

Sygnia Itrix FTSE 100 ETF

Minimum Disclosure Document (MDD)
Regional - Equity - General

31 March 2024

Portfolio Managers **Sygnia Asset Management**
Inception **10 October 2005**
Fund Size **R 1.106 Billion**
NAV Price **19 082 cents**
Units in Issue **5 797 014**

Investment Objective

To replicate the price and yield performance of the FTSE 100 Index

Income Distribution

Bi-Annually (December and June)

Payment: 12 Jan 2024 - 256.58511 cents per unit

Payment: 13 Jul 2023 - 299.47679 cents per unit

Trustees

Standard Bank Trustees (021 441 4100)

Fund Information

Classification	Regional - Equity - General
Asset Allocation	100% Offshore Equity
NAV/Index Ratio	ca. 1/1000
Financial Year End	31 December
Index Tracking	Fund tracks the FTSE 100 Index
Dividend Distribution	Semi-annual distribution
NAV Publication	Daily on sygnia.co.za
Portfolio Valuation	Close of relevant market
Foreign exchange source	World Market fix rate 16:00pm EST

Cumulative Investment Performance

Growth of R100 invested on 31 October 2005

Investment: R299.70
Benchmark: R301.98



Cumulative investment performance is for illustrative purposes only and is calculated using the NAV before any distributable income and management fee.

Top 10 Holdings

Instrument	Percent
Shell Ord Shs	8.5%
Astrazeneca Ord Shs	7.8%
HSBC Holdings Ord Shs	5.9%
Unilever Ord Shs	4.9%
BP Ord Shs	4.1%
GlaxoSmithKline Ord Shs	3.4%
Relx Ord Shs	3.2%
Diageo Ord Shs	3.2%
Rio Tinto Ord Shs	2.7%
Glencore Ord Shs	2.6%

Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	2.1%	3.7%	-0.4%	2.4%	-2.2%	1.3%	3.0%	-0.9%	1.4%	4.9%	-0.8%	6.7%	23.0%
2022	-3.0%	-0.2%	-6.4%	3.6%	-0.3%	-4.5%	5.4%	-4.0%	-4.2%	8.9%	2.5%	-0.8%	-4.0%
2023	9.2%	5.0%	-4.3%	8.0%	1.1%	-1.1%	-2.6%	1.3%	-2.0%	-4.8%	7.3%	0.8%	18.0%
2024	0.2%	2.5%	2.7%										5.5%

Since inception performance figures are available on request.

Risk Statistics

	Fund	^BM
% Negative Months	43.3%	43.3%
Average Negative Month	-3.1%	-3.1%
Largest Drawdown	-18.7%	-18.7%
Standard Deviation	14.7%	14.7%
Downside Deviation	8.2%	8.3%
Highest Annual Return: Nov 2020 - Oct 2021	28.6%	28.7%
Lowest Annual Return: Nov 2019 - Oct 2020	-17.3%	-17.3%
Annualised Tracking Error (Active Return) (12 Mths)	0.1%	-
Annualised Tracking Error (Std Dev of Active Return) (60 Mths)	0.3%	-

The risk statistics reflected above are calculated on a 60-month or since-inception basis, depending on which period is shorter.

Listing Information

Exchange	JSE Limited
Exchange Code	SYGUK
Trading Currency	ZAR
Portfolio Currency	GBP
ISIN	ZAE000249520
RIC	SYGUKJJ
Bloomberg Ticker	SYGUK SJ EQUITY
Trading Hours	9:00 am - 16:50 pm
Transaction cut-off	JSE trading hours

Asset Allocation

Asset	Percent	Allocation
International Equity	98.9%	

Sector Allocation

Sector	Percent	Allocation
Financials	19.2%	
Consumer Staples	16.3%	
Industrials	14.4%	
Energy	12.6%	
Health Care	12.1%	
Materials	8.3%	
Consumer Discretionary	7.4%	
Utilities	3.9%	
Other	5.8%	

Portfolio Performance Analysis

Period	Sygnia Itrix FTSE 100**	FTSE100 Index (ZAR)**	FTSE100 Index (GBP)**	Sygnia Itrix FTSE 100 (TR)
1 Year	13.6%	13.6%	4.2%	17.2%
3 Years	11.7%	11.6%	5.8%	14.7%
5 Years	7.0%	6.9%	1.8%	10.0%
10 Years	5.1%	5.1%	1.9%	8.2%
Since Inception	6.1%	6.2%	2.2%	9.2%

Performance of the fund is calculated by Sygnia Asset Management as at reporting date.

Performance figures greater than one year are annualised.

*A positive performance in currency reflects a depreciation of ZAR against base currency and vice versa.

**Price return.

Annual Management Fee

*Broker/Other Platform (excl VAT)	*Sygnia Alchemy Platform (excl VAT)
*First R 10 Million	*First R 2 Million
0.75%pa	0.55%pa
*R 10 Million-R 100 Million	*R 2 Million-R 100 Million
0.60%pa	0.50%pa
*Over R 100 Million	*Over R 100 Million
0.40%pa	0.30%pa
VAT	
0.12%	0.08%
Total Expense Ratio (TER)	
0.89% (Mar 2024)	0.64% (Mar 2024)
Transaction Costs (TC)	
0.04% (Mar 2024)	0.03% (Mar 2024)
Total Investment Charge (TIC)	
0.93% (Mar 2024)	0.67% (Mar 2024)

Excess management fees for investors over R100m are included in the above TER, and distributed back to the investor at each distribution date.

