

# Sygnia Itrix S&P 500 ETF

Minimum Disclosure Document (MDD)  
Regional - Equity - General

30 September 2023

Portfolio Managers **Sygnia Asset Management**  
Inception **30 October 2017**  
Fund Size **R 4.339 Billion**  
NAV Price **8 108 cents**  
Units in Issue **53 514 118**

Investment Objective

To replicate the price and yield performance of the S&P 500 Index

Income Distribution

Bi-Annually (December and June)

Payment: 17 Jan 2023 - 43.85620 cents per unit

Payment: 13 Jul 2023 - 49.01159 cents per unit

Standard Bank Trustees (021 441 4100)

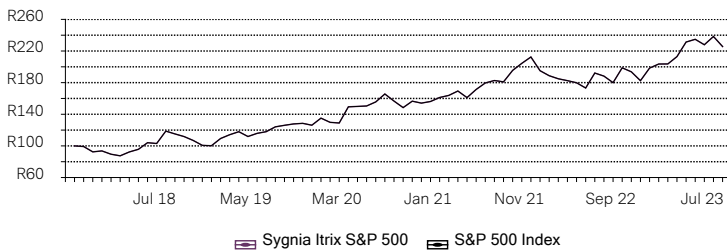
Trustees

| 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 S&P500 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 2017

Investment: R225.61  
Benchmark: R225.64



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 |
|------------------------------------|---------|
| Apple Ord Shs                      | 7.0%    |
| Microsoft Ord Shs                  | 6.5%    |
| Amazon Com Ord Shs                 | 3.2%    |
| NVIDIA Ord Shs                     | 3.0%    |
| Alphabet Ord Shs Class A           | 2.1%    |
| Tesla Ord Shs                      | 1.9%    |
| Meta Platforms Ord Shs Class A     | 1.8%    |
| Alphabet Ord Shs Class C           | 1.8%    |
| Berkshire Hathaway Ord Shs Class B | 1.8%    |
| Exxon Mobil Ord Shs                | 1.3%    |

## Historical Performance

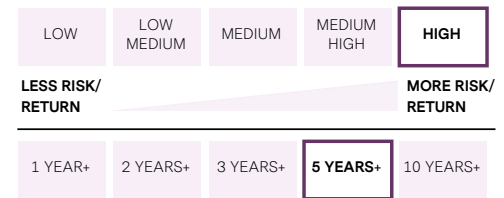
|      | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Year   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2020 | 7.1%  | -3.9% | -0.6% | 15.9% | 0.3%  | 0.4%  | 3.4%  | 6.5%  | -5.4% | -5.3% | 5.5%  | -1.6% | 22.2%  |
| 2021 | 1.3%  | 3.2%  | 1.6%  | 3.4%  | -4.9% | 6.4%  | 4.8%  | 1.7%  | -0.9% | 8.0%  | 4.5%  | 3.9%  | 37.8%  |
| 2022 | -8.1% | -3.2% | -2.1% | -1.3% | -1.5% | -3.7% | 10.9% | -2.0% | -4.4% | 10.4% | -2.5% | -5.8% | -14.1% |
| 2023 | 8.7%  | 2.6%  | 0.0%  | 4.6%  | 8.6%  | 1.5%  | -2.9% | 4.6%  | -5.3% |       |       |       | 23.7%  |

## Risk Statistics

|  | Fund   | ^BM    |
|--|--------|--------|
| % Negative Months  | 41.7%  | 41.7%  |
| Average Negative Month   | -3.4%  | -3.4%  |
| Largest Drawdown   | -18.5% | -18.5% |
| Standard Deviation   | 17.3%  | 17.3%  |
| Downside Deviation   | 6.9%   | 6.9%   |
| Highest Annual Return: Jan 2021 - Dec 2021                     | 37.8%  | 37.9%  |
| Lowest Annual Return: Jan 2022 - Dec 2022                      | -14.1% | -14.1% |
| Annualised Tracking Error (Active Return) (12 Mths)            | 0.0%   | -      |
| Annualised Tracking Error (Std Dev of Active Return) (12 Mths) | 0.0%   | -      |

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

Minimum Disclosure Document - Issue Date: 10 Oct 2023



## Listing Information

|                     |                    |
|---------------------|--------------------|
| Exchange            | JSE Limited        |
| Exchange Code       | SYG500             |
| Trading Currency    | ZAR                |
| Portfolio Currency  | USD                |
| ISIN                | ZAE000251377       |
| RIC                 | SYG500.JJ          |
| Bloomberg Ticker    | SYG500 SJ EQUITY   |
| Trading Hours       | 9:00 am - 16:50 pm |
| Transaction cut-off | JSE trading hours  |

## Asset Allocation

| Asset                | Percent | Allocation |
|----------------------|---------|------------|
| International Equity | 99.6%   |            |

