Sygnia Itrix MSCI Emerging Markets 50 ETF

Global - Equity - General

30 June 2022

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	**30 April 2021**
Fund Size	**R 2.120 Billion**
NAV Price	**1 444 cents**
Units in Issue	**146 790 502**

Investment Objective	**To replicate the price and yield performance of MSCI Emerging Markets 50 Index**
Income Distribution	**Bi-Annually (June and December)** **Payment: 17 Jan 2022 - 16.44326 cents per share** **Payment: 13 Jul 2021 - 3.49536 cents per share**
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	**MSCI EM 50 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**

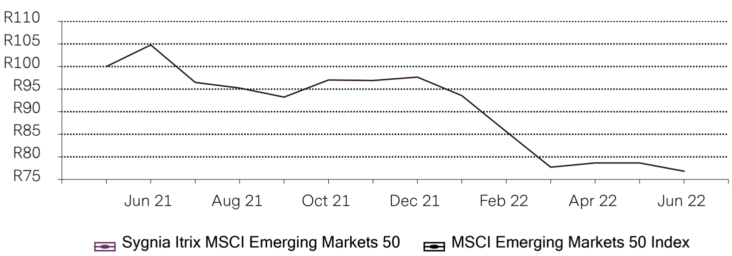
Listing Information

Exchange	**JSE Limited**
Exchange Code	**SYGEMF**
Trading Currency	**ZAR**
Portfolio Currency	**USD**
ISIN	**ZAE000297792**
RIC	**SYGEMFJ.J**
Bloomberg Ticker	**SYGEMF 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 May 2021

Investment: R76.84
Benchmark: R76.78



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	96.1%	
Domestic Equity	2.5%	

Sector Allocation

Sector	*Percent*	*Allocation*
Information Technology	33.7%	
Consumer Discretionary	22.6%	
Communication Services	17.5%	
Financials	15.5%	
Materials	4.5%	
Energy	2.0%	
Other	4.2%	

Top 10 Holdings

Instrument	*Percent*
Taiwan Semiconductor Manufacturing Ord Shs	15.4%
Tencent Holdings Ord Shs	11.0%
Alibaba Group Holding Ord Shs	8.4%
Samsung Electronics Ord Shs	8.2%
Meituan Ord Shs	4.0%
JD.com Class A Ord Shs	2.5%
China Construction Bank Ord Shs H	2.5%
Infosys ADR Representing One	2.4%
Vale ADR Representing One Ord Shs	2.3%
Hon Hai Precision Industry Ord Shs	1.8%

Portfolio Performance Analysis

Period	*Sygnia Itrix MSCI Emerging Markets 50***	*MSCI Emerging Markets 50 Index (ZAR)***	*MSCI Emerging Markets USD Return Index*	*Sygnia Itrix MSCI EM 50 ETF (TR)*
1 Month	-2.3%	-2.4%	-7.1%	-2.3%
3 Months	-1.1%	-1.2%	-11.9%	-1.1%
6 Months	-21.3%	-21.4%	-23.4%	-20.5%
Year to Date	-21.3%	-21.4%	-23.4%	-20.5%
1 Year	-26.7%	-26.7%	-36.1%	-25.8%
Since Inception	-21.6%	-21.6%	-33.5%	-20.7%

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						4.8%	-7.9%	-1.3%	-2.1%	4.1%	-0.1%	0.8%	-2.4%
2022	-4.2%	-8.5%	-9.2%	1.2%	0.0%	-2.3%							-21.3%

Risk Statistics

	Fund	*^BM*
% Negative Months	69.2%	61.5%
Average Negative Month	-4.0%	-4.5%
Largest Drawdown	-26.7%	-26.7%
Standard Deviation	15.6%	15.6%
Downside Deviation	12.7%	12.4%
Highest Annual Return: Jun 2021 - May 2022	-21.3%	-21.3%
Lowest Annual Return: Jul 2021 - Jun 2022	-26.7%	-26.7%
Annualised Tracking Error (Active Return) (12 Mths)	0.06%	-
Annualised Tracking Error (Std Dev of Active Return) (12 Mths)	0.08%	-

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

Management Fee	0.40%
Other costs	-0.04%
VAT	0.05%
Total Expense Ratio (TER)	0.41% (Jun 2022)
Transaction Costs (TC)	0.06% (Jun 2022)
Total Investment Charge (TIC)	0.47% (Jun 2022)

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Sygnia Itrix MSCI Emerging Markets 50 ETF

Fund Commentary

Global - Equity - General

2nd Quarter 2022

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

Global markets sold off sharply in June. The US officially entered bear market territory as the Fed tightened the base rate by 75bps – its biggest hike since 1994. The ensuing sell-off resulted in US markets falling 24% from January peaks and put one topic on every talk show: recession. Fed Chair Jerome Powell's stated aim of 3.4% base rates in the US by year end caused business sentiment to sour. These sentiments were echoed globally as the World Bank again revised its global growth outlook for 2022 down to only 2.9%, down from April's 3.2% estimate and January's 4.1% estimate.

Some economic indicators suggest plain sailing ahead, and the usual "recession warning" indicators are not flashing red. The yield curve and the US Leading Economic Index (LEI) are positive. The latter historically contracts year-on-year (YoY) in the lead-up to recessions, but its last reading was 3.0% YoY – far from recession-warning territory.

