

Sygnia Itrix MSCI World Index ETF

Minimum Disclosure Document (MDD)

Global - Equity - General

29 February 2024

Portfolio Managers

Sygnia Asset Management

Inception

1 April 2008

Fund Size

R 18.535 Billion

NAV Price

6 434 cents

Units in Issue

288 091 131

Investment 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 World Index

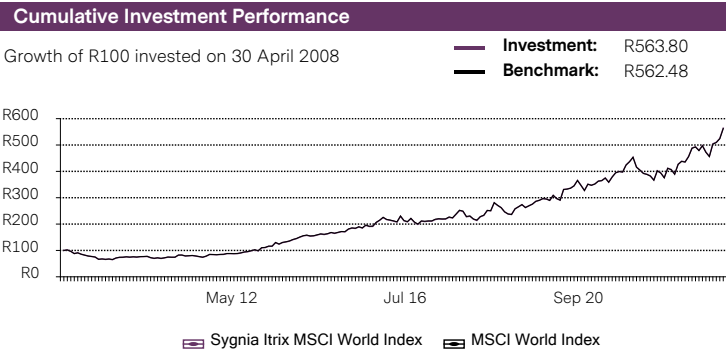
Bi-Annually (December and June)

Payment: 12 Jan 2024 - 25.37092 cents per unit

Payment: 13 Jul 2023 - 32.61625 cents per unit

Standard Bank Trustees (021 441 4100)

Fund Information	
Classification	Global - Equity - General
Asset Allocation	100% Offshore Equity
NAV/Index Ratio	ca. 1/1000
Financial Year End	31 December
Index Tracking	Fund tracks the MSCI World 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 is for illustrative purposes only and is calculated using the NAV before any distributable income and management fee.

Top 10 Holdings	
Instrument	Percent
Microsoft Ord Shs	4.6%
Apple Ord Shs	4.2%
NVIDIA Ord Shs	3.1%
Amazon Com Ord Shs	2.6%
Meta Platforms Ord Shs Class A	1.7%
Alphabet Ord Shs Class A	1.3%
Alphabet Ord Shs Class C	1.1%
Eli Lilly Ord Shs	1.0%
Broadcom Ord Shs	0.9%
Tesla Ord Shs	0.9%

Historical Performance													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	1.4%	3.1%	0.5%	2.7%	-4.2%	5.5%	4.2%	1.2%	-0.5%	6.7%	3.0%	3.8%	30.6%
2022	-8.2%	-2.8%	-3.0%	-0.9%	-1.6%	-4.1%	9.7%	-2.1%	-4.5%	9.6%	-1.2%	-4.3%	-14.1%
2023	9.6%	2.7%	-0.6%	4.7%	7.0%	1.0%	-2.8%	3.8%	-4.9%	-3.4%	10.4%	1.2%	30.9%
2024	2.9%	7.4%											10.5%

Since inception performance figures are available on request.

Risk Statistics		
	Fund	*BM
% Negative Months	40.0%	40.0%
Average Negative Month	-3.1%	-3.1%
Largest Drawdown	-19.1%	-19.1%
Standard Deviation	16.0%	16.0%
Downside Deviation	6.7%	6.7%
Highest Annual Return: Jul 2022 - Jun 2023	34.4%	34.4%
Lowest Annual Return: Jan 2022 - Dec 2022	-14.1%	-14.1%
Annualised Tracking Error (Active Return) (12 Mths)	0.1%	-
Annualised Tracking Error (Std Dev of Active Return) (60 Mths)	0.1%	-

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

Listing Information	
Exchange	JSE Limited
Exchange Code	SYGWD
Trading Currency	ZAR
Portfolio Currency	USD
ISIN	ZAE000249553
RIC	SYGWDJ.J
Bloomberg Ticker	SYGWD SJ EQUITY
Trading Hours	9:00 am - 16:50 pm
Transaction cut-off	JSE trading hours

