Sygnia Itrix FTSE 100 ETF

Minimum Disclosure Document (MDD)
Regional - Equity - General

30 September 2024

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	**10 October 2005**
Fund Size	**R 1.143 Billion**
NAV Price	**19 062 cents**
Units in Issue	**5 997 014**

Investment Objective	**To replicate the price and yield performance of the FTSE 100 Index**
Income Distribution	**Bi-Annually (December and June)** **Payment: 10 Jul 2024 - 288.20385 cents per unit** **Payment: 12 Jan 2024 - 256.58511 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 FTSE 100 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**

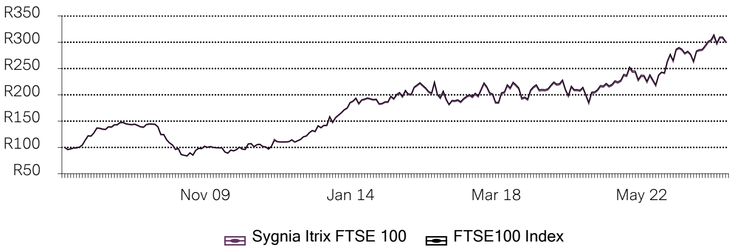
Listing Information

Exchange	**JSE Limited**
Exchange Code	**SYGUK**
Trading Currency	**ZAR**
Portfolio Currency	**GBP**
ISIN	**ZAE000249520**
RIC	**SYGUKJ.J**
Bloomberg Ticker	**SYGUK 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 October 2005

Investment: R300,09
Benchmark: R302,23



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	99.1%	

Sector Allocation

Sector	*Percent*	*Allocation*
Financials	20.5%	
Consumer Staples	17.6%	
Industrials	14.3%	
Health Care	12.3%	
Energy	10.6%	
Materials	8.3%	
Consumer Discretionary	6.0%	
Utilities	4.5%	
Other	6.1%	

Top 10 Holdings

Instrument	*Percent*
Astrazeneca Ord Shs	8.5%
Shell Ord Shs	7.4%
HSBC Holdings Ord Shs	6.1%
Unilever Ord Shs	5.8%
Relx Ord Shs	3.2%
BP Ord Shs	3.2%
GlaxoSmithKline Ord Shs	3.0%
Diageo Ord Shs	2.8%
Rio Tinto Ord Shs	2.8%
British American Tobacco Ord Shs	2.7%

Portfolio Performance Analysis

Period	*Sygnia Itrix FTSE 100***	*FTSE100 Index (ZAR)***	*FTSE100 Index (GBP)***	*Sygnia Itrix FTSE 100 (TR)*
1 Year	8.8%	8.8%	8.3%	12.7%
3 Years	10.0%	9.8%	5.1%	13.2%
5 Years	6.7%	6.7%	2.1%	9.8%
10 Years	4.6%	4.6%	2.2%	7.8%
Since Inception	6.0%	6.0%	2.3%	9.1%

Performance of the fund is calculated by Sygnia Asset Management as at reporting date.
Performance figures greater than one year are annualised.
**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	2.1%	3.7%	-0.4%	2.4%	-2.2%	1.3%	3.0%	-0.9%	1.4%	4.9%	-0.8%	6.7%	23.0%
2022	-3.0%	-0.2%	-6.4%	3.6%	-0.3%	-4.5%	5.4%	-4.0%	-4.2%	8.9%	2.5%	-0.8%	-4.0%
2023	9.2%	5.0%	-4.3%	8.0%	1.1%	-1.1%	-2.6%	1.3%	-2.0%	-4.8%	7.3%	0.8%	18.0%
2024	0.2%	2.5%	2.7%	1.0%	3.0%	-4.9%	3.9%	0.0%	-2.6%				5.6%

Since inception performance figures are available on request.

