

Sygnia Itrix FTSE 100 ETF

Regional - Equity - General

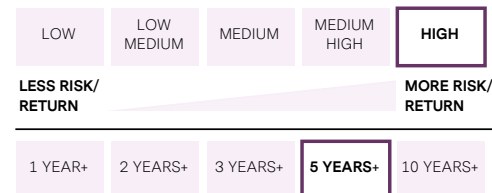
28 February 2021

Portfolio Managers **Sygnia Asset Management**
Inception **10 October 2005**
Fund Size **R 1.086 Billion**
NAV Price **13 657 cents**
Units in Issue **7 951 469**

Investment Objective

Income Distribution

Trustees



To replicate the price and yield performance of the FTSE 100 Index

Bi-Annually (December and June)

Payment: 13 Jan 2021 - 136.78815 cents per unit

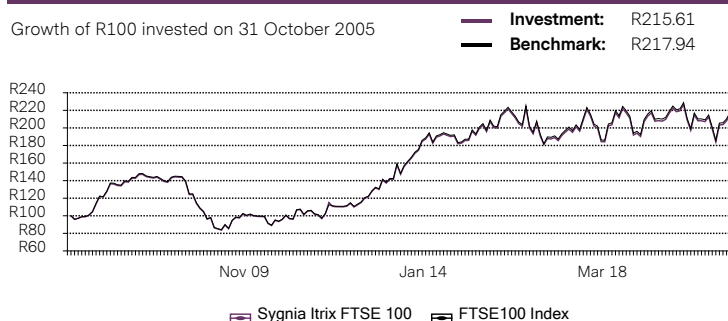
Payment: 13 Jul 2020 -170.69192 cents per unit

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

Cumulative Investment Performance

Growth of R100 invested on 31 October 2005



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
Unilever Ord Shs	5.5%
Astrazeneca Ord Shs	5.3%
HSBC Holdings Ord Shs	5.0%
Rio Tinto Ord Shs	3.9%
Diageo Ord Shs	3.7%
Royal Dutch Shell Ord Shs	3.4%
GlaxoSmithKline Ord Shs	3.4%
BP Ord Shs	3.3%
British American Tobacco Ord Shs	3.3%
Royal Dutch Shell Ord Shs Class B	3.0%

Historical Performance													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-1.2%	-7.7%	-0.1%	9.9%	0.7%	6.7%	-2.7%	5.0%	-2.3%	-2.8%	-9.1%	1.1%	-4.1%
2019	-1.9%	8.9%	3.0%	1.7%	-4.4%	0.4%	-0.3%	1.0%	3.3%	2.7%	-1.9%	0.5%	13.2%
2020	3.2%	-7.8%	-5.5%	8.9%	-3.1%	0.0%	-0.5%	2.6%	-6.5%	-7.4%	10.5%	0.2%	-7.2%
2021	2.1%	3.7%											5.8%

Since inception performance figures are available on request.

Risk Statistics		
	Fund	*BM
% Negative Months	48.3%	48.3%
Average Negative Month	-3.8%	-3.8%
Largest Drawdown	-18.7%	-19.2%
Standard Deviation	17.0%	17.1%
Downside Deviation	9.8%	9.8%
Highest Annual Return: Nov 2016 - Oct 2017	21.9%	22.7%
Lowest Annual Return: Nov 2019 - Oct 2020	-17.3%	-17.3%
Annualised Tracking Error (Active Return)	-0.03%	-
Annualised Tracking Error (Std Dev of Active Return)	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.

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

Asset Allocation

Asset	Percent	Allocation
International Equity	99.4%	
Sector Allocation		
Sector	Percent	Allocation
Financials	19.3%	
Consumer Staples	17.5%	
Materials	14.8%	
Industrials	9.9%	
Energy	9.7%	
Health Care	9.6%	
Consumer Discretionary	8.2%	
Communication Services	4.5%	
Other	6.4%	

Portfolio Performance Analysis

Period	Sygnia Itrix FTSE 100	FTSE100 Index (ZAR)**	FTSE100 Index (GBP)**	Sygnia Itrix FTSE 100 (TR)
1 Year	3.3%	3.3%	-1.5%	5.7%
3 Years	5.4%	5.4%	-3.6%	8.6%
5 Years	0.4%	0.4%	1.2%	3.5%
10 Years	7.2%	7.3%	0.8%	10.6%
Since Inception	5.1%	5.2%	1.3%	8.2%

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.

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

Excess management fees for investors over R10m are included in the below TER, and distributed back to the investor at each distribution date.			
Fees			
VAT	0.11%		
Total Expense Ratio (TER)	0.86% (Dec 2020)		
Transaction Costs (TC)	0.04% (Dec 2020)		
Total Investment Charge (TIC)	0.90% (Dec 2020)		

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Sygnia Itrix FTSE 100 ETF

Fund Commentary

Regional - Equity - General

4th Quarter 2020

Market Performance

While many are hailing 2020 as one of the worst years in history, the year actually ended on more than one positive note, starting with the markets. The Rand/dollar ended the year at 14.69. Gold was the best performer up 31% in Rands, followed by emerging markets which rose 24%. Locally the SWIX rose 3%, led by resources which were up 21% inversely mirroring the financial index which fell 20%. The All-Bond Index returned 8.7%, well above cash at 5.4%. Property remained the loser falling by 34%.

Markets were buoyed in December mostly on great vaccine news. The biggest vaccination programme in history kicked off with more than 15.9 million doses in 37 countries administered by the end of the first week of 2021 (Bloomberg, 7th Jan).