Geographic Allocation		
Region	Percent	Allocation
United States	68.5%	
Japan	6.1%	
United Kingdom	4.0%	
Canada	3.2%	
Other	18.2%	

Sector Allocation		
Sector	Percent	Allocation
Information Technology	24.0%	
Financials	15.2%	
Health Care	12.1%	
Industrials	11.1%	
Consumer Discretionary	10.9%	
Other	26.7%	

Portfolio Performance Analysis				
Period	Sygnia Itrix MSCI World**	MSCI World Index (ZAR)**	MSCI World Index (USD)**	Sygnia Itrix MSCI World (TR)
1 Year	28.6%	28.5%	23.3%	29.9%
3 Years	15.8%	15.7%	7.1%	16.8%
5 Years	16.9%	16.9%	9.9%	18.1%
10 Years	13.6%	13.5%	7.2%	15.1%
Since Inception	11.5%	11.5%	5.2%	13.2%

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 100 Million	0.60%pa	*First R 100 Million	0.50%pa
*Over R 100 Million	0.40%pa	*Over R 100 Million	0.30%pa
VAT	0.09%		0.08%
Total Expense Ratio (TER)	0.71% (Dec 2023)		0.58% (Dec 2023)
Transaction Costs (TC)	0.00% (Dec 2023)		0.00% (Dec 2023)
Total Investment Charge (TIC)	0.71% (Dec 2023)		0.59% (Dec 2023)

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



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Fund commentary

Minimum disclosure document (MDD)
Global - Equity - General

4th Quarter 2023

Market performance

At the December 2023 Federal Open Market Committee (FOMC) meeting, the US Federal Reserve (the Fed) cut its median interest expectation for 2024 by 50 bps, from 5.125% to 4.625%. This very dovish move was amplified by Fed Chair Jerome Powell's comments at the subsequent press conference. The shift in the Fed's reaction function reduces the risk of a recession and brought Christmas early to markets, effectively bringing some of 2024's gains forward into late 2023. The markets' jubilation reflects the potential for downside inflation surprises this year, and while bonds and stocks have gotten ahead of themselves in the short term, the underlying trend remains solid.

In the US, the procyclical fiscal policy tailwind is coming to an end, as is the period of excess pandemic savings, and higher interest rates will impact with a lag. However, a soft landing remains our base-case scenario, as financial conditions have eased in the wake of the dovish Fed and rising equity markets, business and consumer confidence indices are holding steady, US banks and household contagion risks are low and have healthy balance sheets, house price falls will be limited by low supply and unemployment has not yet been impacted by falling job openings. Importantly, disinflation is on track, with Shelter inflation set to drop dramatically, oil prices falling and productivity improving, lowering the unit labour costs and offsetting wage inflation. And because 2024 is an election year, pressure will be on the Fed to stay dovish – as a result, we remain overweight US.

President Xi Jinping rang in the new year declaring China's focus on "high-quality development", but while China's economic data are holding steady, a recovery is unlikely. Consumer and business confidence remain depressed after falling house prices, insufficient government fiscal thrust and a sharp fall in exports. In one of China's biggest-ever bankruptcies, shadow banking giant Zhongzhi Enterprise Group filed for bankruptcy as a result of the property crisis, putting more stress on already fragile consumer and investor sentiment. In addition, China released draft gaming regulations that sent Tencent – and consequently Naspers – plunging. Naspers closed 18% down on the day, but the share price recovered half its losses after authorities said they would listen to feedback from industry players, over 100 online games were approved and the head of publishing in the Communist Party's Publicity Department was removed. Unfortunately, the damage to investor confidence had already been done.