Risk Statistics

	Fund	*^BM*
% Negative Months	45.0%	45.0%
Average Negative Month	-3.1%	-3.1%
Largest Drawdown	-18.7%	-18.7%
Standard Deviation	14.9%	14.9%
Downside Deviation	8.2%	8.2%
Highest Annual Return: Nov 2020 - Oct 2021	28.6%	28.7%
Lowest Annual Return: Nov 2019 - Oct 2020	-17.3%	-17.3%
Annualised Tracking Error (Active Return) (12 Mths)	0.0%	-
Annualised Tracking Error (Std Dev of Active Return) (60 Mths)	0.4%	-

The risk statistics reflected above are calculated on a 60-month or since-inception basis, depending on which

Annual Management Fee

**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
VAT	0.12%		0.08%
Total Expense Ratio (TER)	0.89% (Sep 2024)		0.64% (Sep 2024)
Transaction Costs (TC)	0.04% (Sep 2024)		0.03% (Sep 2024)
Total Investment Charge (TIC)	0.93% (Sep 2024)		0.67% (Sep 2024)

Excess management fees for investors over R100m are included in the above TER, and distributed back to the investor at each distribution date.

Sygnia

Sygnia Itrix FTSE 100 ETF

Fund commentary

Minimum disclosure document (MDD)
Regional - Equity - General

3rd Quarter 2024

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

The S&P 500 closed at record highs after the first cut in the current cycle by the Federal Reserve. The Fed cut interest rates by 0.5% and updated its economic projections to reflect increased confidence for lower inflation while raising risks around the labour market. Despite the cooling labour market, the consumer sector appears robust. Household wealth has significantly increased on the back of rising values in both housing and financial markets, and household balance sheets are in good shape, having undergone a prolonged period of deleveraging. With reduced debt levels and increased net worth, the debt service ratio is at manageable levels, consumers are less under pressure to save for debt repayment and credit is expanding alongside bank loan growth. The Atlanta Fed's GDPNow model projects a healthy annualised gross domestic product (GDP) growth rate of 2.9% for the third quarter, suggesting a robust US economy.

Looking beyond the first US rate cut, the question becomes whether this is an opportune time to invest in small-cap stocks and real estate. Over half of the bottom 1 000 companies in the Russell 3000 are unprofitable, a stark contrast to the 10% of 1996. The economic landscape is complicated by the fact that interest rates are unlikely to return to the near-zero levels of the Covid-19 pandemic. This persistent higher-rate environment could inhibit recovery for many small-cap firms, particularly those that survived in the era of low rates but that may not be fundamentally sound enough to thrive now. While a decrease in interest rates could provide some relief for the property sector given its high levels of leverage, the ongoing structural challenges posed by remote work and the rise of online shopping continue to disrupt the demand–supply balance in real estate. These factors suggest that even with rate cuts, fundamental issues within the sector may persist, making recovery uncertain.

China's central bank unveiled a huge stimulus package to boost its economy, sending commodities and emerging market stocks higher. Key interest rates were cut and plans were announced to reduce the bank's required reserve ratio to its lowest level since 2018. Mortgage rates were lowered and rules for second home purchases will be eased. 100% of loans for local governments buying unsold homes will be covered, up from 60%. A stock stabilisation fund of 500 billion yuan was also announced, with measures to encourage mergers and acquisitions to be announced soon. This is a step in the right direction but is unlikely to sufficiently improve domestic consumer confidence, and China faces a significant deflationary spiral. Weak demand conditions are further reflected in stagnating imports, and the housing sector is still struggling with excess supply, showing a sharp decline in both housing starts and sales. China is also experiencing a large trade surplus as it attempts to export its excess production.

The core issue is not that the Chinese government has excessive debt – this debt can be financed domestically – but that the ageing population and property market crunch have diminished consumer confidence and spending. The government needs to step in with supportive fiscal spend, i.e. take on more debt.

South African assets and the rand rallied on the back of the Fed cuts, which weakened the dollar and lowered global interest rates, and further on the Chinese stimulus, which drove up commodity prices and resources. The South African Reserve Bank cut interest rates by 0.25% – less than the Fed despite SA inflation being closer to target. The new two-pot retirement system went online in September; outflows so far seem lower than expected, which may mean less of a once-off boost to GDP. We remain neutral on SA assets.

