

# DATVEST MODIFIED CONSUMER STAPLES EXCHANGE TRADED FUND

For the year ended 31 December 2022



## FUND MANAGERS' REPORT

Datvest Modified Consumer Staples Exchange Traded Fund "Datvest ETF" provides a unique solution to various clients in helping them invest in various counters on the Zimbabwe Stock Exchange through the Datvest ETF basket. The Datvest ETF was formed and listed on the 4th of March 2022 and operated for ten months in the year 2022.

### Financial Highlights

The fund recorded an inflation adjusted loss after tax of ZWL\$343 million driven by fair value losses in inflation adjusted terms on equity investments. The negative performance was on the back of stock market gain trailing the inflation rate. Despite recording the inflation adjusted loss, the fund recorded profit after tax of ZWL\$93 million in historical terms.

	Inflation Adjusted \$ZWL 000	Historical \$ZWL 000
<b>Total comprehensive income/(loss)</b>	<b>(343 249)</b>	<b>93 479</b>
Total Assets	328 522	328 522
Other Liabilities	(1 346)	(1 346)
Unit Holders' Funds	(327 176)	(327 176)

### The Outlook

Following a bearish performance in 2022, the stock market is expected to recover in 2023. The fund is expected to benefit from the recovery of the market through appreciation in value of the counters in the consumer staples basket while the move by some counters to the Victoria Falls Exchange ("VFEX") is expected to stabilise the value of the Datvest ETF. Overall, the fund is well positioned to take advantage of the market swings in pursuit of increasing shareholder value.

## STATEMENT OF FUND MANAGERS' RESPONSIBILITIES

CBZ Asset Management Private Limited, t/a Datvest (Manager), is the fund manager of the Datvest Modified Consumer Staples Exchange Traded Fund (the "Datvest ETF" or "the Fund"). The directors of CBZ Asset Management Private Limited (the "Directors") are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the Datvest ETF and enable them to ensure that the financial statements comply with the Securities and Exchange Act (Chapter 24:25) and Collective Investments Schemes Act (Chapter 24:19). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Datvest ETF and to prevent and detect fraud and other irregularities. The Datvest ETF inflation adjusted financial statements are required by Law and International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board to present fairly the financial position of the Datvest ETF as at the year end and their performance for the period then ended.

In preparation of the Datvest ETF's financial statements, the Manager is required to:

- state whether they have been prepared in accordance with IFRS; and

- state whether they have been prepared on the going concern basis unless it is inappropriate to consider that Datvest ETF will continue in business;
- select suitable accounting policies and then apply them consistently; and
- make judgements and estimates that are reasonable and prudent.

### Compliance with Local Legislation

These financial statements comply with the Securities and Exchange Act [Chapter 24:25], Collective Investments Schemes Act [Chapter 24:19] and the Asset Management Act [Chapter 24:26].

### Compliance with IFRS

The financial statements have been prepared to take account of the effects of inflation in accordance with International Accounting Standard (IAS) 29, Financial Reporting in Hyperinflationary Economies. These financial statements are prepared in order to comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), which include standards and interpretations approved by the IASB as well as International Accounting Standards (IAS) and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions. The historical cost amounts are shown herein as supplementary information. The Datvest ETF's External Auditors have therefore not expressed an opinion on this historic financial information.

### Going concern

The Directors of CBZ Asset Management (Private) Limited ("the Directors") have assessed the ability of the Datvest ETF to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. The Directors have engaged themselves to continuously assess the ability of the Datvest ETF to continue to operate as a going concern and to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements. The Directors are responsible for preparing the annual financial statements.

### Responsibility

The financial statements were prepared by CBZ Asset Management (Private) Limited, the Datvest ETF's Fund Managers, under the direction and supervision of the CBZ Holdings Limited Group Chief Finance Officer Mr Tawanda Gumbo, PAAB Number 0223.

By order of the Board of CBZ Asset Management (Private) Limited.

