,585)**
Net sales/(purchases) of financial instruments		(221,608)	(7,585)
Net cash outflow from financing activities		**199,873**	**(12,114)**
Net creation/(cancellation) of units	13	215,706	-
Distributions paid	12	(15,833)	(12,114)
Net (decrease)/increase in cash and cash equivalents		**1,836**	**766**
Cash and cash equivalents at the beginning of the year		2,723	1,957
Cash and cash equivalents at the end of the year		**4,559**	**2,723**

Notes to the Annual Financial Statements

1. General Information

The STANLIB Collective Investment Scheme ("the Scheme") is registered in terms of Collective Investment Schemes Control Act (CISCA) as set out in the supplement Portfolio Trust Deed.

1.1 Basis of preparation

The financial statements are prepared in accordance with the requirements of the respective Trust Deeds and in accordance with the International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guides, and in the manner required by the Collective Investment Schemes Control Act of South Africa.

IFRS comprises International Financial Reporting Standards, International Accounting Standards, and Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC). The standards referred to are issued by the International Accounting Standards Board (IASB).

The following amendments to IFRSs have been applied in the current year and have affected the amounts reported in these financial statements.

New standards or Amendments to IFRSs

Standard	Details of Amendment	Annual periods beginning on or after
IAS 32: Financial Instruments Presentation (Amendment)	The amendment gives more clarity on disclosure requirements that are intended to help investors and other users to better assess the effect or potential effect of offsetting arrangements on a company's financial position	Applies retrospectively for annual periods beginning on or after 1 January 2014. Early adoption is permitted
IAS 39: Financial Instruments Recognition and Measurement-Novation of derivatives	The objective of the amendment is to provide an exception to the requirement for the discontinuation of hedge accounting in IAS 39 and IFRS 9 in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations.	Applies retrospectively for annual periods beginning on or after 1 January 2014. Early adoption is permitted
IFRS 13 Fair Value Measurement: (Amendment)	The objective of this amendment is to ensure that paragraphs relating to IFRS 9 and IAS 39 containing guidance related to the measurement of short-term receivables and payables with no stated interest rate at invoice amounts are adjusted.	Applies retrospectively for annual periods beginning on or after 1 July 2014. Early adoption is permitted
IAS 24 Related Party Disclosures: (Amendment)	The amendment is that an entity providing K M P services to the reporting entity should be disclosed as a related party of the reporting entity.	Applies retrospectively for annual periods beginning on or after 1 July 2014. Early adoption is permitted
IFRS 13: *Fair Value Measurement*: (Amendment)	The objective of this amendment is to clarify that the portfolio exception applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation*	Applies retrospectively for annual periods beginning on or after 1 July 2014. Early adoption is permitted

Notes to the Annual Financial Statements

New standards or Amendments to IFRSs (Continued)

Standard	Details of Amendment	Annual periods beginning on or after
IFRS 9 Financial Instruments	This is a new standard that is meant to replace IAS 39 Financial Instruments: Recognition and Measurement, when it becomes effective.	Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018
Disclosure Initiative (Amendments to IAS 1)	The amendments relate to the following: - materiality - order of the notes - subtotals; - accounting policies; and - disaggregation	Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016

Functional and presentation currency

These financial statements are presented in South African Rand, which is the Scheme's functional currency.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

1.2 Accounting policies

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous year.

1.3 Financial instruments

Recognition

Financial instruments are recognised on statement of financial position when, and only when, the Scheme becomes a party to the contractual provisions of the particular instrument.

Classification

The Scheme classifies all its investments upon initial recognition as financial assets carried at fair value through profit or loss.

The categories of financial assets and liabilities at fair value through profit or loss comprise:

- Financial assets classified as held for trading which are those that the Scheme acquired or incurred principally for the purpose of selling or repurchasing in the near term, or are part of a portfolio or identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
- Derivative instruments are classified as financial assets at fair value through profit or loss. Derivative instruments, including option and futures, are used to hedge against market and currency movements in the value of assets and liabilities. Hedge accounting is not applied.
- Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange – traded debt and equity instruments, unlisted open – ended investment funds, unlisted debt equity instruments and commercial paper. The financial instruments are managed and performance is evaluated on a fair value basis in accordance with the Scheme's investment mandate and are managed accordingly by the nominated asset manager.

