

SYGNIA ITRIX 4TH INDUSTRIAL REVOLUTION GLOBAL EQUITY ETF

31 MARCH 2020



PORTFOLIO MANAGERS	SYGNIA ASSET MANAGEMENT
INCEPTION	6 DECEMBER 2017
FUND SIZE	R 535 Million
NAV PRICE	2 699 cents
UNITS IN ISSUE	19 808 036

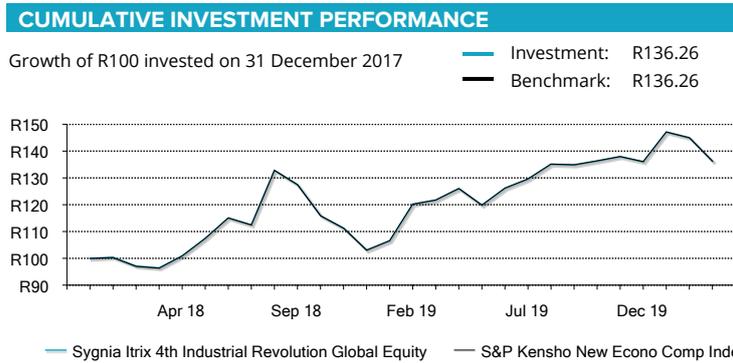
INVESTMENT OBJECTIVE TO REPLICATE THE PRICE AND YIELD PERFORMANCE OF THE S&P KENSHO NEW ECONOMIES COMPOSITE INDEX

INCOME DISTRIBUTION PAYMENT: DEC 2019 - 3.59321 CENTS PER UNIT
PAYMENT: JUN 2019 - 3.41421 CENTS PER UNIT

TRUSTEES STANDARD BANK TRUSTEES (021 441 4100)

FUND INFORMATION	
Classification	Global - Equity - General
Asset Allocation	100% Offshore Equity
NAV/Index Ratio	ca. 1/100
Financial Year End	31 December
Index Tracking	S&P Kensho New Economies Composite 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	SYG4IR
Trading Currency	ZAR
Portfolio Currency	USD
ISIN	ZAE000252433
RIC	SYG4IRJ
Bloomberg Ticker	SYG4IR SJ EQUITY
Trading Hours	9:00 am - 16:50 pm
Transaction cut-off	JSE trading hours



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
Tesla Inc	2.2%
NVIDIA Corp	2.0%
Apple Inc	1.5%
L3Harris Technologies Inc	1.3%
Bruker Corp	1.2%
STMicroelectronics NV	1.1%
iRhythm Technologies Inc	1.1%
Masimo Corp	1.1%
3D Systems Corp	1.0%
Garmin Ltd	1.0%

ASSET ALLOCATION	
ASSET	PERCENT ALLOCATION
International Equity	99.7%
Cash	0.3%

SECTOR ALLOCATION	
SECTOR	PERCENT ALLOCATION
Information Technology	37.6%
Industrials	21.6%
Health Care	13.2%
Consumer Discretionary	9.8%
Utilities	7.6%
Communication Services	6.3%
Other	3.9%

PORTFOLIO PERFORMANCE ANALYSIS				
PERIOD	SYGNIA ITRIX 4TH INDUSTRIAL REVOLUTION GLOBAL EQUITY	S&P KENSHO NEW ECONOMIES COMPOSITE INDEX (ZAR)**	USD/ZAR*	S&P KENSHO NEW ECONOMIES COMPOSITE INDEX (USD)**
1 Month	-6.0%	-6.0%	13.5%	-17.2%
3 Months	0.2%	0.1%	27.7%	-21.6%
6 Months	1.1%	1.0%	17.8%	-14.3%
Year to Date	0.2%	0.1%	27.7%	-21.6%
1 Year	11.9%	11.9%	23.8%	-9.7%
Since Inception	14.7%	14.7%	17.7%	-2.5%

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
2018	0.4%	-3.3%	-0.7%	4.7%	6.5%	7.1%	-2.3%	18.1%	-4.0%	-9.1%	-4.0%	-7.4%	3.0%
2019	3.4%	12.8%	1.3%	3.5%	-4.9%	5.3%	2.7%	4.3%	-0.2%	1.1%	1.2%	-1.4%	32.0%
2020	8.2%	-1.5%	-6.0%										0.2%