T. MUZADZI  
MANAGING DIRECTOR  
29 June 2023

N. MHLANGA  
CHAIRMAN  
29 June 2023

## THE TRUSTEE'S REPORT

Stanbic Investor Services Zimbabwe is the Trustee for the Datvest Modified Consumer Staples Exchange Traded Fund ('the fund') in terms of the Collective Investment Schemes Act (Chapter 24:19) and the Trust Deed.

In terms of the Trust Deed for the Fund, the Trustee is a person or an entity who holds the assets of the Fund in trust for the participants. It is the duty of the Trustee to take reasonable care to ensure that the Fund is managed by the Fund Manager in accordance with the Collective Investment Schemes Act (Chapter 24:19) and the Trust Deed, in relation to the pricing of, and dealings in, units in the Fund; the application of income of the Fund; and the investments applicable to the Fund.

The Trustee is required to satisfy themselves on reasonable grounds and on a continuing basis that the Fund Manager has maintained and is maintaining sufficient financial records. The Trustee takes into their custody or under their control, all the capital property of the Trust and hold it in trust for the unit holders in accordance with the Trust Deed, and hence, the Trustee along with the Fund Manager, are responsible for taking all reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

### Conclusion

Having carried out such procedures as we consider necessary to discharge our responsibilities as the Trustee of the Fund, based on the information available to us and the explanations provided, we report that in all material aspects the Fund, acting through the Fund Manager:

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Collective Investments Schemes Act (Chapter 24:19) and the Trust Deed; and
- has observed the investment and restrictions of the scheme.

### Trustees

Stanbic Investor Services Zimbabwe  
59 Samora Machel Avenue  
Harare  
29 June 2023



## Statement of Profit or Loss

For the year ended 31 December 2022

	INFLATION ADJUSTED	HISTORICAL
	AUDITED 31-Dec-22 ZWL\$ '000	UNAUDITED 31-Dec-22 ZWL\$ '000
Dividend income	9 312	7 445
Fair value gains on equity instruments	(349 087)	87 642
Foreign exchange gains	938	938
<b>Revenue</b>	<b>(338 837)</b>	<b>96 025</b>
Management fees	1 837	1 134
Trustee fees	551	340
Audit fees	1 170	912
Custodial fees	184	113
Other fees	75	47
<b>Operating expenditure</b>	<b>3 817</b>	<b>2 546</b>
<b>Operating income/ (loss)</b>	<b>(342 654)</b>	<b>93 479</b>
Monetary loss	(595)	-
<b>Profit/(loss) for the period</b>	<b>(343 249)</b>	<b>93 479</b>

## Statement of Financial Position

As at 31 December 2022

	INFLATION ADJUSTED	HISTORICAL
	AUDITED 31-Dec-22 ZWL\$ '000	UNAUDITED 31-Dec-22 ZWL\$ '000
<b>ASSETS</b>		
Cash and cash equivalents	7 150	7 150
Equity investments	321 339	321 339
Trade and other receivables	33	33
<b>TOTAL ASSETS</b>	<b>328 522</b>	<b>328 522</b>
<b>LIABILITIES</b>		
Creditors	1 346	1 346
Net assets attributable to unitholders	327 176	327 176
<b>TOTAL LIABILITIES</b>	<b>328 522</b>	<b>328 522</b>

## Statement Of Changes In Equity

For the year ended 31 December 2022

	Units in Issue ZWL\$ '000	Undistributed Income ZWL\$ '000	Total Reserves ZWL\$ '000
<b>Inflation Adjusted</b>			
01 January 2022			
Opening balance			
Changes in net assets attributable to unit holders	-	(343 249)	(343 249)
Issue of units during the year	670 425	-	670 425
<b>Closing balance</b>	<b>670 425</b>	<b>(343 249)</b>	<b>327 176</b>
<b>Historical</b>			
01 January 2022			
Opening balance			
Changes in net assets attributable to unit holders	-	93 479	93 479
Issue of units during the year	233 697	-	233 697
<b>Closing balance</b>	<b>233 697</b>	<b>93 479</b>	<b>327 176</b>