Notes to the Annual Financial Statements

1.3 Financial Instruments (Continued)

Classification

Financial assets that are classified as loans and receivables include balances due from brokers, accrued interest income and accounts receivable. Financial liabilities that are not at fair value through profit or loss include balances due to broker, accounts payable, accrued expenses and financial liabilities arising on redeemable units.

Measurement

At initial recognition financial assets and liabilities are measured at fair value. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from the changes in their fair value are included in statement of comprehensive income for the period in which they arise. Dividend or interests earned on financial assets are included in statement of comprehensive income for the period in which they arise.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities, other than those designated as at fair value through profit or loss, are measured at amortised cost using effective interest rate method.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged cancelled or has expired.

The difference between the carrying amount of a financial instrument (or the partly thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

Regular way purchases

All purchases and sales of financial assets carried at fair value through profit or loss that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the Scheme commits to purchase or sell the asset.

Offsetting

The Scheme only offsets financial assets and financial liabilities at fair value through profit or loss if the Scheme has a legally enforceable right to set off the recognised amounts and either intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.4 Cash and cash equivalents

Cash and cash equivalents are short-term highly liquid instruments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and that are not held for investing purposes. Cash and Cash equivalents comprises of margin deposits, call and current deposits with banks, net of overdrafts. Cash and cash equivalents are measured at amortised cost.

1.5 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value.

1.6 Investment Income

Investment Income comprises:

- Interest on fixed income investments, money market investments, mutual funds and cash and cash equivalents; and
- Dividends from listed and unlisted equities.

Notes to the Annual Financial Statements

1.7 Interest income

Interest on fixed capital and money market investments at fair value through profit or loss is accrued on a time–proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.8 Dividend income

Dividend income is recognised when the Scheme's right to receive the payment has been established, normally being the ex-dividend date.

1.9 Securities lending fee income.

The fees earned for the administration of securities lending activities are accounted for on an accrual basis in the year in which the service is rendered. Assets subject to securities lending are not derecognised.

1.10 Taxation

Under the current system of taxation in South Africa, the Scheme is exempt from paying tax on income or capital gains that are distributed to investors, residual taxable income may be taxed in the portfolios. Both income and capital gains are taxed in the hands of the investor.

Withholding Tax (section 64D to 64N of the Income Tax Act) became applicable from 1 April 2012. It is imposed on unit holders at a maximum rate of 15% on the receipt of dividends. The scheme pays the gross dividends on distribution to the Management Company who is the regulated intermediary, who in turn withhold this tax based on the tax status of the unit holders. Where the fund is invested in instruments which incur foreign Withholding tax, the net dividend is received and the Withholding tax is withheld by the relevant foreign jurisdiction.

1.11 Expenses

Expenses are recognised in the statement of comprehensive income as and when incurred.

1.12 Impairment

Financial assets that are measured at amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. An impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write down, the decrease in impairment loss is reversed through the statement of comprehensive income.

1.13 Creations and cancellations

The management company undertakes to purchase any number of units offered to it at the price calculated in accordance with the requirements of the Collective Investment Schemes Control Act, 2002, as amended, and on the terms and conditions set forth in the Trust Deeds constituting the various funds.

1.14 Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders.

1.15 Critical accounting judgments and key sources of estimated uncertainty

In the application of the Scheme's accounting policies, management is required to make judgments, estimates and assumptions about carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Annual Financial Statements

	2014 R'000	2013 R'000
2. Investment income		
Total investment income	17,927	13,795
Dividends	17,426	13,461
Interest	501	334
3. Fair value gains/(losses) on financial instruments		
Total investment gains	21,420	81,903
Realised gains	7,506	7,634
Unrealised gains/(losses)	13,914	74,269
4. Operating expenses		
Total operating expenses	(1,526)	(1,066)
Audit fees	(5)	(73)
Bank charges	-	(4)
Custody charges	(62)	(24)
Sundry expenses	(1,432)	(956)
Trustee fees	(27)	(9)
5. Financial instruments		
5.1 Financial instruments comprise:		
Financial instruments held at fair value through profit and loss:	746,474	510,952
Listed equities	746,474	510,952
6. Trade and other receivables		
Trade and other receivables comprise of:	18	6,401
Investment debtors	-	6,392
Interest accrued	18	9
7. Cash and cash equivalents		
Cash and cash equivalents comprise of:	4,559	2,723
Current accounts - local	4,559	2,723