## Sector Allocation

| Sector                 | Percent | Allocation |
|------------------------|---------|------------|
| Information Technology | 27.4%   |            |
| Health Care            | 13.3%   |            |
| Financials             | 12.8%   |            |
| Consumer Discretionary | 10.6%   |            |
| Communication Services | 8.8%    |            |
| Industrials            | 8.3%    |            |
| Consumer Staples       | 6.6%    |            |
| Other                  | 12.3%   |            |

## Portfolio Performance Analysis

| Period          | Sygnia Itrix S&P 500** | S&P 500 Index (ZAR)** | S&P 500 Index (USD)** | Sygnia Itrix S&P 500 (TR) |
|-----------------|------------------------|-----------------------|-----------------------|---------------------------|
| 1 Month         | -5.3%                  | -5.4%                 | -4.9%                 | -5.3%                     |
| 3 Months        | -3.9%                  | -3.9%                 | -3.6%                 | -3.3%                     |
| 6 Months        | 10.8%                  | 10.8%                 | 4.3%                  | 11.5%                     |
| Year to Date    | 23.7%                  | 23.7%                 | 11.7%                 | 25.1%                     |
| 1 Year          | 25.4%                  | 25.4%                 | 19.6%                 | 26.9%                     |
| 3 Years         | 12.9%                  | 12.9%                 | 8.4%                  | 14.1%                     |
| 5 Years         | 14.4%                  | 14.4%                 | 8.0%                  | 15.8%                     |
| Since Inception | 14.7%                  | 14.7%                 | 9.0%                  | 16.1%                     |

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.

## Fees

|                               |                  |
|-------------------------------|------------------|
| Management Fee                | 0.15% **         |
| Other costs                   | 0.02% **         |
| VAT                           | 0.03%            |
| Total Expense Ratio (TER)     | 0.20% (Sep 2023) |
| Transaction Costs (TC)        | 0.00% (Sep 2023) |
| Total Investment Charge (TIC) | 0.20% (Sep 2023) |

\*\*Fees are exclusive of VAT

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# Sygnia Itrix S&P 500 ETF

## Fund commentary

Minimum disclosure document (MDD)  
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3rd Quarter 2023

### Market performance

September was a month of further market pressure as oil prices rose to a 10-month high, raising concerns that an energy price shock will weigh on growth. Nonetheless, the Organisation for Economic Co-operation and Development raised its global growth forecast for this year to 3.0% from 2.7% in June in its Economic Outlook report, noting that the global economy is set for a slowdown in 2024 as interest rates weigh on economic activity and China's rebound disappoints.

Central bank announcements continued to diverge based on differences in underlying growth and inflation: China cut its reserve requirement ratio by 0.25%, in line with its incremental easing policy, while the European Central Bank raised rates by 0.25% to a 22-year high of 4.5%, the US kept rates flat as expected, and Japan similarly left its negative interest rate and the parameters of its yield curve control program unchanged. Developed market central banks are ready to converge at a higher-for-longer outlook. The Bank of England's chief economist, Huw Pill, called this the "Table Mountain" scenario, saying that rates will reach a long plateau at elevated levels, in line with the wide, flat summit of Cape Town's iconic mountain. Bond yields rose to reflect the new view and markets came under further pressure.

It was a big month for Apple, the largest company in the MSCI World index, as it unveiled the new iPhone 15. But China stole the limelight, first with the launch of the Huawei Mate 60 Pro, which has faster download speeds than Apple's iPhone, and then through its announcement that government employees may be banned from using iPhones due to security concerns. The news led to Apple's market cap losing \$200 billion. Meanwhile, Google's long-awaited anti-trust trial in Washington DC began over allegations that it has illegally maintained a monopoly in the online search business, and Amazon has been sued by the US Federal Trade Commission for monopolising the online marketplace. Overall, tech stocks remained under pressure during the month due to high, rising US bond yields.

The G20 Summit 2023 took place with little consensus on significant agenda items beyond climate change. Members agreed to triple global renewable energy capacity by 2030 and to provide \$4 trillion a year to finance the green energy transition. The lack of agreement on other matters is not surprising given the rise in geopolitical risks. The word "geopolitics" is being used more often on earnings calls and corporate filings from the world's biggest companies – the flow of fixed direct investment (FDI) backs this trend, with the value of FDI to countries that voted to condemn Russia surging as FDIs to countries that abstained have fallen. South Africa is on the losing side in this regard, which is bad news for our growth and job creation forecasts. China has been hard hit, with inbound FDI falling to its lowest level on record. Mexico is reaping the benefits of US-China tensions and has become the US's biggest trading partner. Companies like Tesla, GM and Kia are piling into Mexico with billions of dollars in investments and new factories.