## Statement Of Cash Flows

For the year ended 31 December 2022

	INFLATION ADJUSTED	HISTORICAL
	AUDITED 31-Dec-22 ZWL\$ '000	UNAUDITED 31-Dec-22 ZWL\$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxation	( 343 249)	93 479
<b>Adjust for non-cash items</b>		
Dividend income	( 9 312)	( 7 445)
Fair value adjustments	349 086	( 87 642)
Monetary loss	595	-
Unrealised foreign exchange gains	( 938)	( 938)
<b>Cash utilised in operations before working capital changes</b>	<b>( 3 817)</b>	<b>( 2 546)</b>
<b>Working capital changes</b>		
Purchase of investments	( 670 425)	( 233 697)
Increase in trade payables	1 346	1 346
Increase in trade receivables	(34)	(34)
<b>Cash utilised in operations after working capital changes</b>	<b>(672 930)</b>	<b>(234 931)</b>
Dividend Income	9 312	7 445
<b>Cash utilised in operating activities</b>	<b>(663 618)</b>	<b>(227 486)</b>
<b>Cash flows from investing activities</b>	-	-
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	670 425	233 697
<b>Cash generated/(utilised) in financing activities</b>	<b>670 425</b>	<b>233 697</b>
<b>NET INCREASE IN BALANCES WITH BANKS AND CASH</b>	<b>6 807</b>	<b>6 212</b>
Balances with banks and cash at the beginning of the year		
Exchange gains on foreign cash balances	938	938
Inflation effects on balances with bank and cash	(595)	-
<b>BALANCES WITH BANKS AND CASH AT THE END OF THE YEAR</b>	<b>7 150</b>	<b>7 150</b>

## Notes

### 1. INCORPORATION AND ACTIVITIES

The Datvest Modified Consumer Staples ('the Datvest ETF') is a security listed and trading on the Zimbabwe Stock Exchange and is governed by the Collective Investments Schemes Act [Chapter 24:19] and the Asset Management Act [Chapter 24:26]. The main activity of the Datvest ETF is the provision of investments by way of unit trusts. The Datvest ETF is Managed by CBZ Asset Management and is incorporated in Zimbabwe.

### 2.1 BASIS FOR PREPARATION

The Datvest ETF's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the IFRIC.

The financial statements have been prepared in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) Securities and Exchange Act (Chapter 24:25), and Asset Management Act (Chapter 24:06).

Compliance with IFRS is intended to achieve 'consistency and comparability of financial statements. The financial results have been restated to take account of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. The restatement is based on the conversion factors adopted from the the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate. The indices and conversion factors used to restate these financials are given below.

Date	Indices	Conversion Factors
31-Dec-21	3,977.46	3.438
31-Dec-22	13,672.91	1.000

### 2.2 REVENUE

Datvest ETF is in the business of asset and exchange traded funds management services. Datvest ETF recognises revenue from contracts with customers under the scope of IFRS 15 as it transfers promised services to customers at an amount that reflects the consideration 'to which Datvest ETF expects to be entitled to in exchange for those services excluding amounts collected on behalf of third parties. Datvest ETF applies the five-step approach to revenue recognition under IFRS 15. Datvest ETF recognises revenue when a performance obligation is satisfied by transferring a promised service to the customer (which is when the customer obtains control of that service).

### 2.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks and cash on hand. For the purpose of the cash flow statement, cash and cash equivalents consists of cash at banks and hand net of outstanding bank overdrafts.

### 2.4 TAXATION

The Fund is domiciled in Zimbabwe. Under the current laws of Zimbabwe, there is no income, or corporation taxes payable by the Fund.

### 2.5 FAIR VALUE MEASUREMENT

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for financial assets or financial liabilities is not actively traded the Bank establishes fair value by using valuation techniques.