Notes to the Annual Financial Statements

	2014 R'000	2013 R'000
8. Trade and other payables		
Trade and other payables comprise of:	578	7,044
Investment creditors	-	6,517
Provision audit fees	38	67
Provision other	540	460
9. Cash flows from operating activities		
Total comprehensive income/(deficit) for the year	21,437	81,884
Adjustments for:	(1,796)	(1,215)
Dividend income	(17,426)	(13,461)
Interest received	(501)	(334)
Distributions	17,822	12,580
Income adjustments on creation/cancellation	(1,691)	-
Adjustments for non-cash items:	(13,914)	(74,269)
Fair value gains/(losses) on financial instruments	(13,914)	(74,269)
	5,727	6,400
Working capital changes:	(74)	273
(Increase)/decrease in trade and other receivables	6,392	(3,680)
Increase/(decrease) in trade and other payables	(6,466)	3,953
Cash generated from/(utilised in) operations	5,653	6,673
10. Interest received	492	331
Opening balance	9	6
Per the statement of comprehensive income	501	334
Less: closing balance	18	9
11. Dividends received	17,426	-
Opening balance	-	-
Per income statement	17,426	-
Less: closing balance	-	-
12. Distributions paid		
Total Distributions paid	15,833	12,114
Distributions payable at beginning of year	2,158	1,692
Per the statement of comprehensive income	17,822	12,580
Less: Unitholder's distribution payable at year end	4,147	2,158

Notes to the Annual Financial Statements

13. Net creation and cancellation of units

	Amount		Unit Movement		Units in issue	
	2014 R000's	2013 R000's	2014 000's	2013 000's	2014 000's	2013 000's
A	215,706	-	4,615	-	16,987	12,372
Net creation/(cancellation) of units	215,706	-				
Income adjustments on creation and cancellation of units	(1,691)	-				
Net capital creation/(cancellation) of units	214,015	-				

14. Unit Prices

The following table indicates the fluctuations in the price of the scheme's units during the year under review:

	Repurchase price (cents)					
	2014 Minimum	2014 Maximum	2014 last price	2013 Minimum	2013 Maximum	2013 last price
A	39.71	47.02	43.93	33.43	41.88	41.46

15. Income Distributions to unitholders quarterly

	2014	2013	2014	2013	2014	2013	2014	2013
	March		June		September		December	
A	12.71	11.43	43.04	30.79	40.07	42.19	24.41	17.51

Notes to the Annual Financial Statements

16. Nature and classification of the Scheme's portfolio

The Stanlib Collective Investment Scheme invests in a wide spread of financial instruments in terms of the unit portfolios' investment mandate and based on the Collective Investment Schemes Control Act of South Africa.

Nature of portfolios
The nature of the unit portfolios are determined by the trust deed. Unit portfolios are firstly classified in terms of their geographical location, secondly, by their underlying investments and thirdly by their main investment focus.

Geographically, unit portfolios are classified as follows:
- South African - these unit portfolios invest at least 70% of their assets in South African markets,
- Global - these unit portfolios invest at least 80% of their assets outside South Africa,
- Regional - These are portfolios that invest at least 80% of their assets outside South Africa in a specified geographical region, including Africa, other than South Africa.

In terms of the underlying investments, unit portfolios are classified as equity, fixed interest, real estate and asset allocation. This second tier is further sub-classified into specific sectors of the market. The definitions below have been sourced from the Association of Savings and Investment South Africa (ASISA).

South African Portfolios:

Equity Portfolios

Equity portfolios are collective investment portfolios that invest predominantly in shares listed on the Johannesburg Stock Exchange. These portfolios invest a minimum of 80% of the market value of the portfolios in equities at all times and generally seek maximum capital appreciation as their primary goal. All equity and derivative instruments must conform 100% to the defined investment requirement of each category. However:

- a minimum of 80% of the equity portfolio must, at all times, be invested in the JSE Security Exchange South Africa sector/s as defined by the category, and
- a maximum of 20% of the equity portfolio may be invested outside the defined JSE Securities Exchange South Africa sector/s

Equity – Large cap portfolios – These portfolios invest at least 80% of the market value of the portfolios in large market capitalisation shares which have a market capitalisation greater than or equal to the company with the lowest market capitalisation in the FTSE/JSE Top 40 Index, or an appropriate foreign index published by an exchange. 100% of share purchases must be in this investable universe at time of purchase.

