

LAUNCH OF NEW ETF ON THE JSE

An exciting Sustainability ETF has listed on the JSE: the **Sygnia Itrix Sustainable Economy ETF (SYGSE)**. This new ETF falls into the category of “Foreign Thematic” ETFs and seeks to track, as closely as possible, an index that provides specific exposure to companies that provide products and services that aid in mitigating climate change. The Sygnia Itrix Sustainable Economy ETF invests in approximately 300 global industrial and energy companies, with a focus on U.S. listed companies, that support the challenge of climate change. For investors who seek long-term growth and diversification, sustainable economies can provide exposure to new and innovative approaches to the Fourth Industrial Revolution, reshaping the global economy in the 21st Century.

The details of the new product are as follows:

ETF Name	JSE Code	Issuer	Listing Date	ISIN	Sector Exposure
Sygnia Itrix Sustainable Economy ETF	SYGSE	Sygnia	11 October 2022	ZAE000313888	Sustainable Economy

This ETF is available on all the etfSA.co.za platforms for tax-free and discretionary investments and will be carefully considered for inclusion in the retirement funds portfolios and wealth management portfolio services offered by etfSA.co.za.

OVERVIEW

The **Sygnia Itrix Sustainable Economy ETF (SYGSE)**, passively tracks the **S&P Kensho Sustainable Technologies Index** (‘The Index’), using a physically-replicated strategy. By investing in this ETF, you have most exposure to the Industrials sector (approximately 47%), and IT sector (approximately 21%). It provides exposure to small-, mid-and large-cap stocks, with approximately 287 constituents. It is a distributing ETF, which means that distributions will be paid out. Investments into this ETF are made in **South African Rands**; however, the underlying investments are in U.S. Dollars. This means that the performance is exposed to some currency risk (i.e., exchange rate differential).

- The management fee is 0.5%
- In terms of ESG, positive screening methodologies are applied rather than negative screening. In other words, the focus is on finding companies that produce products and services that score highly on ESG factors, rather than sifting out low-scoring companies.
- **This ETF is suitable for investors with a long-term view and the risk profile is high.**

WHY INVEST IN SYGSE?

The outlook for Sustainable Economy ETFs are attractive for the following reasons, among others:

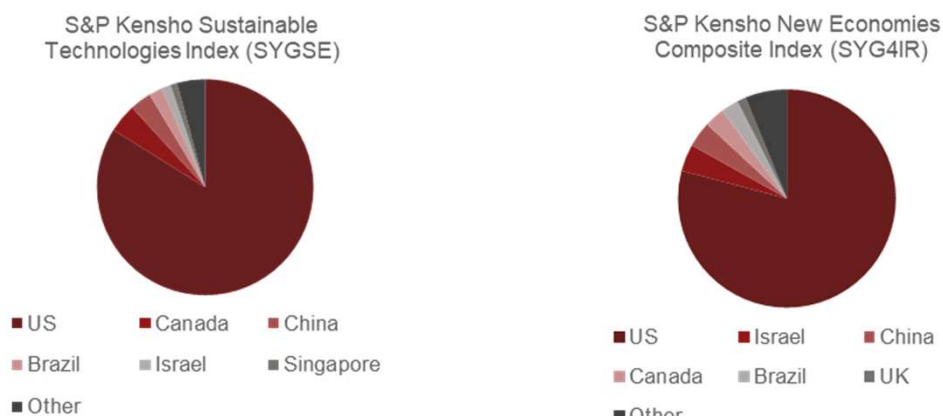
- With the ever-growing interest of creating a greener world, the Sygnia Itrix Sustainable Economy ETF provides exposure to companies that aid in challenging climate change. The Index includes companies whose business activities provides exposure to smart transportation and manufacturing, sustainable agriculture, clean power, space exploration, smart infrastructure, and the innovative technologies enabling remote working.
- The Sustainable economy ETF provides some exposure to the same investable universe as Indices that actively seek out companies in the leading Fourth Industrial Revolution, with a select focus on greener companies
- Given the current energy crises and environmental concerns across the world, there has been a shift of thinking by Governments, who are actively seeking out sustainable solutions for energy security and climate change.

