

SYGNIA ITRIX MSCI USA INDEX ETF

30 SEPTEMBER 2019

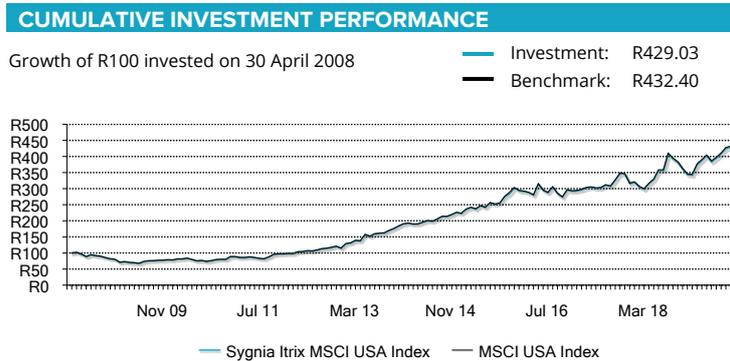


PORTFOLIO MANAGERS	SYGNIA ASSET MANAGEMENT
INCEPTION	1 APRIL 2008
FUND SIZE	ZAR 5.279 Billion
NAV PRICE	4 271 cents
UNITS IN ISSUE	123 614 005

INVESTMENT OBJECTIVE	TO REPLICATE THE PRICE AND YIELD PERFORMANCE OF THE MSCI USA INDEX
INCOME DISTRIBUTION	PAYMENT: DEC 2018 - 15.80898 CENTS PER UNIT PAYMENT: JUN 2019 - 17.58642 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 MSCI US 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	SYGUS
Trading Currency	ZAR
Portfolio Currency	USD
ISIN	ZAE000249546
RIC	SYGUSJ
Bloomberg Ticker	SYGUS 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
Apple Inc	4.0%
Microsoft Corp	3.9%
Amazon.com Inc	2.8%
Facebook Inc	1.6%
Alphabet Inc C	1.5%
JPMorgan Chase & Co	1.5%
Alphabet Inc A	1.4%
Johnson & Johnson	1.3%
Procter & Gamble Co	1.2%
Visa Inc	1.1%

ASSET ALLOCATION	
ASSET	PERCENT ALLOCATION
International Equity	99.8%
Cash	0.2%

SECTOR ALLOCATION	
SECTOR	PERCENT ALLOCATION
Information Technology	27.3%
Health Care	13.1%
Consumer Discretionary	13.1%
Financials	12.9%
Industrials	9.3%
Consumer Staples	7.6%
Energy	4.4%
Utilities	3.5%
Other	8.8%

PORTFOLIO PERFORMANCE ANALYSIS				
PERIOD	SYGNIA ITRIX MSCI USA	MSCI USA INDEX (ZAR)**	USD/ZAR*	MSCI USA INDEX (USD)**
1 Year	9.4%	9.4%	7.2%	2.1%
3 Years	14.7%	14.8%	3.4%	11.1%
5 Years	15.0%	15.1%	6.1%	8.5%
10 Years	18.9%	19.0%	7.3%	10.9%
Since Inception	13.6%	13.7%	6.3%	7.0%

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
2016	-2.9%	-0.7%	-1.3%	-2.7%	12.2%	-6.3%	-2.4%	6.0%	-6.7%	-3.8%	8.2%	-1.2%	-3.4%
2017	0.3%	1.1%	2.1%	0.6%	-1.1%	0.2%	3.0%	-1.2%	6.1%	6.5%	-0.6%	-8.5%	8.0%
2018	1.3%	-4.5%	-2.4%	5.7%	4.1%	8.7%	-0.1%	14.4%	-3.7%	-2.8%	-5.4%	-4.8%	8.8%
2019	-0.4%	9.4%	3.7%	3.6%	-4.6%	2.9%	3.3%	4.2%	1.0%				25.0%

Since inception performance figures are available on request.

RISK STATISTICS		
	FUND	^BM
% Negative Months	45.0%	45.0%
Average Negative Month	-2.8%	-2.8%
Largest Drawdown	-16.1%	-16.1%
Standard Deviation	16.2%	16.2%
Downside Deviation	7.6%	7.6%
Highest Annual Return: Jan 2015 - Dec 2015	33.8%	34.0%
Lowest Annual Return: Jun 2016 - May 2017	-4.2%	-4.1%
Annualised Tracking Error (Active Return)	-0.10%	-
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.

PLATFORM FEES	
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

FEES	
DESCRIPTION	PERCENT
Total Expense Ratio (TER)	0.86%
Transaction Costs (TC):	0.00%
Total Investment Charge (TIC):	0.86%

Excess management fees for investors over R10M are included in the above TER, and distributed back to the investor at each distribution date.

SYGNIA ITRIX MSCI USA INDEX ETF FUND COMMENTARY

REGIONAL - EQUITY - GENERAL

3RD QUARTER 2019

MARKET PERFORMANCE

The OECD cut its world growth forecast to 2.9% from 3.2% as intensifying trade conflicts take a toll on confidence and investment. On 1 September, the US implemented a further 15% import duty on \$110bn of Chinese imports, and China retaliated by implementing tariffs on \$75bn of US goods. With drone attacks on Saudi Arabia affecting more than half their oil supply and pushing the price of oil up nearly 20%, trade wars were eclipsed by the threat of world wars. The US, UK, France and Germany have blamed Iran for the attacks, with Trump saying the US is "locked and loaded depending on verification"; US-Iran relations remain a major risk to global stability, with global political uncertainty levels at a five year high.

