Sygnia Itrix Solactive Healthcare 150 ETF

Minimum Disclosure Document (MDD)

Global - Equity - General

30 September 2023

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	**6 August 2021**
Fund Size	**R 483 Million**
NAV Price	**2 970 cents**
Units in Issue	**16 268 505**

Investment Objective	**To replicate the price and yield performance of the Solactive Developed Markets Healthcare 150 Index**
Income Distribution	**Bi-Annually (December and June)** **Payment: 17 Jan 2023 - 9.85870 cents per unit** **Payment: 13 Jul 2023 - 19.60654 cents per unit**
Trustees	**Standard Bank Trustees (021 441 4100)**

Fund Information

Classification	**Regional - Equity - General**
Asset Allocation	**100% Offshore**
NAV/Index Ratio	**ca. 1/1000**
Financial Year End	**31 December**
Index Tracking	**Solactive Developed Markets Healthcare 150**
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**

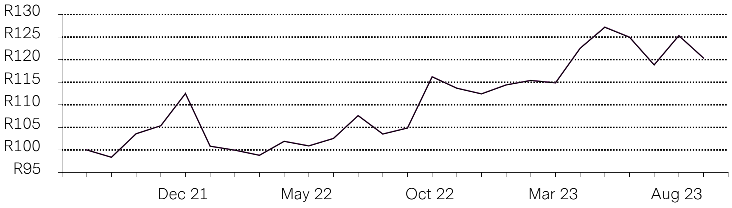
Listing Information

Exchange	**JSE Limited**
Exchange Code	**SYGH**
Trading Currency	**ZAR**
Portfolio Currency	**USD**
ISIN	**ZAE000300521**
RIC	**SYGHJ.J**
Bloomberg Ticker	**SYGH 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 August 2021

Investment: R120.36
Benchmark: R120.35



Sygnia Itrix Solactive Healthcare 150 — Solactive Developed Markets Healthcare 150 Index

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

Asset Allocation

Asset	*Percent*	*Allocation*
International Equity	99.7%	

Sector Allocation

Sector	*Percent*	*Allocation*
Health Care	98.7%	
Consumer Staples	0.6%	
Materials	0.3%	
Information Technology	0.1%	
Other	0.3%	

Top 10 Holdings

Instrument	*Percent*
UnitedHealth Group Ord Shs	6.6%
Eli Lilly Ord Shs	6.4%
Johnson & Johnson Ord Shs	5.7%
Novo Nordisk Ord Shs Class B	4.1%
AbbVie Ord Shs	3.7%
Merck & Co Ord Shs	3.7%
Astrazeneca Ord Shs	2.8%
Novartis Ord Shs	2.8%
Thermo Fisher Scientific Ord Shs	2.7%
Roche Holding Par Shs	2.7%

Portfolio Performance Analysis

Period	*Sygnia Itrix Solactive Healthcare 150*	*Solactive Developed Markets Healthcare 150 Index (ZAR)***	*Solactive Developed Markets Healthcare Index*	*Sygnia Itrix Solactive Healthcare 150 ETF (TR)*
1 Month	-4.0%	-4.0%	-3.5%	-4.0%
3 Months	-3.7%	-3.7%	-3.4%	-3.0%
6 Months	4.8%	4.8%	-1.3%	5.5%
Year to Date	7.1%	7.1%	-3.3%	8.2%
1 Year	14.8%	14.8%	9.5%	16.0%
Since Inception	9.3%	9.8%	-2.3%	10.2%

Performance of the fund is calculated by Sygnia Asset Management as at reporting date.
**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*
2021									-1.6%	5.3%	1.7%	6.8%	12.5%
2022	-10.4%	-0.9%	-1.1%	3.1%	-1.0%	1.6%	4.9%	-3.8%	1.3%	10.8%	-2.2%	-1.1%	-0.1%
2023	1.8%	0.9%	-0.5%	6.7%	3.8%	-1.7%	-4.9%	5.4%	-4.0%				7.1%

Since inception performance figures are available on request.

Risk Statistics

	Fund	*^BM*
% Negative Months	48.0%	48.0%
Average Negative Month	-2.8%	-2.8%
Largest Drawdown	-12.1%	-12.2%
Standard Deviation	15.5%	15.6%
Downside Deviation	9.6%	9.6%
Highest Annual Return: Jun 2022 - May 2023	26.0%	26.0%
Lowest Annual Return: Jan 2022 - Dec 2022	-0.1%	-0.1%
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.

Fees

Management Fee	0.43%**
VAT	0.07%
Other costs	0.01%**
Total Expense Ratio (TER)	0.51% (Sep 2023)
Transaction Costs (TC)	0.03% (Sep 2023)
Total Investment Charge (TIC)	0.54% (Sep 2023)

***Fees are exclusive of VAT*

Sygnia

Sygnia Itrix Solactive Healthcare 150 ETF

Fund commentary

Minimum disclosure document (MDD)
Global - Equity - General

3rd Quarter 2023

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

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.

Fund performance

The Sygnia Itrix Solactive Healthcare 150 ETF delivered -3.7% for the quarter, in line with its benchmark, the Solactive Developed Markets Healthcare 150 Index. The fund benefitted from exposure to Eli Lilly and Co, Abbvie Inc and Amgen Inc, while its exposure to Merck & Co Inc, Johnson & Johnson and Roche Holding AG detracted from performance.

There were several changes to the tracked index's constituents over the period, including the addition of DSM-Firmenich AG and Intra-Cellular Therapies Inc and the removal of Novocure Ltd and Agilon Health Inc.

The fund remains true to its investment objective of delivering returns that mirror those of the Solactive Developed Markets Healthcare 150 Index.

Important information to consider before investing

Investment Objective and Strategy

The objective of the Sygnia Itrix Solactive Healthcare 150 ETF is to provide an investment vehicle to investors who want to achieve long term capital appreciation in tracking the performance of the Solactive Developed Markets Healthcare 150 Index (.SDMH150P) ("benchmark index").

In order to achieve this objective, the Sygnia Itrix Solactive Healthcare 150 ETF shall track the Solactive Developed Markets Healthcare 150 Index (.SDMH150P) Index as closely as practically and feasibly possible by buying securities that substantially make up the index at similar weighting as they are included in the Index. Whenever the Index gets rebalanced, the Portfolio will be rebalanced to align its holdings to that of the benchmark and to the extent that it's performance will not deviate from its benchmark.

Balancing risk and reward

The Fund has a 100% strategic allocation to global equities. The structure of the Fund is dictated by the composition of the Solactive Developed Markets Healthcare 150 Index and managed with the aim to produce the same level of income as that produced by the index. Investors are alerted to the fact that the Fund is not a general equity product, but one with a specific focus, and thus a specific risk and return profile. For a change 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.

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.

Disclaimer

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