The S&P Global flash purchasing managers (PMIs) indexes show that the contraction in manufacturing activity in developed markets has accelerated. The weakness in Europe is likely driven by China moving up the value chain and by ongoing high energy prices, while the weakness in the US is a result of the ongoing normalisation of Covid goods spend. Services PMIs continue to expand in most regions. We remain overweight US, where the US consumer accounts for 69% of GDP. The US is a consumption-based economy and is often seen as the global consumer of last resort; while headwinds are rising, the US consumer remains robust. Eurasia and emerging markets (EMs) are largely production-based economies heavily linked into the global manufacturing supply chain. As the world is currently in a manufacturing recession, the producing economies led by China's slowdown are struggling. This suggests that the dollar will not fall as much as interest rate differentials might suggest after the Fed's rate cut, as the US economy remains relatively strong. Thus, while commodity prices, EMs and Eurasia may rally in the short term on the back of rate cuts and the Chinese stimulus, longer-term commodity prices will continue to struggle and EMs and Eurasia will continue to underperform.

Based on the nine easing cycles that have occurred since 1974, performance after the initial rate cut is heavily dependent on the state of the economy. No recession occurred in the subsequent 12 months of four of the nine rate-cut cycles. Equities posted positive returns in all four of these instances, delivering an impressive median gain of 18% – against a fall of 10% when recessions did occur. We do not believe the US is heading for a recession within the next 12 months, and we remain overweight equities.

As always, however, risks remain. Global shipping costs remain elevated and geopolitical risks continue to rise, with Israel escalating its campaign against the Iran-backed Hezbollah militant group through a massive bombardment of Lebanon.

Fund performance

The Sygnia Itrix FTSE 100 ETF delivered 1.2% for the quarter, marginally above its benchmark, the FTSE 100 Index. The fund benefitted from exposure to Unilever PLC, National Grid PLC and Rolls-Royce Holdings PLC, while its exposure to Shell PLC, BP PLC and AstraZeneca PLC detracted from performance.

There were several changes to the tracked index's constituents over the period, including the addition of British Land Company PLC, Hiscox Ltd and Endeavour Mining PLC and the removal of Smurfit Kappa Group, Burberry Group PLC and Darktrace PLC.

The fund remains true to its investment objective of delivering returns that mirror those of the FTSE 100 Index.

Important information to consider before investing

Investment Objective and Strategy

The investment policy of the Sygnia Itrix FTSE 100 ETF is to track the FTSE 100 Index as closely as possible, by buying only FTSE 100 securities in which are excluded from the Index from time to time as a result of quarterly Index review or corporate actions or which are required to be sold to ensure that the portfolio holds FTSE 100 securities in the same weighting as they are included in the Index.
This is a high risk, passively managed index tracking fund which objective is to replicate the price and yield performance of the FTSE 100 Index as closely as possible by physically holding a portfolio of securities equivalent to the basket of securities comprising 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 FTSE 100 Index is a market capitalisation weighted index representing the performance of the 100 largest UK – domiciled companies, which pass screening for size and liquidity. Index constituents are all traded on the London Stock Exchange SETS trading system. For changes to the index constituents please refer to the published SENS. The recommended investment term for investors in the Sygnia Itrix FTSE 100 ETF is a minimum of five years.

Annualised performance figures represent the geometric average return earned by the fund over the given time period.

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.

Index Disclaimer

The FTSE 100 Index is calculated by FTSE International Limited. FTSE International Limited does not sponsor, endorse or promote this product.

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. 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.

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.

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.

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

The Sygnia Group is a member of the Association for Savings and Investment SA. Sygnia Itrix (RF) (Pty) Ltd is a registered and approved Manager under the Collective Investment Schemes Control Act, 2002. Sygnia Asset Management (Pty) Limited (FSP 873), an authorised Financial services provider, is the appointed investment manager of the Fund. 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. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending.

The value of investments/units may go down as well as up and past performance is not necessarily an indicator of future performance. 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 once per 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, liquidity, and foreign exchange risks. Performance is calculated for the portfolio, and the individual investor performance may differ as a result of trading cost, price paid for investment share.

Additional information on the Index including its performance and tracking error can be viewed on the relevant Minimum disclosure document (MDD) on www.sygnia.co.za. A schedule of fees, charges and where the ETF engages in securities lending activities, information on such securities lending activities may be requested via admin@sfs.sygnia.co.za or 0860 794 642. 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 deed and index constituents with prices are published daily on Sygnia’s website. The documents/information 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. All the portfolio options presented are approved collective investment schemes in terms of the Collective Investment Schemes Control Act, No 45 of 2002 (“CISCA”). The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. A copy of the Minimum disclosure document (MDD) is available on our website:www.sygnia.co.za.

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