Sygnia Itrix Euro Stoxx 50 ETF

Regional - Equity - General

30 September 2021

LOW	LOW MEDIUM	MEDIUM	MEDIUM HIGH	**HIGH**
LESS RISK/ RETURN				MORE RISK/ RETURN
1 YEAR+	2 YEARS+	3 YEARS+	**5 YEARS+**	10 YEARS+

Portfolio Managers	**Sygnia Asset Management**
Inception	**10 October 2005**
Fund Size	**R 3.198 Billion**
NAV Price	**7 084 cents**
Units in Issue	**45 142 970**

Investment Objective	**To replicate the price and yield performance of the Euro STOXX 50®**
Income Distribution	**Bi-Annually (December and June)** **Payment: 13 Jan 2021 - 13.25524 cents per unit** **Payment: 13 Jul 2021 - 64.96877 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 Euro Stoxx 50® 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**

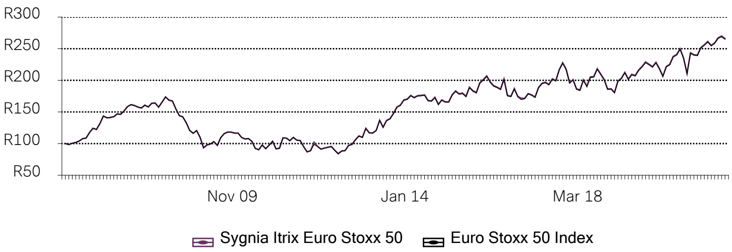
Listing Information

Exchange	**JSE Limited**
Exchange Code	**SYGEU**
Trading Currency	**ZAR**
Portfolio Currency	**EUR**
ISIN	**ZAE000249512**
RIC	**SYGEUJ.J**
Bloomberg Ticker	**SYGEU SJ EQUITY**
Trading Hours	**9:00 am - 16:50 pm**
Transaction cut-off	**JSE trading hours**

Cumulative Investment Performance

Growth of R100 invested on 31 October 2005

Investment: R266.06
Benchmark: R264.82



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

Geographic Allocation

Region	*Percent*
France	34.8%
Germany	32.2%
Netherlands	17.5%
Spain	5.9%
Other	9.5%

Sector Allocation

Sector	*Percent*
Consumer Discretionary	19.7%
Information Technology	16.9%
Financials	14.6%
Industrials	14.2%
Materials	9.6%
Other	25.0%

Top 10 Holdings

Instrument	*Percent*
ASML Holding Ord Shs	8.9%
Lvmh Ord Shs	5.4%
Linde Ord Shs	4.4%
SAP Ord Shs	4.2%
TotalEnergies Ord Shs	3.6%
Siemens N Ord Shs	3.5%
Sanofi Ord Shs	3.1%
L'Oreal Ord Shs	2.9%
Schneider Electric Ord Shs	2.7%
Allianz Ord Shs	2.7%

Portfolio Performance Analysis

Period	*Sygnia Itrix Euro Stoxx 50*	*Euro Stoxx 50 Index (ZAR)***	*Euro Stoxx 50 Index (EUR)***	*Sygnia Itrix Euro Stoxx 50 (TR)*
1 Year	13.0%	13.0%	26.8%	14.3%
3 Years	8.2%	8.2%	6.0%	9.6%
5 Years	8.8%	8.8%	6.2%	10.4%
10 Years	11.6%	11.6%	6.4%	14.0%
Since Inception	6.3%	6.3%	1.3%	8.6%

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.*

Historical Performance

	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Year*
2018	2.5%	-7.3%	-0.9%	8.6%	-4.9%	7.7%	0.3%	6.0%	-3.8%	-4.1%	-7.5%	0.2%	-4.9%
2019	-3.1%	10.0%	2.2%	4.5%	-5.0%	3.8%	-0.9%	4.2%	2.6%	3.1%	-1.6%	-1.7%	18.7%
2020	3.1%	-4.3%	-5.5%	7.4%	1.6%	5.5%	1.3%	3.7%	-5.8%	-10.4%	15.5%	-1.2%	8.5%
2021	-0.3%	5.0%	1.7%	2.1%	-2.4%	1.6%	3.1%	1.1%	-1.5%				10.6%

Since inception performance figures are available on request.

