

SYGNIA ITRIX MSCI USA INDEX ETF

30 JUNE 2018

PORTFOLIO MANAGERS
INCEPTION
FUND SIZE
INSTRUMENT PRICE
UNITS IN ISSUE

MELLON CAPITAL MANAGEMENT CORPORATION
1 APRIL 2008
R 4 998 MILLION
3 545 cents
140 982 357

FUND OBJECTIVE

INCOME DISTRIBUTION

TRUSTEES

LOW	LOW MEDIUM	MEDIUM	MEDIUM HIGH	HIGH
LESS RISK/ RETURN			MORE RISK/ RETURN	
1 YEAR+	2 YEARS+	3 YEARS+	5 YEARS+	10 YEARS+

TO REPLICATE THE PRICE AND YIELD PERFORMANCE OF THE MSCI USA INDEX

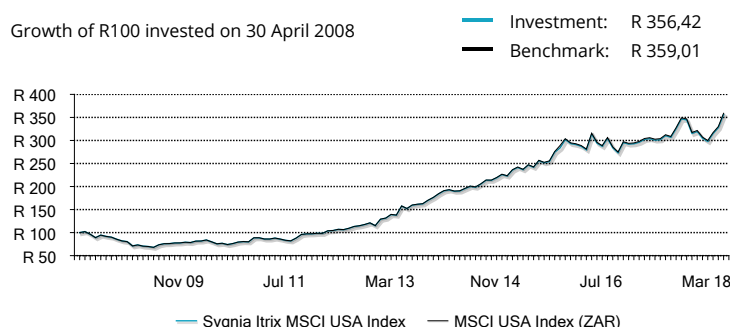
PAYMENT: JUNE 2018 - 13.5442 CENTS PER UNIT
PAYMENT: DEC 2017 - 12.218 CENTS PER UNIT
STANDARD BANK TRUSTEES (021 441 4100)

FUND INFORMATION

Classification	Regional - Equity - General
Asset Allocation	100% Offshore Equity
Portfolio Currency	USD
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

CUMULATIVE INVESTMENT PERFORMANCE

Growth of R100 invested on 30 April 2008



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 Inc.	3.9%
Microsoft Corp	3.0%
Amazon.com Inc.	2.9%
Facebook Inc.	1.9%
JP Morgan Chase & Co	1.5%
Alphabet Inc.	1.4%
Exxon Mobil Corp	1.4%
Alphabet Inc A	1.4%
Johnson & Johnson	1.3%
Bank of America Corp	1.1%

HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2015	-1.4%	5.8%	2.5%	-2.0%	4.2%	-1.9%	5.9%	-1.7%	1.1%	7.9%	3.3%	6.6%	33.8%
2016	-2.9%	-0.7%	-1.3%	-2.7%	12.2%	-6.3%	-2.4%	6.0%	-6.7%	-3.8%	8.2%	-1.2%	-3.4%
2017	0.3%	1.1%	2.1%	0.6%	-1.1%	0.2%	3.0%	-1.2%	6.1%	6.5%	-0.6%	-8.5%	8.0%
2018	1.3%	-4.5%	-2.4%	5.7%	4.1%	8.7%							13.0%

Since inception performance figures are available on request.

RISK STATISTICS

	FUND	^BM
% Negative Months	36.7%	36.7%
Average Negative Month	-2.5%	-2.5%
Largest Drawdown	-14.1%	-14.0%
Standard Deviation	13.8%	13.8%
Downside Deviation	7.5%	7.5%
Highest Annual Return: Jan 2015 - Dec 2015	33.8%	34.0%
Lowest Annual Return: Jun 2016 - May 2017	-4.2%	-4.1%
Annualised Tracking Error (Active Return)	-0.10%	-
Annualised Tracking Error (Std Dev of Active Return)	0.90%	-

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	SYGUS
Trading Currency	ZAR
ISIN	ZAE000249546
RIC	SYGUSJ.J
Bloomberg Ticker	SYGUS:J
Trading Hours	9:00 am - 17:00 pm
Portfolio Valuation	Index close of business 16:00 pm EST
Transaction cut-off	JSE trading hours 17:00 pm

ASSET ALLOCATION

ASSET	PERCENT	ALLOCATION
Offshore Equity	99.6%	
Cash	0.4%	

SECTOR ALLOCATION

SECTOR	PERCENT	ALLOCATION
Information Technology	26.2%	
Financials	13.6%	
Health Care	13.4%	
Consumer Discretionary	13.3%	
Industrials	9.4%	
Consumer Staples	7.0%	
Energy	6.3%	
Utilities	2.9%	
Real Estate	2.9%	
Materials	2.7%	
Telecommunication Services	2.0%	

