Sygnia Itrix MSCI Emerging Markets 50 ETF

Minimum Disclosure Document (MDD)
Global - Equity - General

31 March 2023

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 2.224 Billion**
NAV Price	**1 547 cents**
Units in Issue	**143 773 994**

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 2023 - 20.24364 cents per share** **Payment: 13 Jul 2022 - 10.67698 cents per share**
Trustees	**Standard Bank Trustees (021 441 4100)**

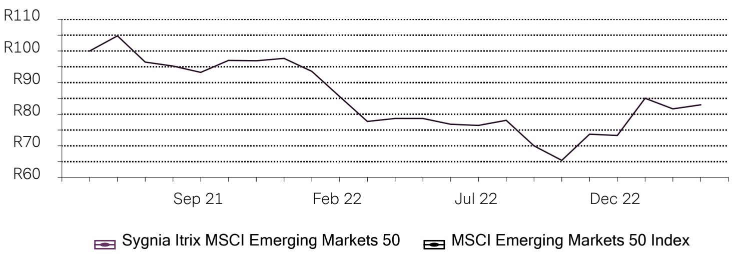
Fund Information

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**

Cumulative Investment Performance

Growth of R100 invested on 31 May 2021

Investment:	R82.98
Benchmark:	R82.93



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*
Taiwan Semiconductor Manufacturing Ord Shs	17.0%
Tencent Holdings Ord Shs	12.1%
Samsung Electronics Ord Shs	9.3%
Alibaba Group Holding Ord Shs	7.5%
Meituan Ord Shs	3.6%
China Construction Bank Ord Shs H	2.5%
Vale ADR Representing One Ord Shs	2.4%
Infosys ADR Representing One	2.3%
ICICI Bank ADR Rep 2 Ord Shs	2.2%
JD.com Class A Ord Shs	1.9%

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**

Asset Allocation

Asset	*Percent*	*Allocation*
International Equity	96.8%	
Domestic Equity	2.8%	

Sector Allocation

Sector	*Percent*	*Allocation*
Information Technology	36.9%	
Consumer Discretionary	20.8%	
Communication Services	18.1%	
Financials	14.7%	
Materials	5.1%	
Energy	1.7%	
Other	2.7%	

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	1.6%	1.6%	5.1%	1.6%
3 Months	13.2%	13.2%	8.6%	14.5%
6 Months	18.5%	18.6%	20.1%	19.8%
Year to Date	13.2%	13.2%	8.6%	14.5%
1 Year	6.8%	6.7%	-12.1%	8.8%
Since Inception	-9.7%	-9.7%	-21.5%	-8.2%

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%	-0.5%	2.1%	-10.3%	-6.6%	12.7%	-0.5%	-24.9%
2023	16.1%	-3.9%	1.6%										13.2%

Risk Statistics

	Fund	*^BM*
% Negative Months	63.6%	59.1%
Average Negative Month	-4.1%	-4.4%
Largest Drawdown	-37.6%	-37.6%
Standard Deviation	22.3%	22.3%
Downside Deviation	12.8%	12.7%
Highest Annual Return: Apr 2022 - Mar 2023	6.8%	6.7%
Lowest Annual Return: Nov 2021 - Oct 2022	-32.6%	-32.6%
Annualised Tracking Error (Active Return) (12 Mths)	0.1%	-
Annualised Tracking Error (Std Dev of Active Return) (12 Mths)	0.0%	-

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

Fees

Management Fee	0.35%**
Other costs	0.02%**
VAT	0.06%
Total Expense Ratio (TER)	0.42% (Mar 2023)
Transaction Costs (TC)	0.04% (Mar 2023)
Total Investment Charge (TIC)	0.46% (Mar 2023)

***Fees are exclusive of VAT*

Sygnia

Sygnia Itrix MSCI Emerging Markets 50 ETF

Fund Commentary

Minimum Disclosure Document (MDD)
Global - Equity - General

1st Quarter 2023

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

March got off to a difficult start as a higher-than-expected US Core Personal Consumption Expenditures Index sent markets lower. Things were significantly complicated by the back-to-back failures of Silicon Valley Bank (SVB) and Signature Bank. US two-year Treasury yields incurred their steepest drop since the early 1980s, from above 5% to below 4% , causing the dollar to plummet. Only days later Credit Suisse, Switzerland's second-largest bank and a 167-year-old institution, became a takeover target after two years of scandals, leadership changes and legal issues drove its shares from above CHF12 to below CHF1. Swiss National Bank (SNB) offered a CHF54bn support package to Credit Suisse, and UBS agreed to acquire the troubled Swiss lender for USD3.2bn soon after. These events can be compared to other isolated pockets of tension over the last six months, including the plunge in crypto assets after the failure of cryptocurrency exchange FTX.com and the UK's Liability Driven Investment (LDI) pension fund turmoil, which sent the pound into a tailspin. These are all symptoms of the Covid zero-interest-rate regime, and more pockets of fragility and imbalance exist. However, we do not believe that they will lead to another global financial crisis, particularly as central banks have learned many lessons from the Great Financial Crisis (GFC) of 2008. The Federal Reserve rolled out emergency measures in the aftermath of SVB's closure, including a backstop to all depositors. First Citizens BancShares eventually agreed to acquire SVB in the US, while in the UK, HSBC stepped in to rescue SVBUK.

