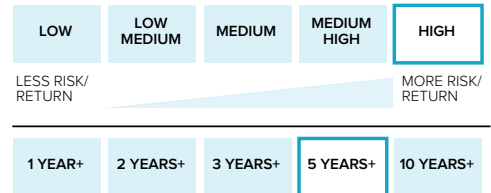


# SYGNIA ITRIX GLOBAL PROPERTY ETF

30 SEPTEMBER 2020



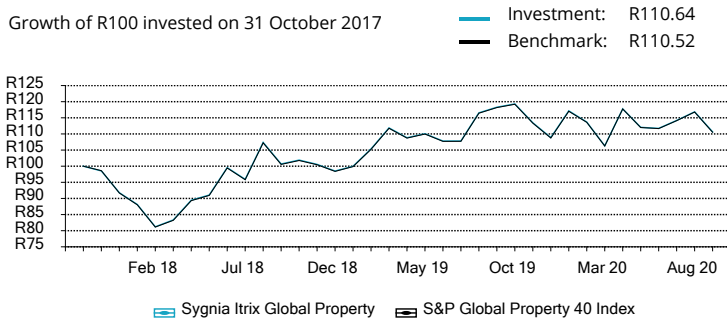
**PORTFOLIO MANAGERS** SYGNIA ASSET MANAGEMENT  
**INCEPTION** 30 OCTOBER 2017  
**FUND SIZE** R 421 Million  
**NAV PRICE** 3 993 cents  
**UNITS IN ISSUE** 10 549 803

**INVESTMENT OBJECTIVE** TO REPLICATE THE PRICE AND YIELD PERFORMANCE OF THE S&P GLOBAL PROPERTY 40 INDEX  
**INCOME DISTRIBUTION** PAYMENT: DEC 2019 - 56.8482 CENTS PER UNIT  
 PAYMENT: JUN 2020 - 68.30601 CENTS PER UNIT  
**TRUSTEES** STANDARD BANK TRUSTEES (021 441 4100)

## FUND INFORMATION

|                         |  |
|-------------------------|--|
| Classification          | Global - Real Estate - General               |
| Asset Allocation        | 100% Offshore Listed Property                |
| NAV/Index Ratio         | ca. 1/1000                                   |
| Financial Year End      | 31 December                                  |
| Index Tracking          | Fund tracks the S&P Global Property 40 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



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 |
|---------------------------|---------|
| Prologis Inc              | 9.8%    |
| Equinix Inc               | 8.6%    |
| Digital Realty Trust Inc  | 5.1%    |
| Vonovia SE                | 4.9%    |
| Public Storage            | 4.4%    |
| Welltower Inc             | 3.0%    |
| Mitsubishi Estate Co Ltd  | 2.8%    |
| AvalonBay Communities Inc | 2.8%    |
| Realty Income Corp        | 2.7%    |
| Goodman Group             | 2.7%    |

## HISTORICAL PERFORMANCE

|      | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG   | SEP   | OCT  | NOV   | DEC   | YEAR  |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|
| 2017 |       |       |       |       |       |       |       |       |       |      | -1.5% | -6.9% | -8.2% |
| 2018 | -4.0% | -7.8% | 2.6%  | 7.3%  | 1.8%  | 9.3%  | -3.6% | 11.9% | -6.2% | 1.2% | -1.3% | -2.0% | 7.3%  |
| 2019 | 1.5%  | 5.4%  | 6.2%  | -2.7% | 1.1%  | -2.1% | 0.0%  | 8.1%  | 1.5%  | 0.9% | -4.9% | -4.0% | 10.5% |
| 2020 | 7.6%  | -3.0% | -6.5% | 10.8% | -4.9% | -0.3% | 2.2%  | 2.3%  | -5.3% |      |       |       | 1.6%  |

## RISK STATISTICS

|  | FUND   | ^BM    |
|--|--------|--------|
| % Negative Months                                    | 48.6%  | 48.6%  |
| Average Negative Month                               | -3.9%  | -3.9%  |
| Largest Drawdown                                     | -18.8% | -18.9% |
| Standard Deviation                                   | 18.3%  | 18.4%  |
| Downside Deviation                                   | 7.5%   | 7.6%   |
| Highest Annual Return: Apr 2018 - Mar 2019           | 34.2%  | 34.3%  |
| Lowest Annual Return: Oct 2019 - Sep 2020            | -6.5%  | -6.5%  |
| Annualised Tracking Error (Active Return)            | 0.04%  | -      |
| Annualised Tracking Error (Std Dev of Active Return) | 0.21%  | -      |

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.

