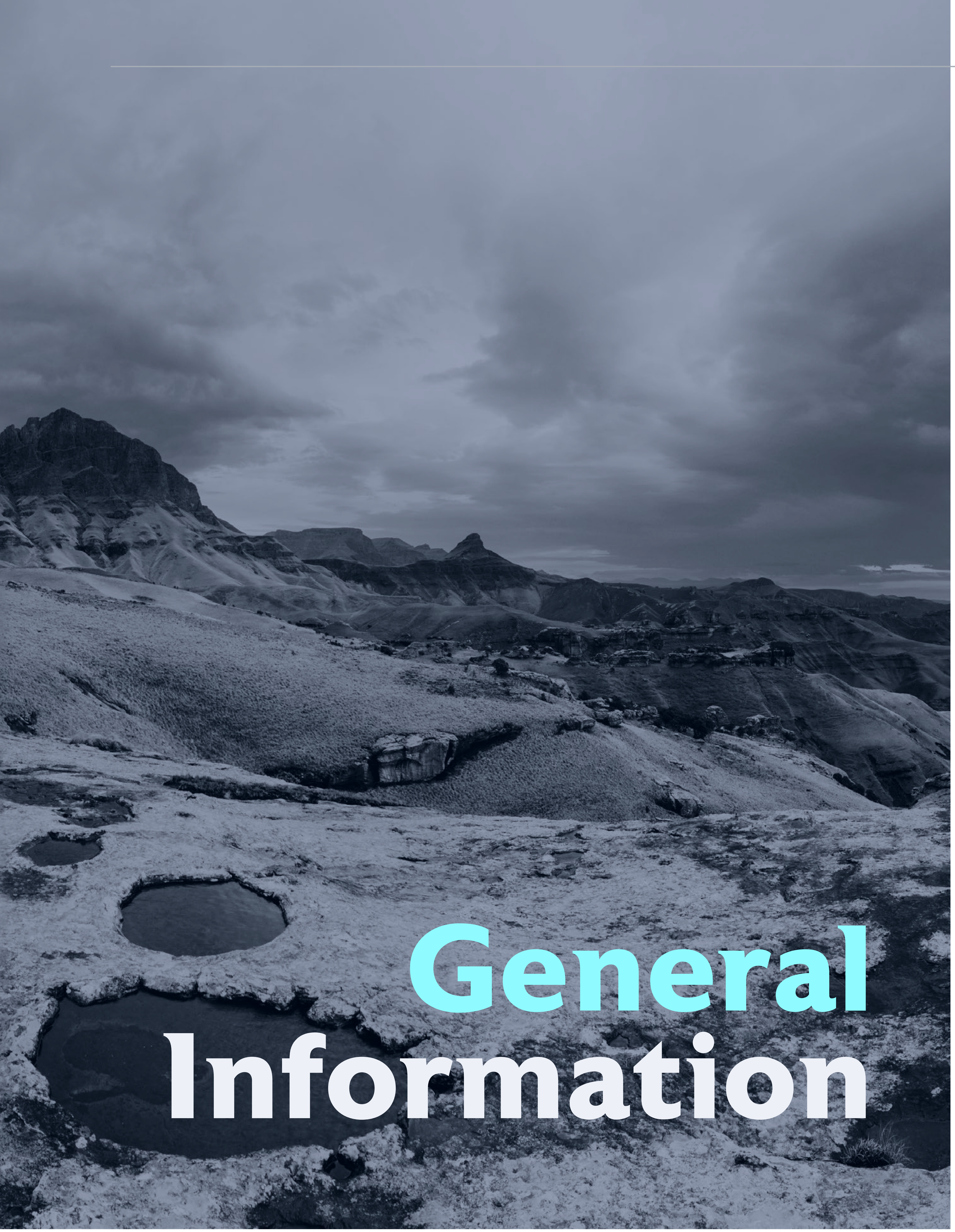
STANLIB

Lesotho Income Fund

Annual Financial Statements for the year ended 31 December 2023

Issued 26 March 2024



General Information

Country of incorporation and domicile	Lesotho
Nature of business and principal activities	Collective Investment Scheme
Directors of the Management Company	K Mofelehetsi M Mantsoe Ntaopane J Mnisi M Sebolaoa S Monyamane M Mohapi P Mamathuba
Management company registered office	STANLIB Lesotho (Pty) Ltd Ground Floor, MGC Office Park Cnr Pope John Paul II, Mpilo Boulevard Maseru, Lesotho
Trustees	Minet Lesotho Minet House, 4 Bowker Road, Maseru
Auditors	Sheeran & Associates Chartered Accountants (Lesotho) No 1 Rosah Villa Katlehong Near Maseru Mall Pope John Paul II and Katlehong Road, Maseru
Issued	26 March 2024

Contents

Management Company Directors' Report

The directors have-pleasure in submitting their report on the annual financial statements of STANLIB Lesotho Income Fund for the year ended December 31, 2023.

1. Incorporation

The Fund was incorporated on September 1, 2006 and obtained its certificate to commence business on the same day.

The Fund is domiciled in Lesotho where it is incorporated as an open ended Fund by issuance of units under the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018. The address of the registered office is set out on page 2.

2. Nature of business

STANLIB Lesotho Income Fund was incorporated in Lesotho and the Fund operates in Lesotho.

The principal activities of the fund are to invest in Interest bearing instruments, unit trust and cash.

There have been no material changes to the nature of the Fund's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with IFRS® Accounting Standards and the requirements of the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018. The accounting policies have been applied consistently compared to the prior year.

The Fund recorded a net profit in net assets attributable to unitholders from operations after tax for the year ended December 31, 2023 of M 6,491,816. This represented an increase of 751% from the net profit in net assets attributable to unitholders from operations after tax of the prior year of M872,063.

Fund investment income increased by 59% from M113,510,717 in the prior year to M180,135,185 for the year ended December 31, 2023.

Fund cash flows utilised in operating activities decreased by 361% from M69,583,228 in the prior year to M(23,604,469) for the year ended December 31, 2023.

4. Creation and cancellation of units

	2023	2022
Authorised	**Number of shares**	
Class A	524,671	484,032
Class B1	1,454,137	1,460,225

	2023	2022	2023	2022
Issued	**M**	**M**	**Number of units**	
Class A	38,702,179	40,557,958	40,638,068	43,014,143
Class B1	(7,928,916)	47,877,945	(6,087,658)	51,555,971
	30,773,263	**88,435,903**	**34,550,410**	**94,570,114**

Refer to note 6 of the annual financial statements for detail of the movement in units in issue and capital attributable to unitholders.

5. Income distributions to unitholders

The fund's income distributions policy is to distribute available income to unitholders as per trust deed in respect of each financial year. This is done bi-annually.

Distribution per unit of 4 cents per unit (cpu) was declared in Lesotho currency on June 30, 2023 and paid on July 3, 2023. This distribution equated to a total of M37,356,262 (2022:M20,134,944).

Distribution per unit of 5 cents per unit (cpu) was declared on December 29, 2023 in Lesotho currency in respect of the year ended December 31, 2023. The was distribution paid on January 2, 2024 to unitholders recorded in the register of the Fund on December 29, 2023.

6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report..

7. 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

The directors believe that the Fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors are satisfied that the Fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Fund. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

The an increase year reviewed the budgets and cash flow forecasts for the next 12 months, as well as the current liquidity and solvency position of the year and do not believe that the profit has adequate financial resources to continue in operation for the foreseeable future. The company profit have accordingly not been prepared on the going concern basis.

8. Statement of disclosure to the fund's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the Fund's auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the Fund's auditors are aware of that information.

9. Terms of appointment of the auditors

Sheeran & Associates Chartered Accountants (Lesotho) were appointed as the Fund's auditors at the general meeting held on November 23, 2023. Included in profit for the year is the agreed auditors' remuneration of M120,671.

10. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on March 26, 2024. No authority was given to anyone to amend the annual financial statements after the date of issue.

Management Company Directors' Responsibilities and Approval

The directors of the management are required in terms of the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS® Accounting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS® Accounting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors of the management acknowledge that they are ultimately responsible for the system of internal financial control established by the company of the Fund and place considerable importance on maintaining a strong control environment. To enable the directors of the management to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the management company and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the directors of the management is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the directors of the management endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

- STANLIB Lesotho (Pty) Ltd 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.

The directors of the management are of the opinion, based on the information and explanations given by management, that the

system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute,assurance against material misstatement or loss.

The directors of management company have reviewed the Fund's financial position as at the 31 December 2023 and, in light of this review and the current financial position, they are

satisfied that the Fund has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Fund's annual financial statements. The annual financial statements have been examined by the Fund's external auditors and their report is presented on pages 7 to 8.

The annual financial statements set out on pages 11 to 33, which have been prepared on the going concern basis, were approved by the board of directors on March 26, 2024 and were signed on their behalf by:

Approval of financial statements

K Mofelehetsi **M Mohapi**

Ground Floor, MGC Office Park
Cnr Pope John Paul II, Mpilo Boulevard
Maseru
Lesotho

26 March 2024

Independent Auditors Report

STANLIB LESOTHO

SHEERAN & ASSOCIATES
Chartered accountants (Lesotho)

No 1 Rosah Villa
Katlehong Near Maseru Mall
Pope John Paul II and
Katlehong Road
Maseru

Postal Address
Private Bag A420
Maseru 100
Lesotho

Telephone (00266) 2231 7169
Fax (G3 auto) (00266) 2232 7927
Email reception@sheeranandassociates.com

Independent auditor's report

To the members of STANLIB Lesotho Income Fund

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 STANLIB Lesotho Income Fund (the Fund) as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

STANLIB Lesotho Income Fund's financial statements set out on pages 10 to 36 comprise:

- the statement of financial position as at 31 December 2023;
- the comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- significant accounting policies;
- the notes to the financial statements.

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 Fund in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code).* We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the Fund Information page, Contents page, Management Company Directors' Report on page 3 to 4, Management Company Directors' Responsibilities and Approval on page 5 and the Trustees' report on page 9. 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, 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

Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards 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 Fund'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 Fund 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

- Conclude on the appropriateness of 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 Fund'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 Fund 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 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.

Sheeran & Associates

SHEERAN & ASSOCIATES
Chartered Accountants (Lesotho)

Date: 26 March 2024

Trustee Report

STANLIB LESOTHO

Minet

Global Network Correspondent

14 February 2024

The Registrar of the Collective Investment Schemes
The Central Bank of Lesotho
P O Box 1184
Maseru
Lesotho

Dear Sir/Madam,

REPORT OF THE TRUSTEE OF THE STANLIB LESOTHO INCOME FUND TO THE REGISTRAR OF THE COLLECTIVE INVESTMENT SCHEME

We have reviewed the books and records of the STANLIB Lesotho Income Fund for the year ended 31st December 2023 intending to report on the compliance by the Management of the Trust with Sections 38, 39, and 40 of the Central Bank of Lesotho (Collective Investment Schemes) Regulations of 2018.

In terms of Section 38 of the same regulations, we have enquired into the administration of the scheme by the Management of the Fund in terms of observing the limitations imposed on the investment and borrowing powers.

We do review monthly, by verification, the administration of the Collective Investment Scheme.

It is therefore our opinion that based on the information received; STANLIB Lesotho Income Fund was managed in accordance with the requirements of Sections 38, 39, and 40 of the Collective Investment Scheme Regulations of 2018.

Minet Lesotho (Pty) Ltd
Trustees of STANLIB Lesotho Income Fund

Retselisitsoe Leboela
Chief Executive Officer

Cc: The Managing Director – STANLIB Lesotho

Risk. Reinsurance. People.

Minet Lesotho (Pty) Limited Risk Consultants and Insurance Brokers | Investment Consultants | Healthcare & Retirement Funding Consultants | Registration Number I69/10 | Authorised Financial Services Provider
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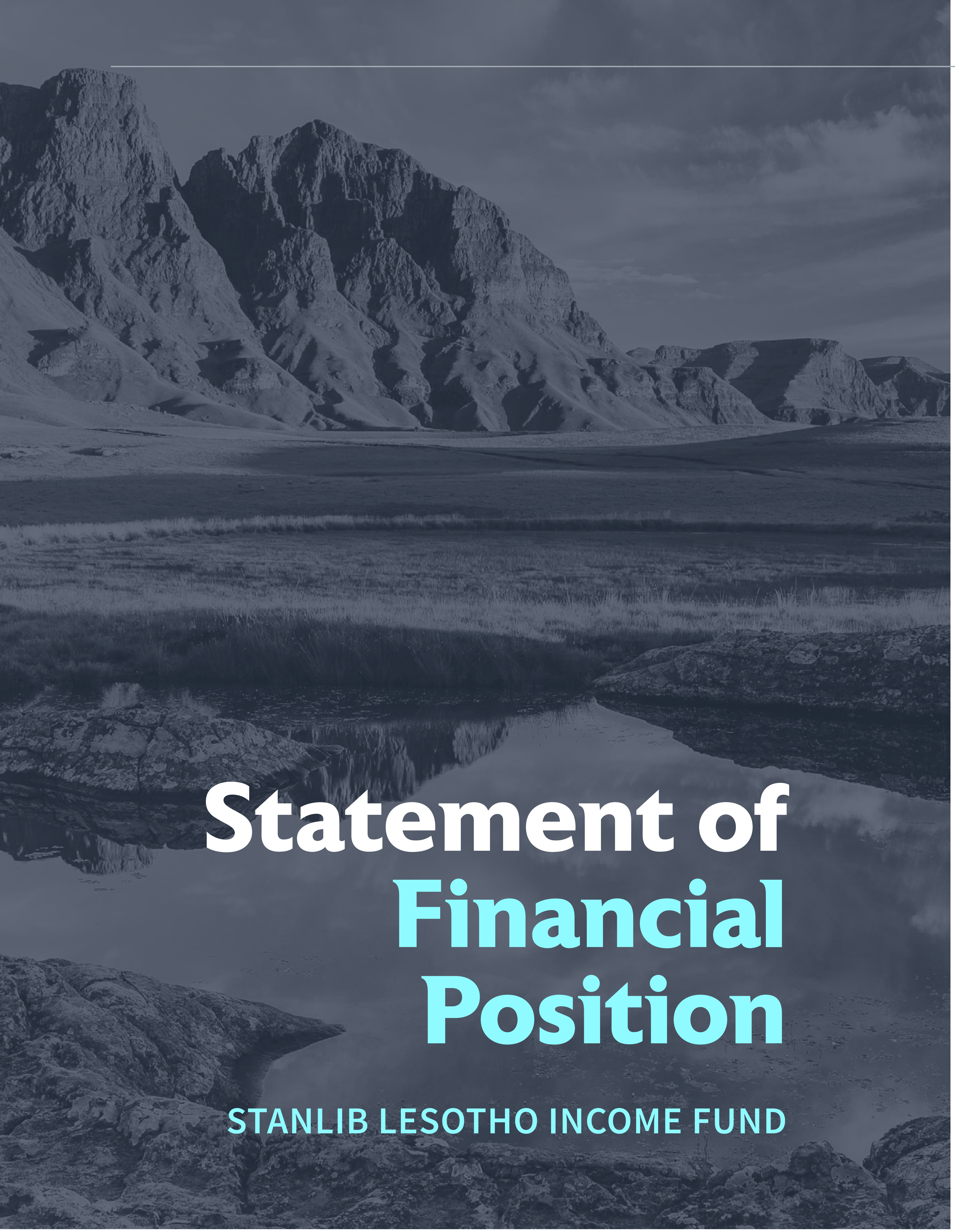
t +266 22 313 540 | f +266 22 310 033 | www.minet.com
Directors: Mr J N O Onsando Chairman, Mr D M H J Schuurmans, Mr R D Kooijman, Mrs. L. Mohapeloa, Mr. J. Mawere, Mr R Leboela Chief Executive Officer, Mrs. T Mokele