Sygnia Itrix Sustainable Economy ETF (SYGSE)

October 2022

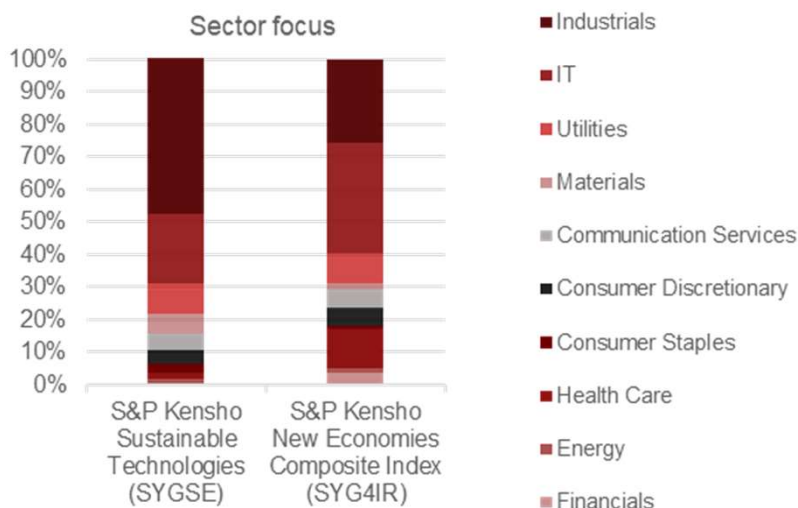
INDEX COMPARISON

Given the focus on innovative companies that contribute to growing a sustainable economy through smart technologies, the S&P Kensho Sustainable Technologies Index (SYGSE) has an investable universe that consists of select few S&P Kensho New Economy Sector Indices. The S&P Kensho New Economy Indices consist of subsector Indices, sector Indices, and composite Indices. The S&P Kensho New Economies Composite Index (SYG4IR), a composite of New Economy Sectors Indices, has been included in this analysis for comparative purposes. The Sygnia Itrix 4th Industrial Revolution Global Equity ETF (SYG4IR) tracks this Index. Out of all the underlying companies that are eligible for inclusion in the S&P Kensho Sustainable Technologies Index (SYGSE), approximately 19% is also included in the S&P Kensho New Economies Composite Index (SYG4IR).



Source: S&P (30 September 2022)

Looking at the geographic exposure, the S&P Kensho Sustainable Technologies Index (SYGSE) currently has the largest weighting to the United States, which makes up approximately 84% of the total country exposure. The remainder of the 16 Developed Market and Emerging Market countries, make up the balance in weightings to the Index. Similarly, the S&P Kensho New Economies Composite Index (SYG4IR), also has the largest exposure to the U.S., which makes up approximately 79% of the total geographic exposure



Looking at the sectoral exposure shown above, the S&P Kensho Sustainable Technologies Index (SYGSE) and the S&P Kensho New Economies Composite Index (SYG4IR), have a strong focus towards Industrials and IT. Given the concentration towards innovation and sustainability, with the aim of challenging climate change, the S&P Kensho Sustainable Technologies Index has a much larger allocation to the industrials sector, mostly in sustainable infrastructure, than the IT sector. This is in comparison to the S&P Kensho New Economies Composite Index, which has more of a technological drive towards the Fourth Industrial Revolution, illustrating the difference in strategy between the two Indices.

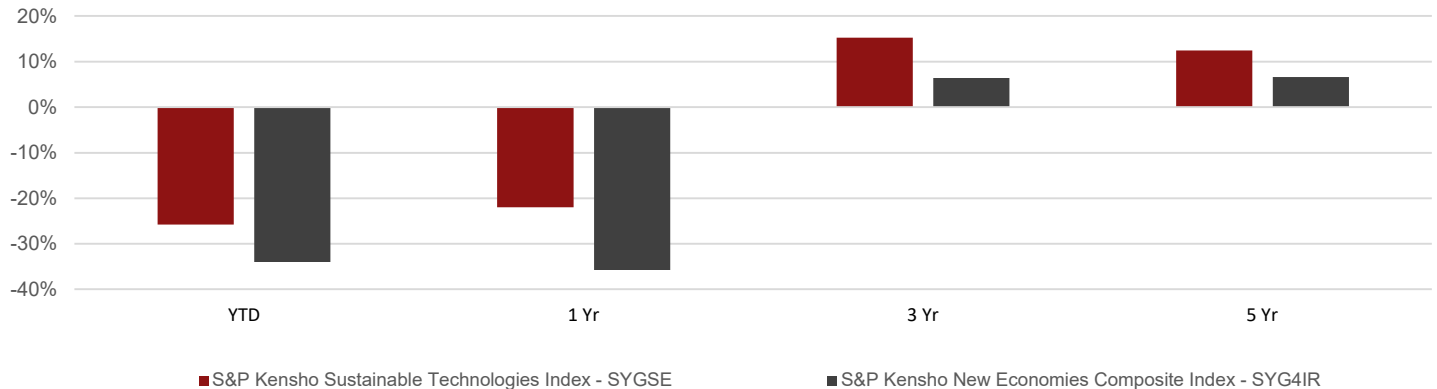
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INDEX COMPARISON (CONTINUED)

In terms of performance, the S&P Kensho Sustainable Technologies Index (SYGSE) has outperformed the S&P Kensho New Economies Composite Index (SYG4IR), for the Year to Date (YTD), 1-year, 3-year, and 5-year periods.