## LISTING INFORMATION

|                     |                    |
|---------------------|--------------------|
| Exchange            | JSE Limited        |
| Exchange Code       | SYGP               |
| Trading Currency    | ZAR                |
| Portfolio Currency  | USD                |
| ISIN                | ZAE000251369       |
| RIC                 | SYGPJ              |
| Bloomberg Ticker    | SYGP 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%   |            |

## GEOGRAPHIC ALLOCATION

| REGION        | PERCENT | ALLOCATION |
|---------------|---------|------------|
| United States | 61.6%   |            |
| Japan         | 12.0%   |            |
| Hong Kong     | 11.7%   |            |
| Germany       | 8.6%    |            |
| Australia     | 2.7%    |            |
| Other         | 3.5%    |            |

## PORTFOLIO PERFORMANCE ANALYSIS

| PERIOD          | SYGNIA ITRIX GLOBAL PROPERTY | S&P GLOBAL PROPERTY 40 INDEX (ZAR)** | S&P GLOBAL PROPERTY 40 INDEX (USD)** | SYGNIA ITRIX GLOBAL PROPERTY (TR) |
|-----------------|------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| 1 Month         | -5.3%                        | -5.4%                                | -3.9%                                | -5.3%                             |
| 3 Months        | -1.0%                        | -1.0%                                | 3.1%                                 | 0.7%                              |
| 6 Months        | 4.1%                         | 4.0%                                 | 11.4%                                | 5.9%                              |
| Year to Date    | 1.6%                         | 1.6%                                 | -14.8%                               | 4.7%                              |
| 1 Year          | -6.5%                        | -6.5%                                | -15.0%                               | -3.6%                             |
| Since Inception | 3.5%                         | 3.5%                                 | -2.6%                                | 5.7%                              |

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

Performance figures greater than one year are annualised.

\*\*Price return.

TR = Total return

## FEES

|                               |                  |
|-------------------------------|------------------|
| Management Fee                | 0.17%            |
| Other costs                   | 0.04%            |
| VAT                           | 0.03%            |
| Total Expense Ratio (TER)     | 0.24% (Sep 2020) |
| Transaction Costs (TC)        | 0.02% (Sep 2020) |
| Total Investment Charge (TIC) | 0.26% (Sep 2020) |

FIND OUT MORE ABOUT OUR FUNDS:

WWW.SYGNIA.CO.ZA



# SYGNIA ITRIX GLOBAL PROPERTY ETF FUND COMMENTARY

GLOBAL - REAL ESTATE - GENERAL

3RD QUARTER 2020

## MARKET PERFORMANCE

Although Covid-19 numbers are escalating in areas such as the UK, France and Spain, there is a glimmer of hope in the air. Pfizer hinted that a Covid-19 vaccine could be ready by the end of the year. AstraZeneca and Oxford University restarted the UK trial of their vaccine after the study was halted when a participant fell ill. The FDA is expecting at least one vaccine approval by late November.

As lockdowns ended around the world, and economic activity picked up, the OECD upgraded its outlook for world economic growth this year, shifting up from -6% to -4.5%. In the land of the free (the United States), the Federal Open Market Committee (the equivalent of the South African Monetary Policy Committee) signalled that interest rates are set to remain close to zero through to 2023. The combination of the above positive developments makes for an improved global market sentiment. While this signals good news, the US also currently faces the possibility of a hotly contested election for the first time in 20 years.

President Trump's re-election odds first bottomed out and then started improving. However, despite the first presidential debate being somewhat ill-mannered, Biden seems to have made a narrow victory through the chaos.