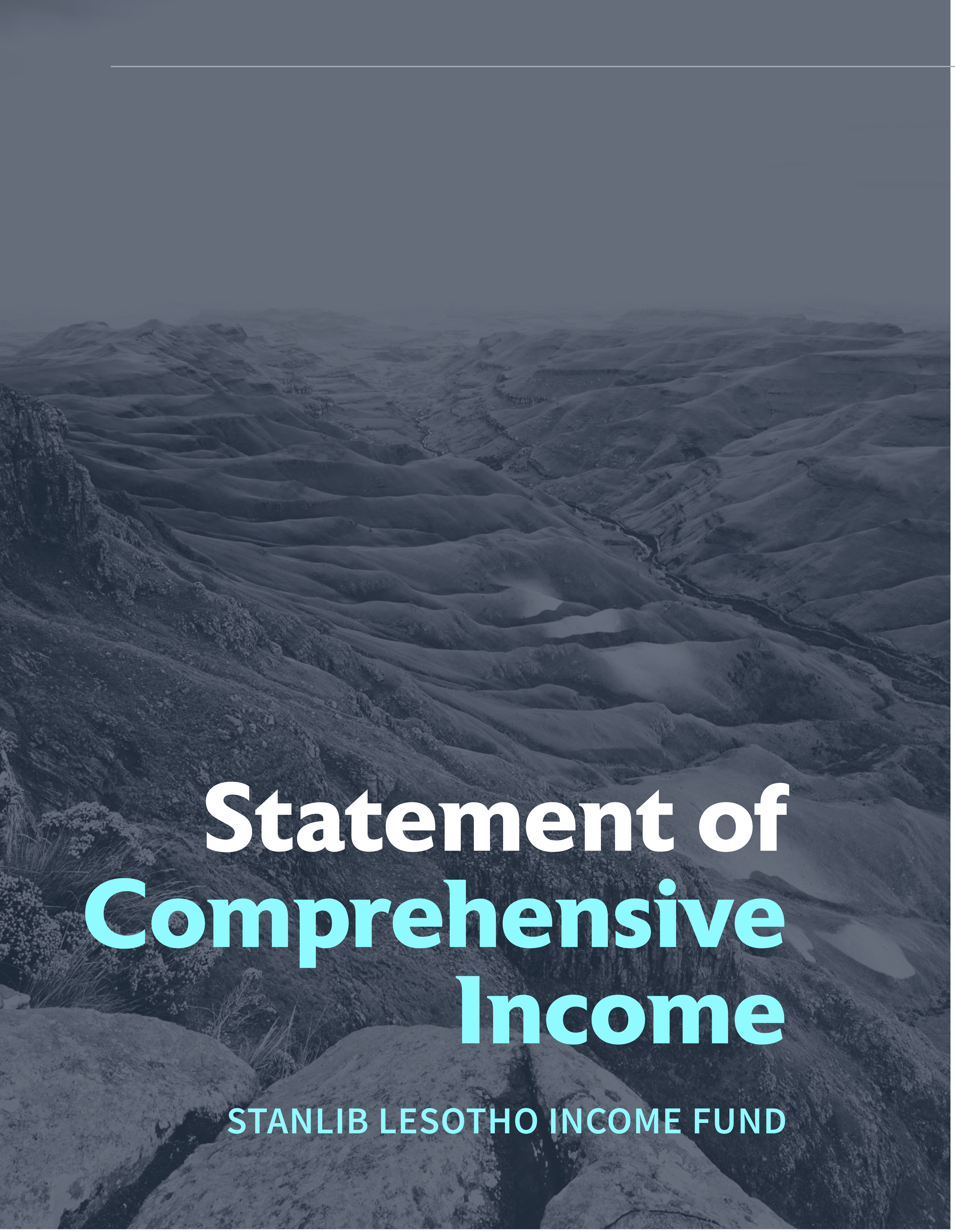


Statement of Financial Position

STANLIB LESOTHO INCOME FUND

	Note(s)	2023 M	2022 M
Assets			
Current Assets			
Financial assets at fair value through profit or loss	3	1,920,168,248	1,732,832,816
Trade and other receivables	4	36,315	
Cash and cash equivalents	5	10,024,560	143,766,289
Total Assets		**1,930,229,123**	**1,876,599,105**
Equities and Liabilities			Equ
Current Liabilities			
Trade and other payables	7	1,808,524	2,607,849
Distributions payable to unitholders		45,989,305	28,825,041
Total liabilities excluding net assets attributable to unltholders		**47,797,829**	**31,432,890**
Net assets attributable to unitholders	6	**1,882,431,294**	**1,845,166,215**

The accounting policies on pages 14 to 19 and the notes on pages 20 to 33 form an integral part of the annual financial statements.