The Stanlib Collective Investment Scheme's unit portfolio is categorised as follows:

Fund	**Geographical Classification**	**Asset class**	**Sector**
STANLIB Top 40 ETF	South African	Equity	Large Cap

17. Financial instruments and risk management

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

The objectives for managing the risks associated with financial instruments held for investment purposes as well as a brief description of the relevant risks and methods adopted to mitigate these risks are outlined in more detail below.

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The abovementioned risks have been addressed below in more detail.

Notes to the Annual Financial Statements

17. Financial instruments and risk management (continued)

Credit risk

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

Management monitors the scheme's exposure to credit risk on an ongoing basis through its credit risk committee and its internal compliance structures. The credit risk committee assigns an internal rating to each institution which may not be higher than the lowest rating from Fitch Rating, Standard and Poor's and Moody's Investor Services. This ensures compliance with the Collective Investment Schemes Control Act of South Africa and the investment mandate.

In terms of the Main Trust deed, the Management Company may engage in securities lending under section 85 of CISCA subject to the following limits and conditions:

- The securities lending must be beneficial to all investors;
- The management company may lend or offer to lend securities with value not exceeding 50% of the market value of securities included in the Scheme;
- The securities that may be loaned to one borrower are limited in accordance with the limits determined by the Registrar for the inclusion of money market instruments in the Scheme;
- Collateral security for the securities loaned must have an aggregate value that exceeds the market value of the securities loaned by not less than five percent at all times and may only consist of –
    - Cash; or
    - Other securities; or
    - A combination of cash and other securities.
- Securities may not be loaned for a period of more than 12 months; and
- Securities may not be loaned unless subject to a right of recall.

In terms of the securities lending agreements, it is the duty of the Management Company to take delivery of the collateral assets, any appropriate instruments of transfer or instruments of title in respect of these agreements. Collateral assets and instruments of transfer or title are held on behalf of, and for the benefit of, the principal as represented by the Stanlib Collective Investment Scheme.

The Scheme could be exposed to credit risk to the extent that inadequate collateral is held on the underlying assets. If a borrower fails to perform its obligations, the Scheme may be unable to recover the loaned securities. However, the Management Company only engages in securities lending with at least A-rated financial institutions.

In terms of CISCA, the Management company may, subject to the requirements of section 85, lend or offer to lend the assets included in a Scheme within the limits or on the conditions determined by the Scheme's Trust Deed. The Trustee of the Scheme give authority to the Management Company to lend or offer to lend securities with a value not exceeding 50% of the market value of all securities included in the Scheme. The Management Company has engaged in securities lending in respect of the securities held by the Scheme on this basis.

The maximum credit exposure, comprising of debtors and accrued income, bank balances, deposits and interest bearing securities amounts to:

	2014 R'000	2013 R'000
Stanlib Top 40 ETF	4,577	9,124

Notes to the Annual Financial Statements

17. Financial Instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations towards investors when they fall due. This is applicable to all unit portfolios, especially as unit holders cancel units on a daily basis.

Market risk

Market risk exists where significant changes in equity prices will affect the value of the Scheme's financial instruments. Certain unit portfolios are exposed to market risk as a result of investing in financial instruments in different sectors in the economy. The value of the underlying investment fluctuates due to changing economic factors and market expectations. Management ensures that exposures are in accordance with investment objectives and the trust deed.

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

- Currency risk
- Interest rate risk

The abovementioned risks have been addressed below in more detail.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to change in the foreign exchange rates. Currency risk

is not specifically managed. Management ensures that exposures are in accordance with investment objectives and the trust deed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. Fluctuations in the interest rates affect the market value of these financial instruments.

Management ensures that exposures are in accordance with investment objectives and the trust deed.

Risks associated with the ETF Scheme

The investment policy of the exchanged traded funds Stanlib Top 40 ETF is to track the FTSE/JSE Swix 40 Index as closely as possible, by buying only the index securities in the same weightings in which they are included in the Index and selling only securities which are excluded from the Index from time to time as a result of Quarterly Index Reviews or corporate actions or which are required to be sold to ensure that the Scheme holds index securities in the same weightings as they are in the Index. However the Scheme shall also be entitled at its discretion and only on a temporary basis: to employ such other investment techniques and instruments as will most effectively give effort to the object or investment policies of the Scheme. The Scheme will not be managed according to traditional methods of analysis and investing judgement. The scheme does not buy or sell securities for trading purposes or for any purpose other than to track the Index as closely as possible.