Risk Statistics

	Fund	*^BM*
% Negative Months	43.3%	43.3%
Average Negative Month	-3.6%	-3.7%
Largest Drawdown	-20.6%	-20.6%
Standard Deviation	17.3%	17.3%
Downside Deviation	9.6%	9.5%
Highest Annual Return: Nov 2016 - Oct 2017	32.8%	33.9%
Lowest Annual Return: Dec 2017 - Nov 2018	-14.4%	-14.4%
Annualised Tracking Error (Active Return)	-0.01%	-
Annualised Tracking Error (Std Dev of Active Return)	0.10%	-

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

Annual Management Fee

Broker/Other Platform (excl VAT)		*Sygnia Alchemy Platform (excl VAT)*	
First R 10 Million	0.75%pa	**First R 2 Million**	0.55%pa
R 10 Million-R 100 Million	0.60%pa	**R 2 Million-R 100 Million**	0.50%pa
Over R 100 Million	0.40%pa	**Over R 100 Million**	0.30%pa
VAT	0.11%		0.08%
Total Expense Ratio (TER)	0.86% (Sep 2021)		0.63% (Sep 2021)
Transaction Costs (TC)	0.01% (Sep 2021)		0.01% (Sep 2021)
Total Investment Charge (TIC)	0.87% (Sep 2021)		0.64% (Sep 2021)

Excess management fees for investors over R10m are included in the below TER, and distributed back to the investor at each distribution date.

Sygnia Itrix Euro Stoxx 50 ETF

Fund Commentary

Regional - Equity - General

3rd Quarter 2021

RISK PROFILE

LOW	LOW MEDIUM	MEDIUM	MEDIUM HIGH	**HIGH**

LESS RISK/ RETURN — MORE RISK/ RETURN

TIME HORIZON

0-2 YEARS	2 YEARS+	3 YEARS+	**5 YEARS+**	7 YEARS+

Market Performance

Global equity markets collapsed in September, with commodities particularly hard hit – the JSE Top 40 fell 14% from its August peak to September lows. Market turmoil came on the back of slowing economic growth, Covid uncertainty, Fed tapering, China's debt crisis, Biden's tax hikes and steep valuations. Commodities in particular were hard hit by the Chinese housing growth slow down (catalysed by the Evergrande default), China's energy supply being hampered by its "Olympic Blue Sky" environmental projects and additional supply coming online where some bottlenecks have improved. The vaccination campaign in emerging markets has accelerated, but it has decelerated in developed markets, leading to a convergence of mobility. While the spike in cases in highly vaccinated countries such as Israel and the UK shows that complete immunity is unlikely, hospital utilisation rates continue to fall. As long as everyone who wants a vaccine is able to receive one, the political pressure to maintain lockdowns will decrease and economies will remain open. Corrections are frequent and probable, and this pullback is no exception. Bear markets typically coincide with recessions, and the outlook over the next 12 months is consistent with a continued economic expansion.

However, while we are positive on the short term, longer term we remain focused on a more volatile, lower- return global outlook. The world is experiencing financial repression as the role of governments increase:

1. Central banks are keeping interest rates lower for longer via quantitative easing (QE), reducing real rates to negative, which is a tax on savings. This is likely to continue.
2. QE has the unfortunate consequence of increasing inequality by driving up the price of assets. To counter this, governments increase direct taxes, particularly wealth taxes, to pay for e.g. the large fiscal programs and Covid support initiatives.
3. For similar reasons, governments have increased prescribed assets and retirement fund-partnered projects, which has led to a crowding out of private investment and lower growth – a tax on future returns.

The European Central Bank (ECB) announced they are slowing the pace of their bond-buying pandemic stimulus into the fourth quarter of 2021, firmly naming it a "recalibration" rather than a "taper". With expansionary monetary policy dipping to a "moderately lower pace" in Europe, investors' growth worries have been calmed. Recent price underperformance and improved earnings have taken European stocks' relative valuation to US peers to a 23% discount. Cheaper valuations, a dovish ECB and looser fiscal policy are some of the reasons we prefer European to US equities.

The August CPI report provides further evidence that inflationary pressures peaked in the second quarter. Notably, the weaker print reflects continued easing among sectors that experienced strong upside pressures during the pandemic, such as airline fares, new and used vehicle prices and vehicle rental fees. This trend supports the argument that the forces that have been driving up US CPI are transitory. Federal Reserve Chair Jerome Powell says the US central bank could begin scaling back asset purchases in November and complete the process by mid-2022. Powell does not expect the Fed to begin rate increases until after completion of the taper process, which will wrap up "sometime around the middle of next year." The Federal Open Market Committee dot plot suggests that the first hike has moved from early 2023 to late 2022. What will matter for the Fed is where inflation is next year: whether core inflation, excluding Covid-impacted services, remains contained or rises above levels consistent with the Fed's target.

The Chinese economy weakened further in August on stringent public health restrictions. Retail sales growth slowed to 2.5% year-on-year in August, from 8.3% year-on-year in July, as outbreaks weighed on consumer spending and travel. Production and investment remained relatively stable. While we expect volatility to remain high, we are positive on China and emerging markets.