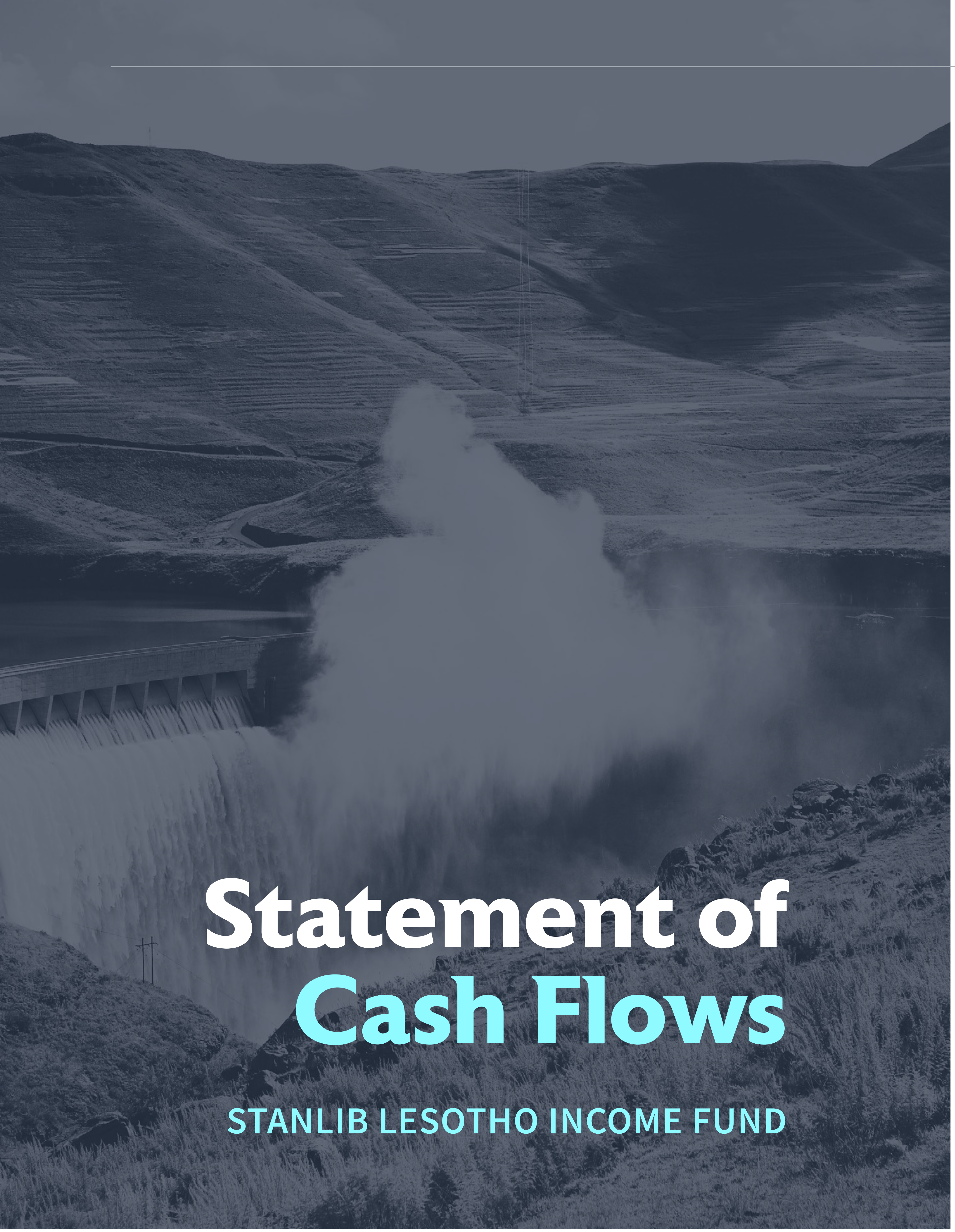


Statement of Comprehensive Income

STANLIB LESOTHO INCOME FUND

	Note(s)	2023 M	2022 M
Investment income	8	180,135,185	113,510,717
Other operating income	9	290,745	2,410
Fair value gains on financial assets	10	5,214,837	1,162,102
Operating expenses	11	(21,181,514)	(20,745,530)
Operating income attributable to unitholders before distributions	11	**164,459,253**	**93,929,699**
Income distributions to unitholders	12	(157,913,650)	(92,978,642)
Operating income attributable to unitholders before taxation		**6,545,603**	**951,057**
Withholding taxes expense	14	(53,787)	(78,994)
Increase in net assets attributable to unitholders from operations		**6,491,816**	**872,063**

The accounting policies on pages 14 to 19 and the notes on pages 20 to 33 form an integral part of the annual financial statements.



Statement of Cash Flows

STANLIB LESOTHO INCOME FUND

	Note(s)	2023 M	2022 M
Cash flows from operating activities			
Cash (utilised in) operations	15	(202,164,404)	(42,644,813)
Interest received		178,559,935	112,228,041
Net cash (utilised in) operating activities		**(23,604,469)**	**69,583,228**
Cash flows from financing activities			
Gross creation of units	6	527,635,151	662,299,403
Gross (cancellations) of units	6	(495,524,314)	(573,863,500)
Income adjustments on creation and cancellation of units		(1,498,711)	(2,430,944)
Distributions paid to unitholders		(140,749,386)	(82,755,802)
Net cash from financing activities		**(110,137,260)**	**3,249,157**
Total cash movement for the year		**(133,741,729)**	**72,832,385**
Cash and cash equivalents at the beginning of the year		143,766,289	70,933,904
Cash and cash equivalents at the end of the year	5	**10,024,560**	**143,766,289**

Significant Accounting Policies

STANLIB LESOTHO INCOME FUND

FUND INFORMATION

STANLIB Lesotho Income Fund is a collective investments scheme incorporated and domiciled in Lesotho.

STANLIB Lesotho Income Fund (“the Fund”) is registered in terms of Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018 as set out in the Supplementary Portfolio Trust Deed.

STANLIB Lesotho (Pty) Ltd is the management company of the Scheme, the company is appointed by the scheme to manage the operations of the fund. Minet Lesotho is the Trustee.

The annual financial statements for the year ended December 31, 2023 were authorised for issue in accordance with a resolution of the directors on March 15, 2024.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS® Accounting Standards and international Financial Reporting Standards Interpretations Committee (“IFRS IC”) interpretations issued and effective at the time of preparing these annual financial statements and the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018..

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Maloti, which is the fund’s functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note International Financial Reporting Standards.

1.2 Financial instruments

Financial instruments held by the Fund are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the Fund, as applicable, are as follows:

Financial assets which are equity instruments:

- Default at fair value through profit or loss;

Financial assets which are debt instruments:

- Amortised cost. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows.
- Designated at fair value through profit or loss. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows and for sale during the holding period. This applies to investment in the exchange - interest bearing instruments or government bonds. The financial instruments are managed and performance is evaluated on a fair value basis in accordance with the fund’s investment mandate and are managed accordingly by the nominated asset manager.

Financial assets that are classified as debt instruments at amortised cost include accrued interest income, investment debtors, rebates and cash and cash equivalents. Those at fair value through profit or loss includes interest bearing instruments which are government bonds.

Financial liabilities:

- Amortised cost. Financial liabilities at amortised cost include distribution payables, investment creditors, accrued expenses and financial liabilities arising on redeemable units.
- Designated at fair value through profit or loss. This classification is applied when it eliminates or significantly reduces an accounting mismatch; the liability is a financial instruments managed on a fair value basis. This is the Net assets attributable to unitholders, which is a puttable financial instrument arising on redeemable units and mandatory distributions of income.

Note 18 Financial instruments and risk management presents the financial instruments held by the fund based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. It is a market practice that financial assets are delivered on trade date, which is the confirmations date by the brokers and settled with the broker on trade date plus three days.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Fund are presented below:

Financial assets at amortised cost

Classification

Financial assets at amortised cost, are classified as financial assets which are debts instruments subsequently measured at amortised cost.

Financial assets at amortised cost comprise of trade and other receivables and cash and cash equivalents.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the fund's business model is to collect the contractual cash flows on financial assets at amortised cost.

Amounts due from investment debtors represent receivables for securities sold that have been contracted for but not yet settled on the statement of financial position. The investment debtors balance is held for collection by the fund.

Recognition and measurement

Financial assets at amortised cost which are trade and other receivables are recognised when the fund becomes a party to the contractual provisions of the trade and other receivables of the particular instrument. They are measured, at initial recognition, at fair value plus transaction costs, if any.They are subsequently measured at amortised cost using the effective interest rate method.

Financial assets at amortised cost which are cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially measured at fair value and subsequently recorded at amortised cost.

The amortised cost is the amount recognised on the financial assets at amortised cost initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash repayments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the amortised cost of a financial asset.

Impairment

The fund recognises a loss allowance for expected credit losses on financial assets at amortised cost, excluding prepayments. The amount of expected credit losses is updated at each reporting date.

At each reporting date, the Fund measures the loss allowance on amounts due from broker or counterparty at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker or counterparty, probability that the broker or counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 3 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

Significant increase in credit risk
IIn assessing whether the credit risk on a financial assets at amortised cost or group of financial assets at amortised cost has increased significantly since initial recognition, the fund compares the risk of a default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic

expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a financial assets at amortised cost is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the fund has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Write off policy
The fund writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets at amortised cost written off may still be subject to enforcement activities under the fund recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses
The counterparties base is diverse with significantly different loss patterns for different counterparties segments. The fund aggregates counterparties segments which share similar credit risk characteristics for purposes of determining the credit loss allowance.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of financial assets at amortised cost, through use of a loss allowance account. The impairment loss is included in impairment expenses in profit or loss as a movement in credit loss allowance.

Credit risk
Details of credit risk are included in the trade and other receivables note (note 4) and the trade and other payables note (note 7).

Derecognition
Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of financial assets at amortised cost is included in profit or loss in the realised gains/(losses) line item (note 10).

Investments in debt instruments at fair value through profit or loss

Classification
Certain investments in debt instruments are classified as at fair value through profit or loss. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, or the objectives of the fund business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

The fund hold investments in debt instruments which are designated at fair value through profit or loss.

The fund has mandatory investments in debt instruments as at fair value through profit or loss. The reason for the mandatory is to reduce or eliminate an accounting mismatch which would occur if the instruments were not classified as such. Refer to note 6) for details.

Recognition and measurement
Investments in debt instruments at fair value through profit or loss are recognised when the fund becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses are included in fair value gains (losses) (note 10). Details of the valuation policies and processes are presented in note 19.