Annualised Index Performance - Total Return

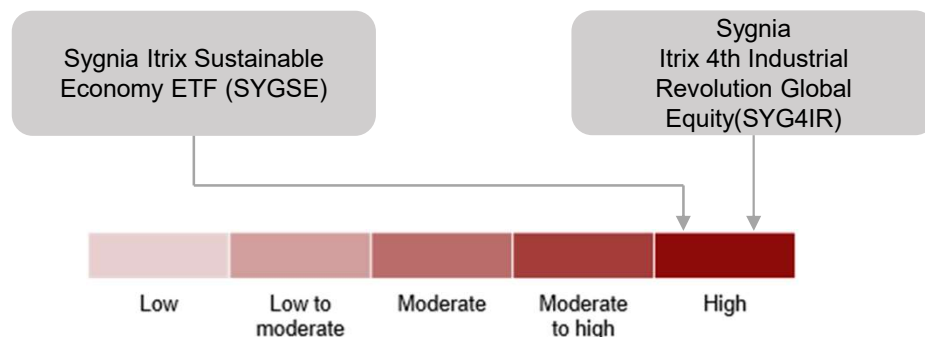


Source: S&P (30 September 2022)

RISK PROFILE


With thematic-based ETFs, concentration risk is one of the many factors to consider. The S&P Kensho Sustainable Technologies Index (SYGSE) is high risk and is suitable for investors with a long-term view. The Index has about 84% allocated to the U.S. alone, and the Index is concentrated towards the industrials sector, which marginally makes up about half of the total sector allocation. Should these take a knock in the market, the portfolio may not be sufficiently diversified to provide enough cover. Having said that however, other ETFs can be included in a portfolio to provide an added layer of diversification, while still providing a viable option for the environmentally aware investor.

Given that there is minimal overlap with the eligible companies (approximately 19%) between the Sygnia Itrix Sustainable Economy ETF (SYGSE) and the Sygnia Itrix 4th Industrial Revolution Global Equity (SYG4IR), both funds may be considered for inclusion in a portfolio. An investor would need to be mindful that these ETFs are largely dominated in the United States, have high industrial and IT sector exposure, and both are high risk thematic-based investments.



Source: etfSA (12 October 2022)

TOP 10 HOLDINGS

COMPANY		SUB SECTOR	%
 iridium	Iridium Communications Inc is an American communications company that provides voice and data communication services and products globally, including government agencies around the world	Communication Services	2.7%
 TELEDYNE TECHNOLOGIES INCORPORATED	Teledyne Technologies Inc is an American industrial conglomerate that sells technologies for industrial markets, including digital imaging, aerospace and defence electronics	Information Technology	1.9%
 valmont	Valmont Industries Inc is an American manufacturing company that provides products and services for infrastructure development and irrigation equipment and services for agriculture	Industrials	1.7%
 First Solar	First Solar Inc is an American solar manufacturer that designs and manufactures solar panels, modules and systems for use in utility-scale development projects	Information Technology	1.6%
 MAXAR TECHNOLOGIES	Maxar Technologies Inc is an American space and geospatial intelligence company that provides a range of space technology solutions for commercial and government customers	Industrials	1.4%
 HEICO	HEICO Corp is an American aerospace and electronics company that creates replacement parts for commercial aircrafts and components for defence products	Industrials	1.3%
 ENPHASE	Enphase Energy Inc is an American energy technology company that develops and manufactures solar micro-inverters, EV charging stations and battery energy storage	Information Technology	1.3%
 NORTHROP GRUMMAN	Northrop Grumman Corp is an American multinational aerospace and defence technology company that designs, develops and builds aircrafts, spacecrafts, and satellites etc.	Industrials	1.2%
 Constellation	Constellation Energy Corp is an American energy company that provides clean energy and sustainable solutions to homes, businesses, and the public sector	Utilities	1.2%
 Honeywell	Honeywell Intl Inc is an American multinational corporation that operates in four business segments: aerospace, building technologies, performance materials and technologies, and safety and productivity solutions.	Industrials	1.2%

Source: Sygnia, S&P, and Morningstar (10 October 2022)

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