PORTFOLIO PERFORMANCE ANALYSIS

PERIOD	SYGNIA ITRIX MSCI USA	MSCI USA INDEX (ZAR)	USD/ZAR*	MSCI USA INDEX (USD)
1 Year	18.2%	18.1%	5.1%	12.3%
3 Years	13.8%	14.0%	4.1%	9.5%
5 Years	18.6%	18.7%	6.8%	11.1%
10 Years	14.0%	14.0%	5.8%	7.8%
Since Inception	13.3%	13.4%	6.1%	6.9%

*A positive performance in currency reflects a depreciation of ZAR against base currency and vice versa.

FEES

INVESTMENT SIZE	BROKER/OTHER PLATFORM (EXCL VAT)	INVESTMENT SIZE	SYGNIA ALCHEMY PLATFORM (EXCL VAT)
First R10M	0.75%pa	First R2M	0.55%pa
R10M-R100M	0.60%pa	R2M-R100M	0.50%pa
Over R100M	0.40%pa	Over R100M	0.30%pa

Total Expense Ratio (TER) 0.86%

TER is based on the highest fee level, excess management fees are rebated back to investors at each distribution date.

FIND OUT MORE ABOUT OUR FUNDS:
WWW.SYGNIA.CO.ZA

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SYGNIA ITRIX MSCI USA INDEX ETF FUND COMMENTARY

REGIONAL - EQUITY - GENERAL

2ND QUARTER 2018

MARKET PERFORMANCE

Market sentiment in the second quarter of 2018 was largely driven by the erratic behaviour of US President Donald Trump, starting with his withdrawal from the nuclear treaty with Iran and followed by the imposition of further sanctions against Russia, an aggressive stance at the G7 meeting and all-consuming tit-for-tat trade battles with China and other allies. The US Federal Reserve added to the toxic investment environment by raising interest rates and signalling two more increases in 2018 and three in 2019, while the ECB indicated that it would wind down its €30 billion-a-month bond-buying program by December as inflation rose to meet the ECB's 2% target in June. This translated into a massive sell-off of emerging markets. A number of countries, such as India, Turkey, Indonesia and Argentina, increased interest rates to protect their currencies. The stock market oscillated between optimistic belief that Trump was merely posturing to a growing fear that he is single-handedly disturbing the world order and destroying the prospects of synchronised global growth. Other geopolitical tensions added to the noise. The historic summit between the US and North Korea yielded little. In Europe, Italy's new coalition government confirmed that although it had no intention of leaving the euro, it wanted a revision of budgetary constraints. And in Turkey, Recep Tayyip Erdogan was re-elected president, leading to concerns that he would exert more control over the country's monetary policy. South Africa and other emerging markets reeled from a sharp sell-off with currencies near multi-year lows. The countries most at risk are those with large US dollar-denominated debt levels, such as Argentina, Turkey and Brazil. Adding to the problem is that lack of liquidity in the bond markets places additional pressure on the currencies, which can be used quickly to hedge against a broader deterioration by selling them short.

Unfortunately, stability is not on the horizon as Trump continues his quest to get China to reduce its US\$375 billion trade deficit with the US by US\$200 billion. Trump ordered the identification of US\$200 billion in Chinese imports for additional tariffs of 10%, with yet another US\$200 billion in the offing if Beijing retaliates. While the US\$50 billion in tariffs announced in April were mainly on industrial goods, the new move is broader. It was followed by an announcement that the US plans to halt Chinese investment in US technology. China promised to retaliate. It could do so by imposing higher tariffs, making life harder for US companies such as Ford, General Motors and Apple, which generate significant revenues in China, or simply by devaluing its currency and negating the effect of Trump's tariffs on the economy. The latter move risks triggering capital outflows, however. In the meantime, China's central bank cut the amount of reserves the country's banks are required to keep on deposit, freeing up more than US\$100 billion to help cushion the impact.

The US followed through on its decision to impose tariffs on steel and aluminium imports from the EU, Canada and Mexico. The EU, in turn, proposed levies worth US\$3.3 billion on US exports. Trump responded with a threat of 20% to 25% tariffs on

European car imports. The last couple of days of the quarter brought some market stability as Trump seemingly softened his stance on China's technology-investment restrictions in the face of growing political and business backlash. At the same time, softer US GDP growth of an annualised 2% in the first quarter calmed concerns about a hawkish US Fed. And finally, the EU Summit migration agreement reduced the political risk of Germany's coalition government collapsing.