South Africa's budget deficit rose to a record monthly deficit of R143.8 billion in July. Government has announced it will have to introduce stringent cost-cutting measures, including a freeze on new public service jobs, stopping procurement contracts for all infrastructure projects and keeping public servant salary increases in check. These measures could have a negative impact on the economy. If they lead to a cut in the provision of social grants, they could also cause social unrest.

Government has also promised to introduce reforms to boost jobs, growth and tax revenue, but these reforms have been delayed. President Ramaphosa promised his Social Compact would be delivered in 100 days, but it has now been over 600 days with no agreement between government, labour and business. In the meantime, the country's state-owned enterprises are struggling. Transnet has requested relief from preferential procurement rules in order to source material directly from original equipment manufacturers and avoid the additional costs and delays of middlemen. Pravin Gordhan has proposed the biggest shake-up of state-owned companies since the 1990s to fast-track reforms, under which the Department of Public Enterprises will be replaced by a state-owned holding company – but the bill has been criticised for its lack of detail about how the structure will work.

Consumer inflation increased marginally in August to 4.8% year on year from 4.7% in July, and the SA Reserve Bank kept interest rates stable at its September meeting. Given the rise in oil prices and the weak rand, we could see a second wave of inflation in September.

The global economy is at a crossroads. On the one hand, there are tentative signs of a rebound in global manufacturing, with new orders and new orders-to-inventory components of the global manufacturing PMI turning up. This suggests that businesses are starting to invest again and that demand is picking up. On the other hand, the global economy faces significant headwinds.

The US is likely to experience a slowdown in the coming months as higher interest rates take effect and consumers run out of excess savings. In addition, China is experiencing deflationary conditions, and the war in Ukraine continues to cast a shadow over the global economy, disrupting supply chains and pushing up energy prices.

Against this backdrop, it is difficult to be optimistic about the prospects for risk assets. While European and emerging market stocks could have a reprieve in the coming months, this is likely to be only temporary if manufacturing recovers. The global industrial cycle is not yet in a position to sustain a strong recovery – as such, it is important to remain cautiously positioned: underweight equity and emerging markets and overweight the dollar and the US.

A more positive outlook would require global interest rate cuts, de-escalation of the war in Ukraine or strong stimulus from China. However, conditions could also get worse if supply disruptions cause the oil price to spike.

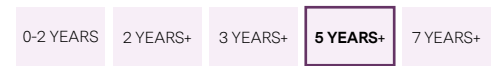
### RISK PROFILE



LESS RISK/  
RETURN

MORE RISK/  
RETURN

### TIME HORIZON



### Fund performance

The Sygnia Itrix S&P 500 ETF delivered -3.9% for the quarter, in line with its benchmark, the S&P 500 Index. The fund benefitted from exposure to Alphabet Inc, Eli Lilly and Co and NVIDIA Corp, while its exposure to Nextera Energy Inc, Merck & Co Inc and RTX Corp detracted from performance.

There were several changes to the tracked index's constituents over the period, including the addition of Blackstone Inc and Airbnb Inc and the removal of Fortrea Holdings Inc, Newell Brands Inc and Lincoln National Corp.

The fund remains true to its investment objective of delivering returns that mirror those of the S&P 500 Index.

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# Important information to consider before investing

## Investment Objective and Strategy

The objective of the Sygnia Itrix S&P 500 ETF is to provide simple access to investors who wish to track the movements of the S&P 500 Index through investing in the physical index securities. The S&P 500 Index consists of 500 of the largest companies from the S&P 500, reflecting U.S. mega-cap performance. This is a high risk, passively managed index tracking fund, the objective of this portfolio is to provide simple access to investors who wish to track the movements of the S&P 500®. The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities, includes 500 leading companies and captures approximately 80% coverage of available market capitalisation. The investment policy of the portfolio is to track the index as closely as practically and feasibly possible by buying securities included in the index at similar weighting as they are included in the index. Whenever the index gets rebalanced, the portfolio will purchase the newly included constituent securities and will sell the constituent securities which were excluded from the index. Derivatives are allowed for efficient portfolio management.

## Balancing risk and reward

The Fund has a 100% strategic allocation to US equities. The risk in the Fund is managed by spreading investments across sectors and individual shares. However, the structure of the Fund is dictated by the composition of the S&P 500®. The focus on a high dividend stream and mid-to-large cap companies provides an added benefit in terms of risk management. It is a suitable investment for investors seeking higher returns, those who are willing to tolerate higher volatility and investors who aim to maximise capital accumulation over a longer-term time horizon. For changes in the index constituents, please refer to the published SENS. Index Performance data can be sourced from Bloomberg, Reuters, other data providers and at [www.sygnia.co.za](http://www.sygnia.co.za).

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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Registration No. 2004/035580/07

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