Interest received on debt instruments at fair value through profit or loss are included in investment income (note 8).

Impairment
Investments in debt instruments at fair value through profit or loss are not subject to impairment provisions.

Measurement and recognition of expected credit losses
The counterparties base is diverse with significantly different loss patterns for different counterparties segments. The fund aggregates counterparties segments which share similar credit risk characteristics for purposes of determining the credit loss allowance.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of financial assets at amortised cost, through use of a loss allowance account. The impairment loss is included in impairment expenses in profit or loss as a movement in credit loss allowance (note 10).

Write off policy
The Fund writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Fund recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk
Details of credit risk are included in the trade and other receivables note (note 4) and the financial instruments and risk management note (note 18).

Derecognition
Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the realised gains(losses) on financial assets.

Financial liabilities

Classification
Financial liabilities at amortised cost comprise of distribution payables, investment creditors, accounts payables, accrued expenses or provisions for expenses and financial liabilities arising on redeemable units.

Recognition and measurement
They are recognised when the fund becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If financial liabilities at amortised contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in income distributions to unitholders (note 12).

Trade and other payables expose the Fund to liquidity risk and possibly to interest rate risk. Refer to note 18 for details of risk exposure and management thereof.

Derecognition
Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Financial liabilities at fair value through profit or loss

Classification
Financial liabilities which are classified as financial liabilities at fair value through profit or loss are classified as such to avoid accounting missmatch.

They are designated at fair value through profit or loss and consists of the Net assets attrbutable to unitholders, which is a puttable financial instrument arising on redeemable units and due to mandatory distributions of income.

The Fund, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented fund mandate and in line with the fund trust deed.

Recognition and measurement
Financial liabilities at fair value through profit or loss are recognised when the Fund becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. the are no transaction costs pertaining to unit in issue, the unitholders pay in advance for income accrued in the fund to equalise income distributions when the funds distribute to unitholders as per trust deed. this is recognised in retained income attributable to unitholders and is distributable to unitholders.

Income paid on financial liabilities at fair value through profit or loss is included in income distributions to unitholders (note 12).

Derecognition
Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

The units in issue are redeemable instruments and are derecognised when the unitholders put back their units at the net asset value applicable at the time of repurchase.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets
The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds ceceived.

Financial liabilities
The Fund derecognises financial liabilities when, and only when, the Fund obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets
The Fund only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.3 Tax

Tax expenses

Under the current system of taxation in Lesotho, the fund is exempt from paying tax on income or capital gains that are distributed to unitholders to the extent that income is distributed to the unitholders. residual taxable income may be taxed in the portfolios. Both income and capital gains are taxed in the hands of the unitholders.

Income from certain countries of origins other than Lesotho is subject to withholdings tax and income is recognised gross of the taxes and corresponding withholding tax is recognised as an expense in the same period in profit or loss or where such income is recognised.

1.4 Fair value gains or losses on financial assets

Fair value gains or losses consists of realised gains or losses when financial assets are sold during the year and unrealised gains or losses on financial assets held at year end. Both realised and unrealised gains or losses are capital in nature and are not distributed to unitholders as part of net investment income attributable to unitholders during the year.

1.5 Critical accounting estimates and judgements in applying accounting policies

No significant accounting estimates and judgements have been applied in the annual financial statements of the Fund. All investments at FVPL are measured at fair value based on quoted prices in active markets and do not require the use of judgement or estimates.

1.6 Creation and cancellations of units

The Management Company can purchase any number of units at the price calculated in accordance with the requirements of the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018, as amended, and on the terms and conditions set forth in the Trust Deeds constituting the various funds. No preferencial price is granted to management company when units are being issued by the fund.

Income not distributed is included in net assets attributed to unitholders.

Net assets attributable to unitholders are a residual interest after deducting other financial liabilities from financial assets. it is also classified as a liability due to nature of redeemable units at a holder's option and the fund must make distributions of income to unitholders.

An adjustment to income arises on the creation and cancellation of units since the price of a unit includes accrued income and expenses. The income adjustment on creation or cancellation of units is recognised as part of the creation or redemption of unitholder interests and disclosed within the note of net assets attributable to participatory interest holders, when units on which it arises are either purchased or sold as these form part of the cash flow on unit transactions.

1.7 Investment income

The Fund recognises investment income from the following major sources:

- Interest on interest bearing instruments; and
- Interest on cash and cash equivalents and unit trusts.

Interest on cash and cash equivalents and debt instruments 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.

Interest on unit trusts is recognised when the underlying unit trust distributes which is the date when the fund's right to receive the payment.

1.8 Sundry (expense)/income

Sundry (expense)/income are profits and losses due to adjustments of accruals and any rebate a fund received during the year.

1.9 Expenses

Expenses are recognised in the statement of comprehensive income as incurred. These are operating expenses and transactions fees as permissible as per Act and incured by the fund during the period. They comprises of: Audit fees, Bank charges.Trustees fees, Custody fees and Management fees, valuation fees and transaction fees incured when trading financial instruments..

1.10 Increase/decrease in net assets attributable to unitholders

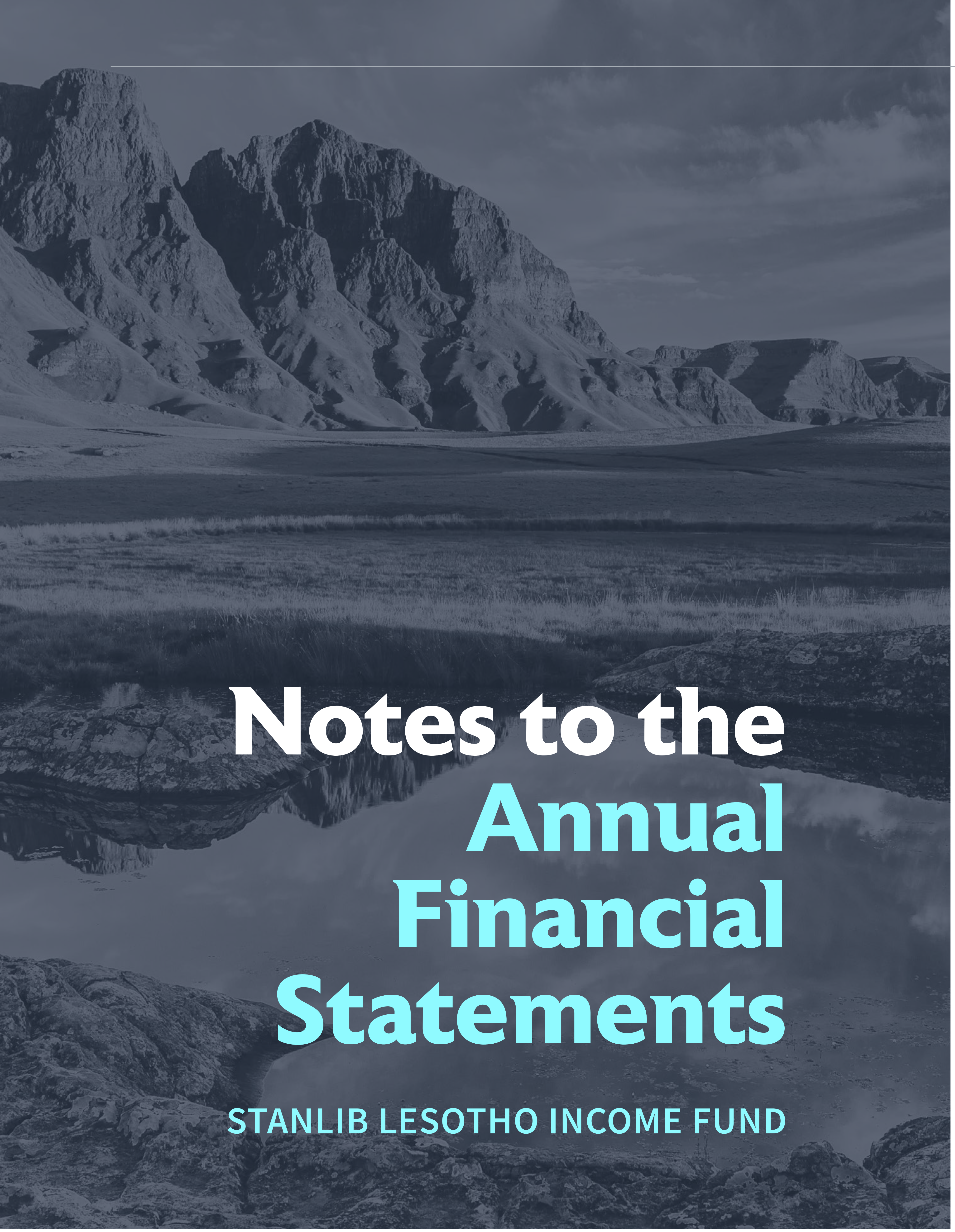
Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to holders of redeemable shares are recognised in the statement of comprehensive income.