Central bankers continue to do their best to support growth, with Bank of America Merrill Lynch's Emerging Monetary Mood Indicator at its most dovish since 2009. September saw Russia's central bank slash its interest rate for a third consecutive session, to 7%. Indonesia cut rates for the third time, the Turkish Central Bank cut the benchmark lending rate by 3.25% to 16.5% and the Brazilian Central Bank trimmed the benchmark rate by 50 bps to 5.5%. The SARB held our repo rate steady despite weak inflation of 4.3% in August.

The SACCI business confidence index fell to 89.1 points in August, the lowest level since April 1985. The Chamber noted that the "current state of fiscal deficiencies, social injustices and unemployment necessitates an urgent adjustment", and Moody's noted that Eskom's financial position remains a significant threat to economic growth and government debt levels. However, the agency acknowledged that progress would be slow, offering South Africa a temporary reprieve from a sovereign downgrade for the next 12 to 18 months.

US consumer sentiment fell to 89.8 in August, the largest fall since 2012 and its lowest level during Donald Trump's presidency, amid concerns about the impact of US trade wars. Federal Reserve data showed factory output falling for a second consecutive quarter. This allowed the Fed to lower the main interest rate for a second time this year, but due to steady inflation, the committee was divided on the need for further easing.

Despite lowering the key rate, US bank liquidity dried up in September, forcing the Fed to conduct its first repo auction in a decade, injecting over \$400bn into US money markets as overnight repurchase rates spiked as high as 10% and threatened to bring markets and businesses to a standstill. This is a form of quantitative easing, as Fed reserves proved insufficient to fund the US banking system. Speaker of the US House of Representatives Nancy Pelosi announced a formal Trump impeachment investigation, in which Trump is accused of seeking foreign help from Ukraine to smear Democratic rival Joe Biden ahead of next year's presidential election. However, the challenge is unlikely to pass given the Republican majority in the US Senate. Inflation overshoot.

Despite massive opposition, ECB President Mario Draghi restarted quantitative easing and cut interest rates. From 1 November, bond purchases will be conducted at a monthly rate of €20 billion and will continue until interest rates are raised. Reinvestment of maturities will continue as long as necessary and well past the time that interest rates start to rise. The deposit rate was cut from -0.4% to -0.5% and, to support bank lending, a two-tiered system for reserves will be introduced, in which part of the banks' excess liquidity will be exempt from negative remuneration on the deposit rate facility. Interest rates will only rise when inflation has robustly returned to the 2% ECB target.

UK manufacturing PMI fell to a seven-year low of 47.4 in August. The British parliament voted to force Prime Minister Boris Johnson to delay Brexit to 31 January 2020, and Johnson lost his second attempt to trigger an early general election. Parliament was prorogued until 14 October, but the UK supreme court ruled that Johnson's advice to the queen to prorogue was "unlawful, void and of no effect", and parliament reconvened on 25 September. Johnson was defiant and refused to resign or apologise. UK Chancellor of the Exchequer Sajid Javid unveiled a £13.8 billion boost to government spending in areas such as health, education and security – the largest increase in public spending in 15 years.

India's economy grew at a slower-than-expected rate in the three months to June, at 5 percent year-on-year. As a result, India's government announced a reduction in the corporate tax rate to boost the economy.

RISK PROFILE

LOW	LOW MEDIUM	MEDIUM	MEDIUM HIGH	HIGH
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LESS RISK/
RETURN

MORE RISK/
RETURN

TIME HORIZON

0-2 YEARS	2 YEARS+	3 YEARS+	5 YEARS+	7 YEARS+
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The Chinese official manufacturing PMI eased slightly to 49.5 in August, staying below 50 for the fourth month in a row, while industrial output and retail sales grew more slowly than expected. However, Chinese service sector data for August showed its fastest expansion in three months. The People's Bank of China announced a 50-basis-point cut in the reserve requirement ratio, which will take the cash reserves to their lowest since 2007. China also cut its one-year benchmark lending rate by 5bp (from 4.25% to 4.20%) for the second consecutive month in attempts to further support growth.

FUND PERFORMANCE

The Sygnia Itrix MSCI USA Index ETF delivered 8.7% for the quarter in rand terms, in line with its benchmark, the MSCI USA Index. The Fund benefitted from exposure to Apple, Alphabet and Microsoft, while its exposure to Amazon.com, Netflix and Pfizer detracted from performance.

There were several changes to the tracked index's constituents over the period, mainly due to corporate actions, including the addition of Globe Life, Roku and Sarepta Therapeutics and the removal of Worldpay, Anadarko Petroleum and Red Hat.

The Fund remains true to its investment objective of delivering returns that mirror those of the MSCI USA 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 MSCI USA Index 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 is to replicate the price and yield performance of the MSCI USA Index as closely as possible by physically holding a portfolio of securities equivalent to the basket of securities comprising the Index and in the same weightings of the Index. Index Performance data can be sourced from Bloomberg, Reuters, other data providers and at www.sygnia.co.za.

BALANCING RISK AND REWARD

The MSCI USA Index is a free float-adjusted market capitalisation index that is designed to measure developed market equity performance in the USA, representing companies with a total market capitalisation of approximately US\$14 trillion. For changes to the index constituents please refer to the published SENS. The MSCI USA Index is recognised as a barometer of the USA economy and as a holder of the Sygnia Itrix MSCI USA Index ETF; an investor will essentially track the USA equity markets. The recommended investment term for investors in the Sygnia Itrix MSCI USA Index 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.

DISCLAIMER

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