As a further objective, the securities held by the Scheme shall be managed to generate income for the benefit of the investors, i.e.

income is generated from scrip lending activities which is applied to reduce expenses and the related tracking error.

The Scheme will be adjusted as determined by the stipulations of the JSE's Index calculation methodology to conform to changes in the basket of securities comprising the relevant Stanlib Scheme so as to substantially reflect the composition and weighting of the securities comprising the Index at all times. It is recorded that the Scheme's ability to replicate the price and yield performance of the FTSE/ JSE Swix 40 Index will be affected by the costs and expenses incurred by the Scheme. Costs and expenses may result in the Index not being replicated perfectly by the Scheme.

Notes to the Annual Financial Statements

17. Financial instruments and risk management (continued)

Index risk

There is no assurance that the Index will continue to be calculated and published on the same or similar basis indefinitely. The Index was created by the JSE as a measure of market performance and not for the purposes of trading Scheme's Index securities. The past performance of the Index is not necessarily a guide to its future performance.

The Index may be adjusted from time to time as a result of mergers, re-organisations, schemes of arrangement or other corporate activity involving constituent companies. Any adjustments to the Index will be implemented as determined from time to time in terms of the relevant Index stipulations, for example, if a constituent company pays a special dividend.

The adjustments may require the removal of a constituent company from the Index and the substitution thereof with a new constituent company while at the same time, if necessary, adjusting the base level. The adjustments to the Schemes will be made in such a way that the Schemes will remain substantially aligned with the Index level at all times.

A one percent increase in the value of the assets will results in a profit of R7.5m and a one percent decrease will result in a loss of R7.5m.

Investment risk

There can be no assurance that the Schemes will achieve its objectives of replicating the price and yield performance of the indices.

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

- Certain costs and expenses incurred by the Schemes could cause the underlying Portfolios to miss-track against the indices;
- Temporary unavailability of securities in the secondary market or other extraordinary circumstances could cause deviations from the exact weightings of the indices;

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

Stanlib Index securities are listed instruments, they are bought and sold on the JSE through the JSE member. The participatory interest can be sold to the Management Company, 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 Stanlib participatory interests at prices around NAV 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 Stanlib securities from the market makers.

18. Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

Fair value hierarchy of financial assets at fair value through profit or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and securities) are based on quoted market prices at the close of trading on the year end date.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurement are those derived from 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); and
- 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).

Notes to the Annual Financial Statements

18. Fair value information (continued)

2014	Carrying amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Assets				
Financial instruments at fair value through profit and loss:				
Listed equities	746,474	746,474		
Cash and cash equivalents	4,559		4,559	
	751,033	746,474	4,559	-

2013	Carrying amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Assets				
Financial instruments at fair value through profit and loss:				
Listed equities	510,952	510,952		
Cash and cash equivalents	2,723		2,723	
	513,675	510,952	2,723	-

19. Related Parties

Management Company

The Schemes have appointed Stanlib Collective Investments Limited to implement strategy as specified in the various trust deeds and to provide administrative services.

In terms of the Investment Management agreement, the Management Company receives a management fee, monthly in arrears, based on the daily assets under management.

Management fees paid to the Management Company are disclosed in the statement of comprehensive income of the scheme and the balance outstanding forms part of the accrued expenses line item in the statement of financial position of the Scheme.

Controlled entity

The Scheme is deemed to be controlled by parties holding more than 50% of the units of the Scheme at reporting date. As at 31 December 2014, the Scheme was controlled by Liberty due to a 85% (2013:79%) interest held.

SOCIETE GENERALE
Securities Services

STANLIB
17 Melrose Boulevard
Melrose Arch
Johannesburg
South Africa
2196

17 March 2015

Attention: Louise Pillay

Stanlib ETF Collective Investment (Pty) Ltd Year end 31 December 2014.

We, Société Générale, in our capacity as trustee of the Scheme, hereby confirm that as required in terms of Section 70(3) of the Collective Investment Schemes Control Act of 2002, (the "Act"), we have satisfied ourselves that every income statement, balance sheet and other returns prepared by the manager of the Scheme in terms of Section 90 of the Act fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administrated by the manager, for the period 01 January 2014 to 31 December 2014

Yours sincerely

Jean-Louis Bernardo
Managing Director

Andrew Willcox
Chief Operating Officer

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Total Expense Ratio's (TER's)

	TER Ratio's	
	2014	**2013**
A	0.23	0.24