1.11 Financing costs

All financing costs are recognised as an expense in the period in which they are incurred, this includes interest charged on overdraft within the limit as agreed with respective trustees.

1.12 Income distributions to unitholders

Proposed distributions to unitholders are recognised in the statement of comprehensive income when they are appropriately authorised and no longer at the discretion of the Fund. This typically occurs when proposed distribution is approved by the Management Company. The distribution to unitholders is recognised as an expense in the statement of comprehensive income.



Notes to the Annual Financial Statements

STANLIB LESOTHO INCOME FUND

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2
IAS 1 was amended to require that only material accounting policy information shall be disclosed in the annual financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after January 1, 2023.

The company has adopted the amendment for the first time in the 2023 annual financial statements. The impact of the amendment is not material.

Standard/ Interpretation:
Definition of accounting estimates: Amendments to IAS 8
The definition of accounting estimates was amended so that accounting estimates are now defined as “monetary amounts in annual financial statements that are subject to measurement uncertainty.”

The effective date of the amendment is for years beginning on or after January 1, 2023.

The company has adopted the amendment for the first time in the 2023 annual financial statements.

The impact of the amendment is not material.

Standard/ Interpretation:
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1
The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after January 1, 2023.

The company has adopted the amendment for the first time in the 2023 annual financial statements. The impact of the amendment is not material.

3. Financial assets

	2023 M	2022 M
Investments held by the Fund which are measured at fair value, are as follows:		
Unit trusts at fair value through profit or loss	756,402,992	897,463,926
Debt instruments at fair value through profit or loss	1,163,765,256	835,368,890
	1,920,168,248	**1,732,832,816**
Mandatorily at fair value through profit or loss		
Unit trusts	756,342,195	896,852,261
Interest receivable on unit trusts	60,797	611,665
Interest bearing instruments	1,130,889,117	825,802,481
Interest receivable on interest bearing instruments	32,876,139	9,566,409
	1,920,168,248	**897,463,926**

Fair value information

Refer to note 19 Fair value information for details of valuation policies and processes.

Credit quality of other financial assets

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

The regulatory ratings reported is the lowest rating assigned by a Rating Agency. (i.e. if more than 1 rating agency rates an issuer then the most conservative (lowest) rating is selected as the Stanlib rating.

An obligation rated 'AAA' has the highest rating. The obligor's capacity to meet its financial commitments on the obligation is extremely strong. ('AAA+' and 'AAA- applies the same definition).

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitments on the obligation is very strong. ('AA+' and 'AA-') applies the same definition).

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong. ('A+' and 'A- applies the same definition).

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation. ('BBB+' and 'BBB- applies the same definition).

Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions. ('BB+', 'BB-', 'B+', 'B-', 'B1', 'B2', 'CCC+', 'CCC-', 'CC+', 'CC-', 'C+' and 'C-' applies the same definition).

Debt securities at fair value through profit or loss

	2023 M	2021 M
Credit rating		
AAA	88,707,919	150,366,762
AA	887,492,524	431,603,750
A	187,401,219	253,398,378
Not Rated	163,594	-
	1,163,765,256	**835,368,890**

4. Trade and other receivables

Financial instruments: at amortised cost

	2023	2022
	M	M
Trade receivables	36,315	-
Total trade and other receivables	**36,315**	**-**

Exposure to credit risk

Trade receivables inherently expose the Fund to credit risk, being the risk that the Fund will incur financial loss if trades counterparties and brokers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the fund only deals with reputabe brokers with consistent payment histories and creditworthy. The exposure to credit risk and the creditworthiness of brokers and counterpartes, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

Trade receivables arise from both financial assets sales and dividends accrued from such financial assets held and cash in bank and interest accrued thereoff on cash.

The average credit period on trade receivables is 3 days (2022: 3 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor or counterparty has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The fund measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated by using past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Fund's historical credit loss experience does not show significantly different loss patterns for different counterparties and brokers. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2023	2023	2022	2022
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate				
Trade and other receivables not past due: 0% (2022: 0%)	**36,315**	**-**	**-**	**-**

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022	2021
	M	M
Bank balances	9,908,411	143,554,693
Interest accrued on cash	116,149	211,596
Total cash and cash equivalents	**10,024,560**	**143,766,289**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

The regulatory ratings reported is the lowest rating assigned by a Rating Agency. (i.e. if more than 1 rating agency rates an issuer then the most conservative (lowest) rating is selected as the STANLIB rating.

A short-term obligation rated ‘F1+’ is rated in the highest category. The obligor’s capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with a plus sign(+). This indicates that the obligor’s capacity to meet its financial commitments on these obligations is extremely strong.

There is no credit risk on cash under custody because the trustees has high credit ratings.

	2023	2022
	M	M
Credit rating		
F1+	**10,024,560**	**143,766,289**

6. Net assets attributable to unitholders

	2023	2022
	M	M
Unit class		
Class A	499,116,810	459,363,234
Class B1	1,383,314,484	1,385,802,981
	1,882,431,294	**1,845,166,215**
Reconciliation of number of units issued:		
Reported as at 01 January 2023 (2022)	1,944,257,599	1,849,687,485
Units created during the year	558,083,563	702,308,612
Units cancelled during the year	(523,533,153)	(607,738,498)
	1,978,808,009	**1,944,257,599**
Issued		
Reported as at 01 January 2023 (2022)	1,845,166,215	1,755,697,112
Units created during the year	527,635,151	662,299,403
Units cancelled during the year	(495,524,314)	(573,863,500)
Increase in net assets attributable to unitholders from operations	6,491,816	872,063
Income adjustments on creation and cancellation of units	(1,337,574)	161,137
	1,882,431,294	**1,845,166,215**

Net assets attributable to unitholders can be put back to the fund at any point in time. The units issued do not have a defined maturity date.

7. Trade and other payables

	2023 M	2022 M
Financial instruments: at amortised cost		
Accruals for audit fees	121,068	126,450
Accruals for management fees	1,605,100	1,632,406
Accruals for valuation fees	82,356	848,993
	1,808,524	**2,607,849**

8. Investment Income

	2023 M	2022 M
Revenue other than from contracts with customers		
Interest income on cash and cash equivalents	1,575,250	1,282,676
Interest income on financial assets at fair value through profit or loss	178,559,935	112,228,041
Total investment income	**180,135,185**	**113,510,717**

9. Other operating (expense)/income

	2023 M	2022 M
Sundry income	**290,745**	**2,410**

Sundry income consists of rebates. Sundry expense consists of valuation fees expense adjustments, audit fees accrual adjustments & trustee fees accrual adjustments.