US inflation surprised to the upside at a historic 8.6%, and the inflation headwinds pushed the University of Michigan's consumer-sentiment survey down to its lowest reading since 1978. A recession in the US is unlikely for a couple of reasons. First, core inflation continued to fall, from 6.2% to 6% YoY, as did inflation breadth measures. With mortgage rates increasing by more than 2% so far this year and the shelter sub-index comprising about a third of the core CPI index, a dip in demand for homes is likely to ease inflation conditions.

China's reopening should improve global supply chain snarls, and transitory components such as shipping and freight conditions are improving alongside supply in key products like semiconductors and fertilisers. Some commodities may even follow the price of palm oil, which is now actually down after soaring prices encouraged production year to date and additional supply came online from Indonesia and Malaysia. As a result of the US consumer's relatively strong footing, the Fed can afford to raise rates faster and harder than its peers. This is partly attributable to generous Covid support but also to appreciating asset prices, with average US household net worth growing 30% since the midst of Covid, compared to only 12% for the EU and UK.

These trends are likely amplified by some labour market statistics, particularly the US labour force participation rate, which was last recorded at 62.3% (1.1% below pre-pandemic levels). Wage growth has been most pronounced at the bottom end of income distribution, where higher wages are required to incentivise worker participation. A recovery in the participation rate could allow payrolls to grow alongside unemployment rates.

Chinese leaders ushered in yet another era of expansionary rhetoric in June. Over the next business cycle, the Xi Jinping administration has vowed to "let 100 flowers bloom", referencing a set of policy shifts aimed at improving growth in the Chinese technology sector through deregulation. Beijing's issuance of its second batch of gaming licenses after a seven-month freeze seems to be a step towards this promise.

Total new social financing rebounded to RMB2.79 trillion from RMB910 billion in April as bank-extended loans nearly tripled to RMB1.89 trillion. The increased levels of spending were backed by trade expansion, with the Chinese balance of payments enjoying tailwinds of a 16.9% increase in export growth, largely thanks to fewer disruptions across supply chains compared to a year earlier. China's relatively low 2.1% inflation figure came in below expectation and is ideal for the current global setting, paving the way for the Chinese Communist Party to enact a more expansionary monetary and fiscal policy.

Corruption dominated South African headlines in June, from President Cyril Ramaphosa's game farm robbery to the pending extradition of the Guptas and the suspension of a key PIC executive. Acting Chief Justice Raymond Zondo's reports remain a key line of attack for the Ramaphosa faction. The final instalment of the inquiry concluded the four-year, R10-billion investigation and recommended the prosecution of scores of high-ranking political officials.

Despite SA GDP growth of 1.9% for the quarter to end March, the economy remains stuck in its longest downward cycle since WWII. Policy paralysis, weak business sentiment and turbulent socio-economic conditions continue to hamper fixed investment spending, as evidenced by stage six loadshedding for the first time since 2019, on the back of unlawful and unprotected labour action.

Transnet became the most recent state-owned fiscal monster, with Moody's citing insufficient resources to repay a bond maturing next month and placing the company on review for a downgrade. With the momentum adding up against SA's beleaguered SOEs, it is hoped that Eskom will set an example. The UK, US, Germany, France and the EU are plotting SA's path out of coal-powered loadshedding via an $8.5-billion climate finance deal.

June's shifts in economic conditions, particularly around the US inflation vs recession narrative, have driven volatility in global financial markets. Generally, we expect volatility to remain heightened, and we continue to find value in more defensive plays such as value, healthcare and self-recovery stories, and we anticipate that this trend will continue as global inflation remains elevated. We prefer China over the US, at least until inflation peaks, giving US small-cap tech some breathing room. While the US sways between monetary policy and more intervention, China is lining up a compelling case for the next business cycle's bullishness. We anticipate a rotation in growth from the US to Asia, where government support and a post-Covid dividend is attractive.

Surging energy prices remain a risk. A reduction in Russian gas has left Germany exposed, making them dependent on their European partners to share the pain. And a further sustained rise in energy prices would make central bankers nervous enough to push the global economy into a recession. We think central banks will choose higher inflation over recessions. Of course, this route could still mean recessions, particularly in Europe, where there is lots of vulnerability.

Fund Performance

The Sygnia Itrix MSCI Emerging Markets 50 ETF delivered -1.1% for the quarter, marginally above its benchmark, the MSCI Emerging Markets 50 Index. The Fund benefitted from exposure to Meituan, Pinduoduo Inc and Naspers Ltd, while its exposure to Taiwan Semiconductor Manufacturing Co Ltd, Samsung Electronics Co Ltd and Vale SA detracted from performance.

There were several changes to the tracked index's constituents over the period, including the addition of Baidu Inc, MTN Group and Saudi Telecom Co.

The Fund remains true to its investment objective of delivering returns that mirror those of the MSCI Emerging Markets 50 Index.

SYGNIA COLLECTIVE INVESTMENTS RF (PTY) LTD
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Important information to consider before investing

Investment Objective and Strategy

The objective of the Sygnia Itrix MSCI Emerging Markets 50 ETF is to provide an investment vehicle to investors who want to achieve long term capital appreciation in tracking the performance of the MSCI EM 50 Index ("benchmark index").

In order to achieve this objective, the Sygnia Itrix MSCI Emerging Markets 50 ETF shall track the MSCI EM 50 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 MSCI EM 50 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 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.

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