AstraZeneca's vaccine has the largest number of pre-purchase agreements in place - enough to cover 1.46 billion people. The Pfizer-BioNTech vaccine has been approved in North America, Europe and the Middle East. China approved Sinopharm's vaccine and is aiming to vaccinate 50 million people by early February. There has been a bit of a bunfight over who gets what. More affluent countries such as Canada have bought enough vaccines to vaccinate every Canadian four times, while poorer countries will rely on securing vaccines through Covax, a consortium backed by the World Health Organization to ensure equitable vaccine distribution.

After lengthy (seemingly endless) negotiations, a Brexit deal was finally concluded on Christmas Eve. Outcomes include a visa requirement for UK nationals wanting to stay in the EU for more than 90 days in a 180-day period, as well as customs and regulatory checks for goods. The UK government has escaped the jurisdiction of the Court of Justice of the European Union, while retaining tariff-free access to the EU. The deal requires constant dialogue with the EU and agreement on issues such as government subsidies, in a similar position to Switzerland.

The UK is also already in talks with the US, Australia and New Zealand - all countries that do not currently have free trade agreements with the EU.

Although the Brexit deal and the fact that the UK was the first country to approve and distribute a Covid-19 vaccine both herald good news, this was tempered by a third national lockdown to contain a surge in Covid-19 cases.

Tesla replaced a Real Estate Investment Trust in the S&P500 - a clear symbol of tech replacing bricks and mortar. In other news, the US Federal Trade Commission has filed an antitrust lawsuit against Facebook.

The Fed vowed to keep its monthly bond purchases around at least \$120 billion until it sees "substantial economic progress" and signalled interest rates will hold near zero at least through 2023.

Powell indicated that the pace of buying could even increase if the economy deteriorates. However, the Blue Wave could impact this liquidity. Democrats won control of the Senate following the Georgia run-off elections, delivering a 'blue wave' for the Democrats in both houses of Congress and the White House for the first time in 10 years.

This makes it far easier for the Biden administration to pass legislation to promote climate change and health care reform. ESG and Healthcare stocks are likely to benefit at the expense of tech stocks. Fiscal policy is

now more likely to be used which places less pressure on monetary policy and this could result in US interest rates rising earlier than expected.

Saudi Arabia has boosted the oil price. The kingdom will unilaterally cut one million barrels a day for February and March, offsetting the increases coming from Russia and Kazakhstan as part of the OPEC+ deal. WTI (West Texas Intermediate) crude oil breached \$50 for the first time since February.

Locally, SA's third quarter GDP beat expectations, falling only 6% year-on-year. Mboweni's call to cut public wages was backed by the Labour Court, putting a significant amount of R38 billion firmly back in government coffers and strengthening South Africa's financial position incrementally. While it may be a drop in the ocean relative to the country's debt, every little bit helps and it signals a step in the right direction, which should reassure foreign investors.

South Africa has been slow to make a deal through the Covax initiative. Health Minister Zweli Mkhize announced that South Africa will pay R20.6 billion to inoculate two thirds of the population by year end. The majority of the doses will come from AstraZeneca at R54 per dose. However, the Serum Institute of India stepped in to allocate 1.5 million doses of the AstraZeneca vaccine to South Africa with one million doses scheduled for delivery in January and the remaining 500 000 doses to be delivered in February. Healthcare workers will be prioritised for the initial vaccine rollout.

The last decade has been fraught with event risks including the Great Financial Crisis, Grexit, Chinese shadow debt defaults, US/China trade wars, Brexit and, most recently, Covid-19. The world muddled through the various events by lowering interest rates and using creative monetary policy. Covid-19 changed that, forcing conservative governments to engage in what turned out to be the largest fiscal support in two decades.

2021 will see the impacts of the fiscal spend, alongside a continuation of \$4 trillion in quantitative easing, as the global economy recovers strongly on the back of vaccine rollouts. At the same time global trade is likely to rise due to a more collaborative US foreign policy and falling trade costs because of low oil prices and low US interest rates. All of which creates a fantastic mix for Emerging Markets. Already China's industrial output in November grew at the fastest pace in 20 months, rising 7% YoY. In addition, there is ample cash sitting on the side-lines waiting for risk to settle.

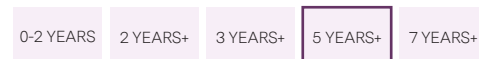
Unfortunately, the world has survived the last decade by taking on more and more debt with global debt-to-GDP ratios at record highs. This high level of global gearing or leverage intensifies any risk events that may occur and reinforces the current secular stagnation or low growth environment. While the strong fiscal and monetary support and earnings rebound over 2021 should help the world push through any small event risks, we could end up paying the price beyond 2021 for simply kicking the can down the road.

President Cyril Ramaphosa must balance reducing infection rates and boosting public safety with trying to bolster a failing economy and supporting businesses that have already taken huge knocks last year. Lockdown measures are likely to resemble a roller coaster ride in the year ahead. Buckle up until the vaccine is fully deployed.

RISK PROFILE



TIME HORIZON



Fund Performance

The Sygnia Itrix FTSE 100 ETF delivered 2.5% for the quarter, in line with its benchmark, the FTSE 100 Index. The Fund benefitted from exposure to HSBC Holdings PLC, Royal Dutch Shell PLC and Rio Tinto PLC, while its exposure to AstraZeneca PLC, Reckitt Benckiser Group PLC and GlaxoSmithKline PLC detracted from performance.

There were several changes to the tracked index's constituents over the period, including the addition of Pershing Square Holdings Ltd and the removal of HomeServe PLC.

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

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Sygnia 

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.

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.

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