10. Fair value gains (losses) on financial assets

	2023 M	2022 M
Fair value gains (losses)		
Realised fair value gains	5,549,610	(1,789,069)
Unrealised fair value gains/(losses)	(334,773)	2,951,171
Total fair value gains	**5,214,837**	**1,162,102**

11. Operating expenses

Operating income attributable to unitholders before distributions for the year is stated after charging (crediting) the following, amongst others:

	2023 M	2022 M
Auditor's remuneration - external		
Audit fees	120,671	131,652
Management fees	20,781,826	19,200,043
Bank charges	61,228	31,993
Trustee and custody fees	217,789	1,381,842
	21,181,514	**20,745,530**

12. Income distributions to unitholders

	2023	2022
	M	M
Class A Unitholders	38,826,524	22,454,655
Class 81 Unitholders	119,087,126	70,523,987
Total finance costs	**157,913,650**	**92,978,642**

The fund distributes on a quarterly basis.

Distributions rates used during the period were as follows:

Month	Distribution per unit	2023	2022
March	3.29	32,938,368	20,216,642
June	3.53	37,356,262	20,134,944
September	3.82	41,629,715	23,802,015
December	4.62	45,989,305	28,825,041
Total		**157,913,650**	**92,978,642**

Total Expense Ratio (TER)

The TER is a standard measure used by the Collective Investment Scheme (CIS) industry to illustrate costs of portfolios on a comparable basis. The TER includes management fees, audit fees, bank charges and trustee fees.

TER rates charged as at the 31 December 2023:

Class	2023	2022
Class A	1.30%	1.32%
Class 81	1.05%	1.07%

13. Annual review of unit prices (Lisente per unit)

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

	Repurchase price (Lisente)					
	2023	2023	2023	2022	2022	2022
	Minimum	Maximum	Last price	Minimum	Maximum	Last price
Class A	94.99	97.39	97.39	94.62	96.34	96.34
Class B1	94.99	97.44	97.44	94.63	96.40	96.40

14. Taxation

Major components of the tax expense

	2023	2022
	M	M
Current		
Local income tax - current period	53,787	78,994

15. Cash flows from/(used in) operating activities

	2023	2022
	M	M
Operating income/(loss) attributable to unitholders before taxation	6,545,603	951,057
Adjustments for:		
Interest income	(178,559,935)	(112,228,041)
Income distributions to unitholders	157,913,650	92,978,642
Fair value (gains)	(5,214,837)	(1,162,102)
Changes in working capital:		
Trade and other receivables	(36,315)	3,491
Net movement in financial assets	(182,013,245)	(23,948,202)
Trade and other payables	(799,325)	760,342
	(202,164,404)	**(42,644,813)**

16. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2023

	Opening balance	Distributions to unitholders	Gross creation of units	Gross (cancellation) of units	Cash flows	Closing balance
Distributions payable to unitholders	28,825,041	157,913,650	-	-	(140,749,386)	45,989,305
Gross creation and cancellation of units	88,435,903	-	527,635,151	(495,524,314)	(56,325,066)	32,110,837
Total liabilities from financing activities	**117,260,944**	**157,913,650**	**527,635,151**	**(495,524,314)**	**(197,074,452)**	**78,100,142**

RReconciliation of liabilities arising from financing activities - 2022

	Opening balance	Distributions to unitholders	Gross creation of units	Gross (cancellation) of units	Cash flows	Closing balance
Distributions payable to unitholders	18,602,201	92,978,642	-	-	(82,755,802)	28,825,041
Gross creation and cancellation of units	307,115,589	-	662,299,403	(573,863,500)	(218,679,686)	88,435,903
Total liabilities from financing activities	**325,717,790**	**92,978,642**	**662,299,403**	**(573,863,500)**	**(301,435,488)**	**117,260,944**

17. Related parties

Relationships

Ultimate holding company	*Standard Bank Group Limited*
Holding company of STANLIB Lesotho (Pty) Ltd	*Liberty Group*
Management company	*STANLIB Lesotho (Pty) Ltd*

	2023	2022
	M	M
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
STANLIB Lesotho (Pty) Ltd	(1,605,100)	(405,343)
Related party transactions		
Management fees paid to (received from) related parties		
STANLIB Lesotho (Pty) Ltd	20,781,826	4,210,125

18. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

	Note(s)	Fair value through profit or loss - mandatory M	Amortised cost M	Total M	Fair value M
2023					
Unit trusts	3	756,336,316	-	756,336,316	756,336,316
Interest receivable on unit trusts	3	60,797	-	60,797	60,797
Interest bearing instruments	3	1,130,894,996	-	1,130,894,996	1,130,894,996
Interest receivable on interest bearing instruments	3	32,876,139	-	32,876,139	32,876,139
Trade and other receivables	4		36,315	36,315	36,315
Cash and cash equivalents	5		10,024,560	10,024,560	10,024,560
		1,920,168,248	**10,060,875**	**1,930,229,123**	**1,930,229,123**
2022					
Unit trusts	3	896,852,260	-	896,852,260	896,852,260
Interest receivable on unit trusts	3	611,665	-	611,665	611,665
Interest bearing instruments	3	825,802,481	-	825,802,481	825,802,481
Interest receivable on interest bearing instruments	3	9,566,409	-	9,566,409	9,566,409
Cash and cash equivalents	5	-	143,766,289	143,766,289	143,766,289
		1,732,832,815	**143,766,289**	**1,876,599,104**	**1,876,599,104**

Categories of financial liabilities

	Note(s)	Fair value through profit or loss - mandatory M	Amortised cost M	Total M	Fair value M
2023					
Trade and other payables	7	-	1,808,524	1,808,524	-
Distributions payable to unitholders		-	7,062,020	7,062,020	-
Net assets attributable to unitholders	6	662,100,024	-	662,100,024	662,100,024
		662,100,024	**8,870,544**	**670,970,568**	**662,100,024**
2022					
Trade and other payables	7	-	2,607,849	2,607,849	-
Distributions payable to unitholders		-	3,294,797	3,294,797	-
Net assets attributable to unitholders	6	326,556,932	-	326,556,932	326,556,932
		326,556,932	**5,902,646**	**332,459,578**	**326,556,932**

Pre tax gains and losses on financial instruments

Gains and losses on financial assets

	Note(s)	Fair value through profit or loss - mandatory M	Total M
2023			
Recognised in profit or loss:			
Unrealised fair value (losses} on financial assets	10	28,924,203	28,924,203
Realised fair value gains on financial assets	10	(334,773}	(334,773)
Net (losses)		**28,589,430**	**28,589,430**
2022			
Recognised in profit or loss:			
Unrealised fair value gains on financial assets	10	2,951,171	2,951,171
Realised fair value gains on finanacial assets	10	6,905,001	6,905,001
Net gains		**9,856,172**	**9,856,172**

Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares. The amount of net asset attributable to unitholders of redeemable shares can change significantly on a weekly basis, as the Fund is subject to regular creations and cancellations at the discretion of unitholders, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

Financial risk management

Overview

The Fund is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk
Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is presented in the table below:

		2023			2022		
	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Debt instruments at fair value through profit or loss.	3	1,163,765,256	-	,163,765,256	835,368,890	-	835,368,890
Trade and other receivables	4	36,315		36,315			
Cash and cash equivalents	5	10,024,560	-	10,024,560	143,766,289	-	143,766,289
		1,173,826,131	**-**	**173,826,131**	**979,135,179**	**-**	**979,135,179**

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold redemption requests for a period of no more than one month. Under extraordinary circumstances the Fund also has the ability to suspend redemptions if this is deemed to be in the best interest of all unit holders.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis.

The table below analyses the fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Note(s)	On demand Less than 1 year	Total	Carrying amount
2023				
Current liabilities				
Trade and other payables	7	902,280	902,280	1,808,524
Distributions payable to unitholders		7,062,020	7,062,020	7,062,020
Net assets attributable to unitholders	6	662,100,024	662,100,024	662,100,024
2022				
Current liabilities				
Trade and other payables	7	535,500	535,500	2,607,849
Distributions payable to unitholders		3,294,797	3,294,797	3,294,797
Net assets attributable to unitholders	6	326,559,747	326,559,747	326,559,747

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.

