

# Sygnia Itrix MSCI USA Index ETF

Global - Equity - General

28 February 2021

Portfolio Managers	<b>Sygnia Asset Management</b>
Inception	<b>1 April 2008</b>
Fund Size	<b>R 5.859 Billion</b>
NAV Price	<b>5 596 cents</b>
Units in Issue	<b>104 694 005</b>

Investment Objective

To replicate the price and yield performance of the MSCI USA Index

Income Distribution

Bi-Annually (December and June)

Payment: 13 Jan 2021 - 13.04572 cents per unit

Payment: 13 Jul 2020 - 14.22529 cents per unit

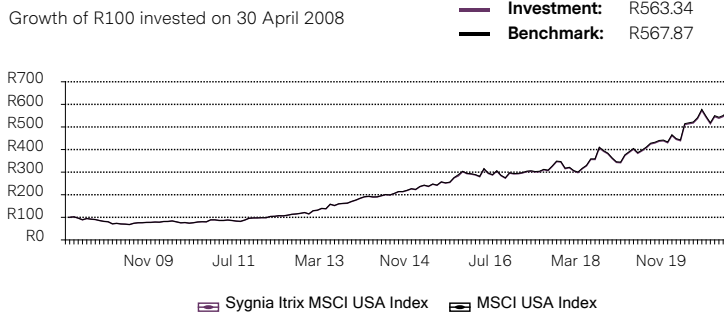
Standard Bank Trustees (021 441 4100)

Trustees

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 MSCI US 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	SYGUS
Trading Currency	ZAR
Portfolio Currency	USD
ISIN	ZAE000249546
RIC	SYGUSJ.J
Bloomberg Ticker	SYGUS SJ EQUITY
Trading Hours	9:00 am - 16:50 pm
Transaction cut-off	JSE trading hours

## Cumulative Investment Performance



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
Apple Ord Shs	6.0%
Microsoft Ord Shs	4.8%
Amazon Com Ord Shs	3.8%
Facebook Class A Ord Shs	1.8%
Alphabet Ord Shs Class A	1.8%
Alphabet Ord Shs Class C	1.7%
Tesla Ord Shs	1.5%
JPMorgan Chase Ord Shs	1.3%
Johnson & Johnson Ord Shs	1.2%
Visa Ord Shs Class A	1.0%

## Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	1.3%	-4.5%	-2.4%	5.7%	4.1%	8.7%	-0.1%	14.4%	-3.7%	-2.8%	-5.4%	-4.8%	8.8%
2019	-0.4%	9.4%	3.7%	3.6%	-4.6%	2.9%	3.3%	4.2%	1.0%	1.8%	0.4%	-1.9%	25.4%
2020	7.4%	-3.7%	-1.3%	16.3%	0.7%	0.7%	3.7%	6.8%	-5.3%	-5.2%	6.1%	-1.3%	25.2%
2021	1.4%	3.1%											4.6%

Since inception performance figures are available on request.

## Risk Statistics

	Fund	*BM
% Negative Months	43.3%	43.3%
Average Negative Month	-3.2%	-3.2%
Largest Drawdown	-16.1%	-16.1%
Standard Deviation	17.8%	17.8%
Downside Deviation	7.6%	7.7%
Highest Annual Return: Feb 2019 - Jan 2020	35.2%	35.2%
Lowest Annual Return: Jun 2016 - May 2017	-4.2%	-4.1%
Annualised Tracking Error (Active Return)	-0.05%	-
Annualised Tracking Error (Std Dev of Active Return)	0.07%	-

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.

## Asset Allocation

Asset	Percent	Allocation
International Equity	99.9%	

## Sector Allocation

Sector	Percent	Allocation
Information Technology	28.3%	
Health Care	13.3%	
Consumer Discretionary	12.1%	
Communication Services	11.3%	
Financials	10.8%	
Industrials	8.3%	
Consumer Staples	5.7%	
Energy	2.6%	
Other	7.7%	

## Portfolio Performance Analysis

Period	Sygnia Itrix MSCI USA	MSCI USA Index (ZAR)**	MSCI USA Index (USD)**	Sygnia Itrix MSCI USA (TR)
1 Year	26.6%	26.6%	31.8%	27.2%
3 Years	22.7%	22.7%	12.9%	23.6%
5 Years	14.1%	14.2%	15.2%	15.0%
10 Years	20.3%	20.4%	11.4%	21.4%
Since Inception	14.4%	14.5%	8.4%	15.6%

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)	0.00% (Dec 2020)
Total Investment Charge (TIC)	0.86% (Dec 2020)

# Sygnia Itrix MSCI USA Index ETF

## Fund Commentary

Global - 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.

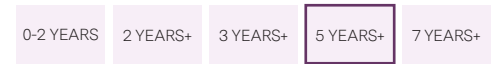
### RISK PROFILE



LESS RISK/  
RETURN

MORE RISK/  
RETURN

### TIME HORIZON



### Fund Performance

The Sygnia Itrix MSCI USA Index ETF delivered -0.8% for the quarter, in line with its benchmark, the MSCI USA Index. The Fund benefitted from exposure to Apple Inc, Tesla Inc and Walt Disney Co, while its exposure to Salesforce.Com Inc, Zoom Video Communications Inc and Amgen Inc detracted from performance.

There were several changes to the tracked index's constituents over the period, including the addition of ETSY Inc, Enphase Energy Inc and HubSpot Inc and the removal of HD Supply Holdings Inc, National Retail Properties Inc and Ingredion Inc.

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

### Disclaimer

Sygnia Itrix (RF) (Pty) Ltd is a registered and approved Manager under the Collective Investment Schemes Control Act, 2002. 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. The value of participatory interests 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. 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 at the end of the trading 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, illiquidity and foreign exchange risks. Additional information on the Index including its performance and tracking error can be viewed on the relevant Fund Fact Sheets on [www.sygnia.co.za](http://www.sygnia.co.za). A schedule of fees and charges may be requested via [admin@sfs.sygnia.co.za](mailto:admin@sfs.sygnia.co.za) or 0860 794 642 (0860 SYGNIA). 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. These documents may be obtained from [www.sygnia.co.za](http://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.

## Important information to consider before investing

### Investment Objective and Strategy

The investment policy of the Sygnia Itrix MSCI USA Index ETF is to track the MSCI USA Index as closely as reasonably possible. This is a high risk, passively managed index tracking fund, with an objective to replicate the price and yield performance of the MSCI USA Index as closely as possible by physically holding a portfolio of securities representative of the composition and weighting of the securities contained in the index. Index Performance data can be sourced from Bloomberg, Reuters, other data providers and at [www.sygnia.co.za](http://www.sygnia.co.za).

### Balancing risk and reward

The MSCI USA Index is a free float-adjusted market capitalisation index that is designed to measure developed market equity performance in the USA, representing companies with a total market capitalisation of approximately US\$14 trillion. For changes to the index constituents please refer to the published SENS. The MSCI USA Index is recognised as a barometer of the USA economy and as a holder of the Sygnia Itrix MSCI USA Index ETF; an investor will essentially track the USA equity markets. The recommended investment term for investors in the Sygnia Itrix MSCI USA Index 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.

### Disclaimer

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