Sygnia Itrix FTSE 100 ETF

Fund commentary

Minimum disclosure document (MDD)
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1st Quarter 2024

Market performance

Global stock markets recorded their best first-quarter performance in five years, buoyed by hopes of a soft economic landing in the US and enthusiasm about artificial intelligence. This is working perfectly for our funds.

The US unemployment rate increased unexpectedly from 3.7% to 3.9%, its highest rate in two years, while average hourly earnings fell, suggesting decelerating wage growth pressures. Similarly, the latest JOLTS data show the quits rate has continued to decline, and the employment components of the ISM manufacturing and services purchasing managers indices both contracted in February. The jobs data are consistent with a gradually softening labour market. Retail sales rose 0.6% month-on-month in February, below consensus. With consumer Covid savings depleted, the US consumer is under pressure. Money and credit growth are weak, delinquency rates are rising for non-mortgage debt and banks have continued to tighten lending standards.

Non-mortgage debt payments have surged and for the first time on record, interest payments on non-mortgage debts are as high as mortgage interest payments. This will constrain consumer spending and confidence. Office real estate is a major risk. At nearly 20%, office market vacancy is at its highest since the data series began in 1979. The share of delinquent loans in commercial real estate collateralised loan obligations surged fourfold in January, to 8.6%.

This suggests the Fed should cut interest rates sooner, but inflation has picked up slightly. Prices paid to US producers rose in February by the most in six months, driven by higher fuel and food costs, and the US core consumer price index came in slightly hotter than expected at 3.8%, though this was down from January's 3.9%. Fortunately, this is unlikely to change the Fed's plans to cut interest rates in June.

Fed Chair Jerome Powell made dovish comments at his semi-annual testimony to the Senate Banking Committee, adopting the language of European Central Bank President Christine Lagarde in his statement that inflation is "not far" from where it needs to be for the Fed to start cutting interest rates. In addition, the Fed lowered the bar for policy easing by raising expected core personal consumption expenditure for 2024 up to 2.6%, while still projecting three cuts this year.

Inflation could actually fall faster than these expectations. Chinese export prices are still falling, suggesting that the US will continue to import disinflation. Both the Zillow and New Tenant rent indices suggest lower owners' equivalent rent, and the US has lost nearly 2 million full-time jobs over the last three months, suggesting payroll growth has been driven by part-time jobs.

Premier Li Qiang announced at the March National People's Congress that China will target economic growth at around 5% for 2024. Despite a higher base, this matches 2023's target of around 5%, but it will require more stimulus to lift confidence in an economy

already constrained by a property slump and entrenched deflation. Premier Qiang himself acknowledged that "It is not easy for us to realise these targets ... We need policy support and joint efforts from all fronts." The budget is likely to boost GDP by 0.6 ppt in 2024 after the broad deficit, which combines the general public budget and government funds budget. China's economic performance year to date reflects robust gains in manufacturing output and capital investment against a tepid recovery in consumer spending.

According to China's National Bureau of Statistics, Chinese exports increased 32.6% from a year earlier in the first two months of this year, to 15.9m tonnes. However, the adjustment in China's real estate sector is not over, and the property market is likely to contract for the fourth year in a row. While supply-side stimulus and a boost in export demand has helped, consumer demand continues to face headwinds from falling property prices.

The Bank of Japan ended eight years of negative policy rates with its first hike in 17 years! The central bank set a new policy rate range of between 0% and 0.1%, shifting from -0.1% short-term interest. Despite Chinese stagnation, manufacturing green shoots are evident in the rest of the world. Taiwan's trade figures point to an improvement in global trade, and the Swedish krona's appreciation suggests global growth is improving.

US exceptionalism is helped by its energy independence. According to the US Energy Information Administration, the US produced 28% more oil in 2023 than the world's previous top producer, Russia, and 33% more than Saudi Arabia. US economic resilience will be tested by the lagged effects of monetary tightening, but a recession is unlikely in light of the room for monetary easing, a productivity resurgence and strong household balance sheets. The Fed is likely to cut three times this year.

Inflation expectations could increase in response to stronger economic growth or an oil spike related to geopolitics. Crude oil prices have risen steadily this month as Ukrainian drone attacks on Russian oil facilities are estimated to have shut down 7% of Russia's refining capacity. Vladimir Putin unsurprisingly won Russia's presidential election – the vote, which included the five Ukrainian regions occupied by Russia, was never in doubt after the Kremlin blocked any opposition candidates from running.

Climate change also poses a risk to the inflation outlook. Our oceans have experienced record-breaking global sea surface temperatures, fuelling concerns of extreme weather patterns – any major weather event could cause supply chain disruptions and higher inflation. Election risks also loom large, both in South Africa on 29 May and in the US on 5 November. With Biden currently leading by 1% point, the US election will be closely contested.