As the elections loom, Trump's actions are likely to increase market volatility. It certainly seems likely he will contest a democratic victory on the grounds of fraud in postal votes. Donald's ineffectual attempt to ban WeChat based on national security concerns was halted by US Judge Laurel Beeler, who ruled that there was insufficient evidence of a security threat and the ban would infringe on the right to free speech. That brings us to the Tech sector, which has several positives. Cloud computing, artificial intelligence, and the beginning of 5G networks are factors that are likely to lead to strong growth. In addition, the global move towards remote workers means companies are increasingly reliant on technology. However, short-term risks remain from the US/China technology conflict, vaccine breakthroughs that allow a return to the "old normal", very low tax rates of the big tech companies, and anti-trust investigations by the US Justice Department or Federal Trade Commission.

Yoshihide Suga was elected Prime Minister of Japan in September, succeeding Shinzo Abe and facilitating change for the first time since Shinzo's appointment in 2012. Yoshihide seems focused on the same goals - continuing Abenomics, pushing forward regulatory reforms at full speed, and accelerating investment spending to grow the economy.

In a somewhat unexpected move, the UK threatened to breach international law to override the Withdrawal Agreement it signed with the EU just last year. The pound reacted with its biggest weekly fall in almost six months against the dollar.

The EU responded with its own threat of legal action, calling on Prime Minister Boris Johnson to withdraw the new UK Internal Market Bill. The Bill, if it is passed, will open the door for the UK to unilaterally change arrangements made for the UK's only land border with the EU: the Ireland-Northern Ireland border.

Global investors have become increasingly concerned that the UK and the EU will fail to reach a post-Brexit trade agreement, which could subdue global growth expectations. Hopes are that a deal will be concluded before the 15 October deadline to ensure it can be ratified by the end of this year.

South Africa's second quarter GDP fell an annualised 51% quarter-on-quarter, taking us into our longest recession since 1992. The economy has now contracted for seven of the last 10 quarters. The OECD has cut SA's growth outlook for 2020 to -11.5%, among the worst relative to emerging market peers, such as Brazil, India and China.

A growing number of global institutions are now predicting South Africa is on the path to become a failed state. This poor outlook led to foreign holdings of South African government bonds falling below 30% for the first time since 2012. This is not great news coming at a time when South African debt is high and we need foreign investment more than ever. An improvement in the short to medium term seems increasingly unlikely given government's ongoing legal battle with trade unions and structural problems at state-owned enterprises (SOEs). South Africa is in its 13th year of load shedding while SAA requires an additional R10 billion just to sustain its business rescue process.

South Africa's debt service costs are estimated to reach 22% of GDP this year, significantly up from 9% in 2009. If it moves any higher, growth could be permanently crippled. In June Finance Minister, Tito Mboweni, presented two scenarios for the country. We anticipate he will stick to the "active scenario" with R230 billion worth of expenditure cuts, which will hopefully restore the country to a position where debt is stabilised to 73.5% of GDP by 2023/24. Execution of the active scenario will take place over the next few years, so promises are easy ...for now. A study by the Institute of Race Relations shows that reforms have gone backwards rather than forwards, highlighting the need for reforms to gain traction.

## RISK PROFILE



## TIME HORIZON



All eyes will be on the Medium-Term Budget Policy Statement (MTBPS) on Wednesday, 28 October, which could well prove to be a turning point. Markets, unfortunately, appear to be pricing in the worst. Until we see a strong social compact between government, business and labour, the South African outlook remains grim.

## FUND PERFORMANCE

The Sygnia Itrix Global Property ETF delivered -1.0% for the quarter, in line with its benchmark, the S&P Global Property 40 Index. The Fund benefitted from exposure to Prologis, Equinix and Public Storage, while its exposure to CK Asset Holdings, Unibail-Rodamco-Westfield and Equity Residential detracted from performance.

There were no changes to the tracked index's constituents over the period.

The Fund remains true to its investment objective of delivering returns that mirror those of the S&P Global Property 40 Index.

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# IMPORTANT INFORMATION TO CONSIDER BEFORE INVESTING

## INVESTMENT APPROACH

The Sygnia Itrix Global Property ETF is a high risk, passively portfolio of listed global property shares, 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 S&P Global Property 40 Index through investing in the physical index securities. The S&P Global Property 40 Index is designed to provide diversified exposure to 40 leading global property companies. 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.

## BALANCING RISK AND REWARD

The Fund has a 100% strategic allocation to offshore listed property. 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 Global Property 40 Index. 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. 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

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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