These techniques include the use of arm's length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants. Datvest ETF determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Datvest ETF measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable input have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

### 3. Exchange Traded Funds Investments

#### Quoted Investments as at 31 December 2022

Local Shares (ZSE)	Share Units	Market Price	Restated Market Value	Historical Market Value
Afdis Distillers Limited	40 584	263	10 689 826	10 689 826
Dairibord Holdings Limited	81 779	35	2 862 265	2 862 265
Delta Corporation Limited	327 326	360	117 762 959	117 762 959
Hippo Valley Estates Limited	45 722	183	8 348 805	8 348 805
Innscoor	147 288	714	105 114 615	105 114 615
Mekkes	65 589	112	7 345 968	7 345 968
National Foods Limited	16 048	1 222	19 618 585	19 618 585
OK	317 433	32	10 259 244	10 259 244
Simbisa	139 611	250	34 967 838	34 967 838
TSL	99 278	44	4 368 699	4 368 699
	<b>1 280 658</b>		<b>321 338 803</b>	<b>321 338 803</b>
No of Unitholders		Price (dollars)	Market Value	Number of units
0 to 10 000	770	1.5 6	3 309 942	2 121 758
10 001- to 50 000	254	1.5 6	8 974 026	5 752 581
50 001 to 100 000	52	1.5 6	5 483 405	3 515 003
100 001 to 500 000	64	1.5 6	22 883 618	14 668 986
500 001 to 1 000 000	9	1.5 6	10 857 754	6 960 099
1 000 001 to 10 000 000	12	1.5 6	56 724 098	36 361 601
10 000 001 and above	3	1.5 6	245 158 774	157 153 060
	<b>1 164</b>		<b>353 391 617</b>	<b>226 533 088</b>





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## **Independent Auditors' Report**

### **To the Unit Holders of Datvest Modified Consumer Staples Exchange Traded Fund**

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#### **Opinion**

We have audited the inflation adjusted financial statements of Datvest Modified Consumer Staples Exchange Traded Fund (the Fund), set out on pages 11 to 35, comprising the inflation adjusted statement of financial position as at 31 December 2022, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in net assets of unitholders and the inflation adjusted cash flows for the period then ended, accounting policies and notes to the inflation adjusted financial statements.

In our opinion, the inflation adjusted financial statements present fairly, in all material respects, the inflation adjusted financial position of Datvest Modified Consumer Staples Exchange Traded Fund as at 31 December 2022, and its inflation adjusted financial performance, inflation adjusted cash flows for the period then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Securities and Exchange Act (Chapter 24:25), and Asset Management Act (Chapter 24:26) and the Collective Scheme of Investments Act (Chapter 24:19).

#### **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 *Auditors' Responsibilities for the Audit of the inflation adjusted Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the inflation adjusted financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key audit matters**

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

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

## **Other information**

The directors of CBZ Asset Management (Private) Limited, the managers of the Datvest Modified Consumer Staples Exchange Traded Fund, (“the directors”), are responsible for the other information. The other information comprises the information in the report titled “DATVEST MODIFIED CONSUMER STAPLES EXCHANGE TRADED FUND ANNUAL REPORT 2022”, including the unaudited financial information in the inflation adjusted financial statements titled “Historical Cost” but does not include the inflation adjusted financial statements and our auditors' report thereon.

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

In connection with our audit of the inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted 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 inflation adjusted financial statements**

The directors of CBZ Asset Management (Private) Limited, the managers of the Datvest Modified Consumer Staples Exchange Traded Fund, are responsible for the preparation and fair presentation of the inflation adjusted financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Securities and Exchange Act (Chapter 24:25), and Asset Management Act (Chapter 24:26) and the Collective Investments Schemes Act (Chapter 24:19), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted financial statements, the directors are responsible for assessing the 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.



## **Auditors' responsibilities for the audit of the inflation adjusted financial statements**

Our objectives are to obtain reasonable assurance about whether the inflation adjusted financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 inflation adjusted 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 inflation adjusted 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the inflation adjusted 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 auditors' 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 inflation adjusted financial statements, including the disclosures, and whether the inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted financial statements of the current period and therefore there are no key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink, appearing to read 'KPMG' followed by a stylized signature.

Brian Njikizana  
Chartered Accountant (Zimbabwe)  
Registered Auditor  
PAAB Practicing Certificate Number 0363

30 June 2023

For and on behalf of, KPMG Chartered Accountants (Zimbabwe), Reporting Auditors

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