We maintain an overweight position in US equities for now. The dollar may weaken due to narrower interest rate differentials or a rest of world growth recovery, but US elections and China weakness are likely to keep the dollar strong.

RISK PROFILE

LOW	LOW MEDIUM	MEDIUM	MEDIUM HIGH	HIGH
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LESS RISK/
RETURN

MORE RISK/
RETURN

TIME HORIZON

0-2 YEARS	2 YEARS+	3 YEARS+	5 YEARS+	7 YEARS+
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Fund performance

The Sygnia Itrix FTSE 100 ETF delivered 5.5% for the quarter, in line with its benchmark, the FTSE 100 Index. The fund benefitted from exposure to Rolls-Royce Holdings PLC, GSK PLC and BAE Systems PLC, while its exposure to Rio Tinto PLC, Reckitt Benckiser Group PLC and Glencore PLC detracted from performance.

There were several changes to the tracked index's constituents over the period, including the addition of Persimmon PLC and Easyjet PLC and the removal of Dechra Pharmaceuticals Ltd and Endeavour Mining PLC.

The fund remains true to its investment objective of delivering returns that mirror those of the FTSE 100 Index.

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Sygnia 

Important information to consider before investing

Investment Objective and Strategy

The investment policy of the Sygnia Itrix FTSE 100 ETF is to track the FTSE 100 Index as closely as possible, by buying only FTSE 100 securities in which are excluded from the Index from time to time as a result of quarterly Index review or corporate actions or which are required to be sold to ensure that the portfolio holds FTSE 100 securities in the same weighting as they are included in the Index.

This is a high risk, passively managed index tracking fund which objective is to replicate the price and yield performance of the FTSE 100 Index as closely as possible by physically holding a portfolio of securities equivalent to the basket of securities comprising the index. Index Performance data can be sourced from Bloomberg, Reuters, other data providers and at www.sygnia.co.za.

Balancing risk and reward

The FTSE 100 Index is a market capitalisation weighted index representing the performance of the 100 largest UK – domiciled companies, which pass screening for size and liquidity. Index constituents are all traded on the London Stock Exchange SETS trading system. For changes to the index constituents please refer to the published SENS. The recommended investment term for investors in the Sygnia Itrix FTSE 100 ETF is a minimum of five years.

Collective Investment Schemes (CIS) are generally medium-to long-term investments. The value of units may go down as well as up and past performance is not necessarily an indicator of future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending. Equity markets are volatile and the price of equities fluctuate based on a number of factors such as changes in the economic climate, general movements in interest rates and the political and social environment which will also affect the value of the securities held in the unit trust, thereby affecting the overall value of the unit trust. There are regulations in place which limit the amount that a unit trust may invest in securities, thereby spreading the risk across securities, asset classes and companies. The fund may also be exposed to liquidity risk. This relates to the ability of the unit trust to trade out of a security held in the portfolio at or near to its fair value.

Annualised performance figures represent the geometric average return earned by the fund over the given time period. Unannualised performance represents the total return earned by the fund over the given time period, expressed as a percentage.

Performance is calculated based on the NAV to NAV calculation of the portfolio. Individual investor performance may differ as a result of initial fees, the actual investment date and dividend withholding tax.

Fees

Sygnia Itrix ETFs are Exchange Traded Funds that trade on stock exchanges and may therefore incur additional costs associated with listed securities. Sygnia Itrix does not provide advice and therefore does not charge advice fees. A schedule of fees and charges is available on request from Sygnia Itrix. Permissible deductions may include management fees, brokerage, STT, auditor's fees, bank charges and trustee fees.

What is the Total Expense Ratio (TER) and Transaction Costs (TC)?

The total expense ratio (TER) is the annualised percentage of the fund's average assets under management that has been used to pay the fund's actual expenses over the past three years. Transaction costs are a necessary cost in administering the fund and impact fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager and the TER. Since fund returns are quoted after the deduction of these expenses, the TER and Transaction Costs should not be deducted again from the published returns. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return.

Foreign Securities

The fund invests in foreign securities, which may be exposed to macroeconomic, settlement, political, tax, reporting or illiquidity risk factors that may be different to similar investments in South African markets. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down.

Cumulative Investment Performance

Cumulative investment performance is for illustrative purposes only. The investment performance is calculated by taking all ongoing fees into account for the amount shown, with income reinvested on the reinvestment date.

Exchange Traded Funds vs Unit Trusts

Whilst both unit trusts and ETFs are regulated and registered under the Collective Investment Scheme Control Act, ETFs trade on stock exchanges just like any other listed, tradable security. Unlike a unit trust, which can be bought or sold only at the end of the trading day, an ETF can be traded intraday, during exchange trading hours.

How are NAV prices calculated?

Net Asset Value (NAV) prices are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any permissible deductions from the portfolio divided by the number of units in issue. The price at which ETFs trade on an Exchange may differ from the NAV price published at the close of the trading day, because of intraday price movements in the value of the constituent basket of securities.

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Minimum Disclosure Document - Issue Date: 10 Apr 2024

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