RISK STATISTICS		
	FUND	^BM
% Negative Months	44.4%	44.4%
Average Negative Month	-3.7%	-3.7%
Largest Drawdown	-22.4%	-22.4%
Standard Deviation	21.0%	21.0%
Downside Deviation	9.6%	9.6%
Highest Annual Return: Feb 2019 - Jan 2020	38.1%	38.0%
Lowest Annual Return: Sep 2018 - Aug 2019	1.7%	1.8%
Annualised Tracking Error (Active Return)	0.01%	-
Annualised Tracking Error (Std Dev of Active Return)	0.19%	-

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.

FEES	
DESCRIPTION	PERCENT
Annual Management Fee	0.46% per annum (excluding VAT)
Total Expense Ratio (TER)	0.59% (March 2020)
Transaction Costs (TC):	0.06% (March 2020)
Total Investment Charge (TIC):	0.65% (March 2020)

SYGNIA ITRIX 4TH INDUSTRIAL REVOLUTION GLOBAL EQUITY ETF FUND COMMENTARY

GLOBAL - EQUITY - GENERAL

1ST QUARTER 2020

MARKET PERFORMANCE

The World Health Organisation (WHO) characterised the Covid-19 (coronavirus) outbreak as a pandemic on 11 March. Since then, numerous countries have declared a state of emergency and gone into full lockdown, including the US, UK, Italy, Hungary, the Philippines, Japan and, of course, South Africa. The devastation reached Wall Street which recorded its worst session since 1987 and fell 34% from its peak, while oil prices are down to levels last seen in 2002. The effect also touched the South African All Share Index which found a short-term bottom, 36% from its January peak.

World governments have compared Covid-19 to a war, noting significant human and economic global challenges, and the impact on global GDP is somewhere between a natural disaster and a deep recession. 2020 growth will follow the pattern of a natural disaster, with the deepest GDP fall since World War II, but is expected to rebound sharply by the end of the year. However, lingering uncertainty, job losses and business closures will weigh on demand until at least the end of 2021. There have been seven global recessions over the last century of this magnitude: two driven by war (World Wars I and II), two driven by balance sheet recessions (the 1930s Great Depression and the 2008 Great Financial Crisis), two driven by oil shocks (1973 and 1981) and now the first to be driven by a global pandemic.

Across the globe, countries are waiting for infection rates to peak and hoping that a second round of infections will not start as countries come out of lockdown. The main focus right now is the US, which has more cases than anywhere else. US unemployment claims surged to 10m over two weeks. More than ten times its previous peak in 1982. After two weeks of measured optimism, Trump shifted dramatically and has extended the policy of "social distancing" until at least 30 April. Risky assets, like equities, will turn a corner when evidence emerges that the coronavirus is being brought under control.

An abundance of central bank actions have propped up liquidity, reducing borrowing costs and, most importantly, keeping the dollar from strengthening too far (an overly strong dollar would cause monetary systems to freeze).

The Fed has cut policy rates by 150 bps and restarted "QE infinity" with \$700bn of asset purchases, including credit bonds. The ECB has allowed banks to run lower capital ratios, raised their QE programme by €120bn and announced a new €830bn programme of bond purchases. The Bank of England cut rates by 65 bps, to a record low of 0.1%, and increased QE. The total

asset purchase target was raised to £645bn. PBOC has lowered the required reserve ratio by 50, to 100 basis points. Many other countries have cut rates from between 25 to 100 bps and some have also implemented QE.

The BoJ has doubled its buying of ETFs and J-REITs and announced additional commercial paper and corporate debt purchases of JPY 2tn. SA's Monetary Policy Committee (MPC) unanimously cut the repo rate by 100 bps, to 5.25%.

QE has reached new highs, with larger increases than after the GFC of 2008. This has capped the recent dollar rally, which neared 50-year highs, kept liquidity in financial markets and avoided excessively high borrowing costs around the world – a necessary (but insufficient) step for market recovery.

Over \$5tn in fiscal support has been pledged by more than 21 countries to assist consumers and help businesses deal with the impact of global lockdowns. Helicopter money, first brought into play by Hong Kong at the onset of the crisis, is being utilised by the US and other countries.