First Republic Bank was looking like it might join the failed regional banks, but the US' biggest banks deposited USD30bn to tide it over. "This show of support by a group of large banks is most welcome and demonstrates the resilience of the banking system," said US Treasury Secretary Janet Yellen. Implicit in the US leadership's set of responses to the banking upheaval is the notion that the large legacy banks are the stronghold of public guarantees, with Yellen clarifying that Treasury's goal is not to provide "blanket insurance" to all bank deposits. The safety harnesses that regulators put around the systemically important financial institution (SIFI) banks after the GFC will go a long way toward preventing systemic threat, with capital levels for the SIFI banks far stronger than during the 2008 crisis. While every bank has been squeezed by the swiftness and magnitude of the Fed's rate hikes over the last 12 months, the new Bank Term Funding Program has eased liquidity pressures and allowed the Fed to raise rates for the ninth consecutive time, by 25 bps in March. This has brought the federal funds rate to its highest range (4.75% to 5%) since September 2007, when rates were at their peak on the eve of the GFC. The US consumer was traditionally something of a last resort to keep the world afloat during slowdowns, with US consumption the largest in the world in dollar terms, but prior to Covid China had overtaken the US as the world's largest consumer (as measured by dollar retail sales). Stringent Chinese lockdowns caused Chinese consumption to slow, contrasting with the US, where huge monetary support pushed consumption above trend. As US interest rates rise and Chinese consumption recovers, China may become home to the largest consumer base in the world again.

If we skip the banking contagion this time round (compared to the GFC) and the Fed still slows down rate hikes because of the banking risk, dollar depreciation is likely and rest-of-world equities should outperform those of the US. This is strengthened in light of China's reopening (still under way) and Europe's resilience in the face of their energy crisis. We are not out of the woods yet, but the "Fed Put" is back, even though the Fed hiked rates by 25 bps. Assets held on the Fed's balance sheet by all Fed banks increased by USD392bn between 8 and 22 March, unwinding 69% of the quantitative tightening since last April. US banks borrowed a combined USD164.8bn from two Fed backstop facilities over the course of a week, breaking a record set in the 2008 GFC. Central bankers have decided to use interest rates (which will increase, albeit slowly) to fight inflation and balance sheets, i.e. quantitative easing (QE), to provide financial stability. Looking forward, the Fed now sees rates lower by the end of 2024, at 4.25%, even with inflation above its 2% target. Higher inflation, higher rates and higher volatility match our forecasts and will lead to a weaker dollar, which is good for the rest of the world's liquidity, cost of capital and, hence, growth. At the same time, lower bank earnings in the US will press on US earnings, while tighter lending standards will constrain growth, meaning a US recession later in the year is still on the cards.

Outgoing Premier Li Keqiang presented a GDP growth target for China of 5% for this year, below consensus estimates of 5.3%, and the lowest target in over three decades as focus shifted to "prioritising economic stability". In addition to strong spending, the People's Bank of China cut the reserve rate requirement by a further 25 bps. Another key priority appears to be strengthening the Chinese military, with defence expenditure set to benefit from a 7.2% increase. Comments from both Chinese and US politicians underscore simmering tensions, especially over access to advanced technology. The Biden administration continues to restrict Chinese access to American technology, while China has attempted to shore up the private sector's role in technological innovation. The Chinese also came up with a 12-point plan for ending the Russia-Ukraine war, and Xi Jinping met with Vladimir Putin in Moscow. Kyiv had little opposition to such an idea, having sought leader-level talks with China since the invasion began. In addition, China brokered a peace deal between Saudi Arabia and Iran, noticeably leaving the US on the sidelines. The Saudis have expressed interest in joining the Shanghai Cooperation Organization, which would herald the end of the 1945 deal to sell oil exclusively in dollars.

President Cyril Ramaphosa finally announced anticipated changes to his cabinet, appointing Paul Mashatile as the new deputy president and Kgosientsho Ramokgopa as electricity minister. The latter's role "will be to significantly reduce the severity and frequency of load shedding as a matter of urgency". Headline GDP fell by 1.3% on a quarter-on-quarter seasonally adjusted basis in Q4 2022. ABSA estimates that load shedding shaved a full 1.7 pp from Q4 GDP. S&P Global's unexpected downgrading of SA's credit rating from positive to stable added to domestic woes, sounding a warning that SA's economic growth is under increased pressure from crippling power cuts. The IMF similarly downgraded 2023 growth to 0.1% on the back of power outages and weaker commodity prices. The SARB estimates that load shedding will shave 2% from GDP through 2023, and as the privately owned Kelvin coal power station continues to boast an 80% electricity availability factor, the private sector solution beckons. SARB governor Lesetja Kganyago warned against fiscal reliance on cyclic mining windfalls just as data pertaining to 2022 showed SA's first current account deficit in three years. The additional risk in South Africa and lower commodity prices are reflected in the rand, which has weakened significantly more than emerging market peers and developed market currencies. Not only has load shedding slowed growth, but the consequent additional costs pushed inflation higher than expected after rising to 7% YoY in February, forcing the SARB to raise rates another 0.5%. The rand recovered some of its relative losses on the news.

Fund Performance

The Sygnia Itrix MSCI Emerging Markets 50 ETF delivered 13.2% for the quarter, in line with its benchmark, the MSCI Emerging Markets 50 Index. The fund benefitted from exposure to Taiwan Semiconductor Manufacturing Co Ltd, Tencent Holdings Ltd and Samsung Electronics Co Ltd, while its exposure to Meituan, JD.Com Inc and WuXi Biologics (Cayman) Inc 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 MSCI Emerging Markets 50 Index.

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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

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.

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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