2023 saw the world's hottest 12 months on record, with the global near-surface temperature 1.4°C above average, its warmest in 174 years. Despite this, China connected the greatest number of new coal plants in history and US oil production hit the highest level of any country in history. Not surprising, then, that the 2023 UN Climate Change Conference (COP28) was a disappointment. Instead of explicitly phasing out fossil fuels, COP28 agreed to transition away from them. While this includes tripling renewable energy targets, Professor Michael Mann of the University of Pennsylvania described

the conference's failure to phase out fossil fuels as "devastating". The first comprehensive assessment of progress under the Paris Agreement highlighted that current efforts are not enough to limit global warming to 1.5oC, and governments are expected to revise their Nationally Determined Contributions upwards. We expect more volatile weather patterns to disrupt global trade.

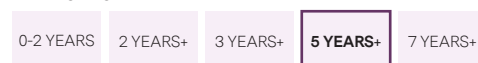
As South Africa heads into elections this year, we still face a lack of service delivery. The Department of Water and Sanitation's Blue Drop Report for 2023 reported that 46% of the water supply system in South Africa is undrinkable. Dr Anthony Turton of the University of the Free State believes that 90% of the country's wastewater works are to some extent dysfunctional. Eskom's system status outlook for 2024 is dire, with a likely shortfall of over 2 001 MW every week. PetroSA wants to partner with Russia's Gazprombank in a R3.7bn deal to restart the gas-to-liquid refinery in Mossel Bay. The unusually strict criteria of the project bid saw the other 19 bidders disqualified, but Gazprombank is under US sanctions due to Russia's invasion of Ukraine. The government announced a new nuclear procurement process for 2 500 MW of power, claiming that the National Regulator of South Africa (NERSA) had approved the procurement process. However, none of the details requested by NERSA in September have yet been provided. The state attorney's office sent an inquiry to the Department of Home Affairs, asking why the visa backlog continues to grow and now sits at close to 100 000 applications.

Our outlook remains steady. The US economy will remain resilient despite the lagged effects of monetary tightening in 2024. Growth and inflation will slow, but the scope for interest rate cuts, improved productivity, global product disinflation and strong household and business balance sheets reduce the risk of recession. While the US remains expensive relative to history, we remain overweight US within global equity allocations and neutral global bonds. China needs a huge government fiscal campaign to revive growth – which is unlikely, as growth is stable despite being low. Absent a fix to the property sector, a strong revival of consumer and business confidence is unlikely. US rate-cut expectations have grown quickly, as has the belief in a soft landing. This leaves markets vulnerable to bad news in the short term, such as higher inflation numbers or rising oil prices caused by geopolitical risks. With weather volatility likely to increase and 2024 being a bumper year for national elections – nearly half the world's population will have the opportunity to vote for new leadership – there is no shortage of potential risks to precipitate short- or long-term stumbles in the market.

RISK PROFILE



TIME HORIZON



Fund performance

The Sygnia Itrix MSCI World Index ETF delivered 7.8% for the quarter, in line with its benchmark, the MSCI World Index. The fund benefited from exposure to Microsoft Corp, Apple Inc and Amazon.com Inc, while its exposure to Exxon Mobil Corp, Pfizer Inc and Bristol-Myers Squibb Co detracted from performance.

There were several changes to the tracked index's constituents over the period, including the addition of Veralto Corp, Vertiv Holdings Co and Sandoz Group AG and the removal of Activision Blizzard Inc, VMware LLC and Seagen Inc.

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

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Sygnia 

Important information to consider before investing

Investment Objective and Strategy

The investment objective of Sygnia Itrix MSCI World Index ETF is to track the MSCI World 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 World 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 World Index is a free float-adjusted market capitalisation index that is designed to measure global developed market equity performance, representing companies with a total market capitalisation of approximately US\$30 trillion. For changes to the index constituents please refer to the published SENS. The MSCI World Index is recognised as a barometer of the world's developed economies and as the holder of the Sygnia Itrix MSCI World Index ETF, an investor will essentially track the developed world's equity markets. The recommended investment term for investors in the Sygnia Itrix MSCI World 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

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.

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