- The Chinese government has not launched a broad attack on tech companies and, in fact, heightened geopolitical tensions with the US have made it more important than ever for China to support its tech sector. China's top regulators defended their crackdown in a meeting with Wall Street executives and reassured investors that stricter rules are not aimed at stifling the private sector.
- Evergrande's default, sitting on more than $300 billion of liabilities, has raised concerns over the scope of China's housing slowdown and how sustained the broader contagion will be. Beijing will continue to balance "common prosperity" with economic stability, and authorities will ease recent restrictions. Evergrande shareholders and bondholders will likely be sacrificed, but the key takeaway is that the real estate sector and the economy will survive.
- China's policy is becoming more stimulative. The People's Bank of China cut bank reserve requirements in July. In September, the State Council announced an additional RMB 300 billion in credit support for SMEs, and China pumped $17 billion into the financial system amid Evergrande concerns – the most short-term liquidity in eight months.
- Emerging markets (EM) and China are cheap, and current valuations offer a margin of safety. Emerging market stocks currently trade at a Shiller PE ratio of 14.7, compared to 36.8 for the US, 22.2 for Europe and 24.1 for Japan. The EM discount to the global index is as large now as it was during the late 1990s, and MSCI China is trading at its greatest discount to MSCI World in as far back as the indices go, over 20 years.

As expected, South Africa left its benchmark rate unchanged at 3.5%. The SARB's rates model implies a much faster-tightening path than previously indicated and now forecasts the benchmark rate at 6.5% at the end of 2023, implying two extra increases of 25bps each. This is the seventh consecutive time the Monetary Policy Committee has left rates unchanged, with the prime lending rate of commercial banks at a five-decade low of 7%. Speaking at the University of Stellenbosch earlier this month, Reserve Bank Governor Lesetja Kganyago said that South Africa's inflation-targeting framework is set to be examined as part of a macroeconomic review by the National Treasury. The current inflation target of 3% to 6% was set over 20 years ago, in 2000. "If we want to keep interest rates low, the most important thing we can do is to lower the inflation target," Lesetja said, adding that he viewed 3% as a good point target.

The world's largest number of HIV cases is complicating South Africa's efforts to fight the coronavirus pandemic, raising the risk of more mutated versions emerging and spreading across the globe. HIV raises the risk of death from Covid-19 in South Africa, and Dr Mary-Ann Davies of the Western Cape Health Department says that around 8% of Covid-19 deaths are attributable to HIV in that province. As at 29 September, more than 17 million Covid-19 vaccines had been administered nationally, while the death toll stood at 87 417. The National Institute of Communicable Diseases (NICD) believes the country is past the third wave, resulting in a drop to lockdown level one from 1 October.

Fund Performance

The Sygnia Itrix Euro Stoxx 50 ETF delivered 2.6% for the quarter, in line with its benchmark, the Euro Stoxx 50. The Fund benefitted from exposure to ASML Holding NV, Adyen NV and TotalEnergies SE, while its exposure to LVMH Moet Hennessy Louis Vuitton SE, Anheuser Busch Inbev SA and Enel SpA detracted from performance.

There were several changes to the tracked index's constituents over the period, including the addition of Banco Bilbao Vizcaya Argentaria SA, Stellantis NV and Universal Music Group NV and the removal of Amadeus IT Group SA, Vivendi SE and Engie SA.

The Fund remains true to its investment objective of delivering returns that mirror those of the Euro Stoxx 50.

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Sygnia

Important information to consider before investing

Investment Objective and Strategy

The investment policy of the Sygnia Itrix Euro Stoxx 50 ETF is to track the Index as closely as possible, by buying only DJ EURO STOXX 50 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 DJ EURO STOXX 50 securities in the same weighting as they are included in the Index.
The is a high risk, passively managed index tracking fund and its objective is to replicate the price and yield performance of the Euro Stoxx 50® Index as closely as possible by physically holding a portfolio of securities equivalent to the basket of securities comprising the Index. Derivatives are allowed for effiecient portfolio management. Index performance data can be sourced from Bloomberg, Reuters, other data providers and at www.sygnia.co.za.

Balancing risk and reward

The Euro Stoxx 50® is a Blue-chip index in Europe. The index has become one of the leading stock exchange barometers for Europe and the euro-zone and includes 50 market sector leading euro-zone companies. Please refer to the Offering Circular for further information on investment risks. The recommended investment term for investors in the Sygnia Itrix Euro Stoxx 50 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

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. 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.

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 year. 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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