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows.

Interest rate profile

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.

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Notes	Average effective interest rate 2023	Average effective interest rate 2022	Carrying amount 2023	Carrying amount 2022
Assets					
Interest bearing instruments at fair value through prift or loss	3	9.91 %	8.14 %	1,163,771,135	835,368,890
Cash and cash equivalents	5	5.45 %	4.92 %	10,024,560	143,766,289
				1,173,795,695	**979,135,179**

Interest rate sensitivity analysis

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. The following analysis the sensitivity of interest rate changes and its impact to profit for the Fund.

Fund

At December 31, 2023, if the interest rate on cash and cash equivalents had been 1.000% per annum (2022: 1.000%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been M 100,246 2022: M 143,766 lower and M (100,246) 2022: M (143,766)) higher.

Price risk

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the statement of financial position at fair value through profit or loss. The Fund is not exposed to commodity price risk. To

manage its price risk arising from investments in unit trusts , the Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Fund.

Price risk sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when price risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant prices. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

The table below summarises the impact of increases/decreases of the financial assets on the Fund's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes has increased/decreased by 5% with all other variables held constant and all the fund's equity instruments moved according to the historical correlation with the index:

	2023	2023	2022	2022
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss				
Financial assets 5% (2022: 5 %)	96,008,412	(96,008,412)	86,641,641	(86,641,641)

19. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Fund can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 1	Notes	2023	2022
		M	M
Recurring fair value measurements			
Assets			
Financial assets affair through profit or loss - mandatory	3		
Interest bearing instruments		1,130,894,996	825,802,481
Interest receivable on interest bearing instruments		32,876,139	9,566,409
Total financial assets affair through profit or loss - mandatory		**1,163,771,135**	**835,368,890**

Level 2	Notes	2023	2022
		M	M
Recurring fair value measurements			
Financial assets mandatorily at fair value through profit or loss	3		
Unit trusts		756,342,195	896,852,261
Interest receivable on unit trusts		60,797	611,665
Total financial assets mandatorily at fair value through profit or loss		**756,402,992**	**897,463,926**

Unit trusts are valued at unit price times participatory units based on price information obtained from Finswitch a publisher of common market related data published by the asset manager of the fund.

20. 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.

The directors believe that the Fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors is satisfied is that the Fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors is not aware of any new material changes that may adversely impact the Fund. The directors is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

The directors is reviewed the budgets and cash flow forecasts for the next 12 months, as well as the current liquidity and solvency position of the company and do not believe that the company has adequate financial resources to continue in operation for the foreseeable future. The annual financial statements have accordingly not been prepared on the going concern basis.

21. Operating segments

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decisionmaker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the head of investments of the investment manager that makes strategic decisions.

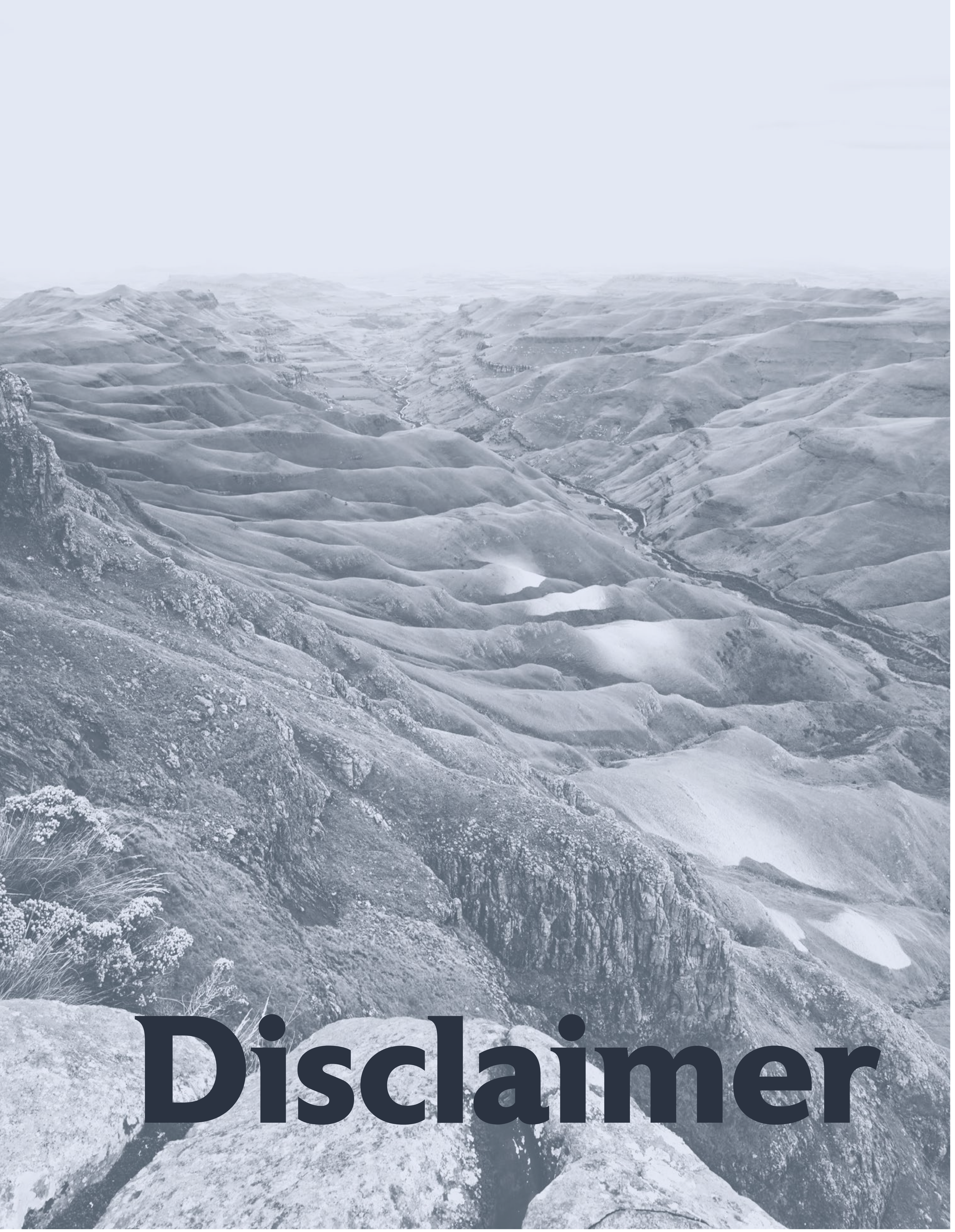
The head of investments is responsible for the Fund's entire portfolio and considers the Fund to have a single operating segment. Investments asset allocation decisions are based on a single, integrated investment strategy, and the Fund's performance is evaluated on an overall basis.

The internal reporting provided to the head of investments for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

The Fund has no assets classified as non-current assets.

22. Events after the reporting period

No events after the reporting period management has to report which have an adjusting effect to the financial statement..



Disclaimer

Collective Investment Schemes (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance.

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The trustee of the Scheme is Minet Lesotho.

The investments of this portfolio are managed by the Asset Manager.

Prices are calculated and published on each working day; these prices are available on the Asset Manager's website (https://stanlib.com/lesotho/). This portfolio is valued at 15h00. Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 15h00.

This portfolio is permitted to invest in foreign securities. Should the portfolio include any foreign securities these could expose the portfolio to any of the following risks: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information.

Additional information including, but not limited to, brochures, application forms and annual or quarterly reports, can be obtained free of charge, from the Asset Manager and from the Asset Manager's website (https://stanlib.com/lesotho/). The collective investment scheme contract and prospectus may be inspected at the address of the Asset Manager provided.

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100