On the economic front, according to the IMF the US remained on course for 2.9% GDP growth this year and 2.7% in 2019, thanks to US\$1.5 trillion in tax cuts and US\$300 billion in federal spending increases. However, the IMF also warned that growth is likely to drop to 1.9% in 2020 and 1.7% in 2021 based on the US's unsustainable rising public debt load and the shift towards greater protectionism. US inflation came in slightly higher than expected at 2.8% in May, on the back of higher petrol prices. It is the highest number since February 2012. The unemployment rate fell to an 18-year low of 3.8%. China's economy expanded at a faster-than-expected 6.8% in the first quarter, though flagging exports and factory output may prove a drag in the coming months. The eurozone economy entered 2018 on a high, having recorded its fastest expansion in a decade during 2017, as it outpaced the US for the second straight year. However, the economic indicators for the first three months of 2018 recorded a sharp slowdown, which continued into the second quarter. The eurozone's GDP grew by an annualised 1.7% in the first quarter, down from 2.7% in the fourth quarter of last year. Despite this, most economists still expect the year as a whole to register growth close to last year's 2.4%, with unemployment of 8.5% at its lowest level since December 2008 and consumer inflation in June at 2% year-on-year. Core inflation, which excludes volatile items such as energy and food, fell to 1% in June from 1.1% in May.

The ECB announced it will end its government bond purchases in December 2019 but extended the life of negative interest rates past the summer of 2019. The central bank has bought €2.4 trillion of bonds over three years. The ECB lowered its forecast for 2018 GDP growth to 2.1% but raised its inflation projections for this year and next to 1.7%. In South Africa, the rand came within a hair's breadth of the R14/US\$ level, while yields on benchmark 10-year government bonds spiked above 9% for the first time since December 2017. The rand has lost about 17% against the US dollar in the current quarter alone, as foreign investors sold R34.7 billion worth of South African bonds between January and June, the highest sell-off on record. Last year, the first six months of the year recorded an inflow of R45.7 billion.

In another shock, the economy shrank by 2.2% in the first quarter of 2018 compared with the final quarter of last year, with the agricultural sector plunging by 24.2%. This is the largest quarterly fall since the second quarter of 2009. The IMF forecasts growth of 1.5% in 2018 and 1.7% in 2019. And the current account deficit widened more than expected, to 4.8% of GDP, from 2.9% in the previous quarter and 2% the year before.

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+
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Consumer inflation fell to 4.4% in May despite a 1% VAT rate hike in April, mainly due to lower food prices. The Reserve Bank kept interest rates on hold at 6.5%, citing upside risks to the inflation outlook from US dollar strength and the surge in oil prices. The sell-off in emerging markets comes at a time when South Africa is desperately trying to attract foreign investment. President Cyril Ramaphosa led a delegation to the G7 Summit in Canada, South Africa's first invitation in seven years.

On a positive note, the new version of the Mining Charter recognised the key principle of "once empowered, always empowered", although ownership targets have been raised from 26% to 30%. Ramaphosa also gave an indication of what land redistribution would look like at the Drakensberg Inclusive Growth Forum. Measures proposed included giving arable land and agricultural support to emerging black farmers, providing labour tenants with security of tenure, housing poor families in well-located urban areas and ensuring that communal land is used for the benefit of communities. The quarter ended with the FTSE/JSE SWIX Index up 2.7%, the JSE All Bond Index down 1.2% and the rand 8.1% weaker relative to the US dollar.

FUND PERFORMANCE

The Sygnia Itrix MSCI USA Index ETF delivered 19.6% for the quarter in rand terms, in line with its benchmark, the MSCI USA Index. The Fund benefitted from exposure to Apple, Amazon and Microsoft, while its exposure to Philip Morris, Starbucks and Applied Materials detracted from performance. There were a few changes to the tracked index's constituents over the period, including the addition of Abiomed, Evergy and XPO Logistics and the removals of Time Warner, Monsanto and Wyndham Worldwide. 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. A schedule of fees and charges may be requested via 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 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.

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Sygnia 

IMPORTANT INFORMATION TO CONSIDER BEFORE INVESTING

INVESTMENT APPROACH

The Sygnia Itrix MSCI USA Index ETF is a high risk, passively managed index tracking fund, registered as a Collective Investments Scheme, and is listed on the Johannesburg Stock Exchange as an Exchange Traded Fund. The objective is to replicate the price and yield performance of the MSCI USA Index as closely as possible by physically holding a portfolio of securities equivalent to the basket of securities comprising the Index and in the same weightings of 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 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.

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.

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 RATION (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.

DISCLAIMER

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