The US will inject \$2tn into the economy – nearly 5% of GDP – including cash disbursements for consumers and loans for small businesses.

The levels of support are significant, although China is holding back relative to the 2008 crisis. China is also the first country to come out of lockdown, however, with transport levels back to almost 100%. Chinese data generated some hope as official PMIs rebounded in March from record lows and the index rose into expansionary territory, to 52.0 from 35.7. Fiscal support is in place and is the second necessary step for recovery, but is also insufficient on its own.

Both monetary and fiscal policy is in place, and no one can argue that the equity market is not cheap, but it could get cheaper. It will be impossible to call the bottom until there is confidence that infection rates have peaked. On the positive side: markets are fast adapting, and it is vital to stay nimble given the current conditions; Zoom's market cap is now bigger than the big four US airlines combined; the price of uranium has jumped as coal mines close, giving support to a commodity that has been in a bear market for over a decade; and oil tankers are enjoying record profits as cheap oil is in need of storage for the foreseeable future. We remain focused on harnessing the volatility to protect capital for the funds. Locally, bonds are looking closer to their bottoms than SA equities, and the recent Moody's cut is likely to be a positive catalyst that many foreign investors have been waiting for.

RISK PROFILE



TIME HORIZON



FUND PERFORMANCE

The Sygnia Itrix 4th Industrial Revolution ETF delivered 0.2% for the quarter in rand terms, marginally above its benchmark, the S&P Kensho New Economies Composite Index. The Fund benefitted from exposure to Tesla, NVIDIA and iRhythm Technologies, while its exposure to Raytheon, Visteon and Bruker detracted from performance.

There were several changes to the tracked index's constituents over the period, including the removal of AquaVenture Holdings and Audentes Therapeutics.

The Fund remains true to its investment objective of delivering returns that mirror those of the S&P Kensho New Economies Composite Index.

DISCLAIMER

Sygnia Itrix (RF) (Pty) Ltd is a registered and approved Manager under the Collective Investment Schemes Control Act, 2002. Sygnia Itrix does not provide any guarantee with respect to the capital or return of the portfolio. Collective Investment Schemes (CIS) are generally medium to long-term investments. The value of participatory interests 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. ETFs trade on stock exchanges and may therefore incur additional costs associated with listed securities. 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. ETFs may invest in foreign securities, which may be exposed to macroeconomic, settlement, political, tax, illiquidity and foreign exchange risks. Additional information on the Index including its performance and tracking error can be viewed on the relevant Fund Fact Sheets on www.sygnia.co.za. A schedule of fees and charges may be requested via admin@sfs.sygnia.co.za or 0860 794 642 (0860 SYGNIA). The complete terms and conditions of your ETF investment are contained in the fund's offering circular, pre-listing statement, programme memorandum and/or supplemental. These documents may be obtained from www.sygnia.co.za or on request from Sygnia. Nothing in this document shall be considered to state or imply that the Fund is suitable for a particular type of investor.

IMPORTANT INFORMATION TO CONSIDER BEFORE INVESTING

INVESTMENT APPROACH

The Sygnia Itrix 4th Industrial Revolution Global Equity ETF is a high risk, passively managed index tracking fund, registered as a Collective Investments Scheme, and is listed on the Johannesburg Stock Exchange as an Exchange Traded Fund. The objective of this portfolio is to provide simple access to investors who wish to track the movements of the Kensho New Economies Composite Index (KNEX) through investing in the physical index securities. KNEX comprehensively captures the 21st Century Sectors that are propelling the 4th Industrial Revolution and fostering new industries that will transform every facet of our lives. The term "4th Industrial Revolution" has become widely accepted as the name associated with the concept of a revolution which will fundamentally change the way we live, work and relate to one another. It is characterised by the coming online of a range of new technologies that are fusing the physical, digital and biological worlds and impacting all disciplines, economies and industries. These technologies include autonomous vehicles, cleantech, drones, 3D printing, robotics, nanotechnology, smart buildings, virtual reality, cybersecurity, space and wearables, among others. The investment policy of the portfolio shall be to track the Index by buying securities that substantially make up the Index at similar weighting as they are included in the Index.

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 Kensho New Economies Composite 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

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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