

# Sygnia Itrix New China Sectors ETF

Minimum Disclosure Document (MDD)

Global - Equity - General

30 June 2024

Portfolio Managers	<b>Sygnia Asset Management</b>
Inception	<b>20 April 2022</b>
Fund Size	<b>R 78 Million</b>
NAV Price	<b>2 667 cents</b>
Units in Issue	<b>2 928 155</b>

Investment Objective

To replicate the price and yield performance of the S&P New China Sectors Index

Income Distribution

Bi-Annually (December and June)

Payment: 12 Jan 2024 - 19.15249 cents per unit

Payment: 13 Jul 2023 - 11.55456 cents per unit

Trustees

Standard Bank Trustees (021 441 4100)

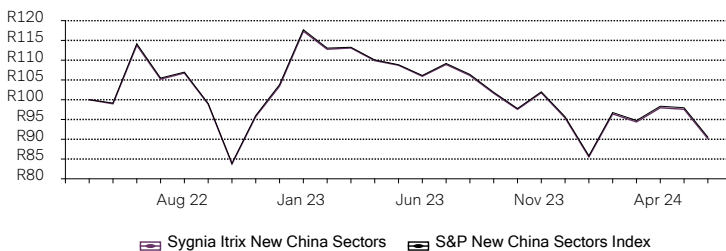
## Fund Information

Classification	<b>Global - Equity - General</b>
Asset Allocation	<b>100% Offshore</b>
NAV/Index Ratio	<b>ca. 1/1000</b>
Financial Year End	<b>31 December</b>
Index Tracking	<b>S&amp;P New China Sectors Index</b>
Dividend Distribution	<b>Semi-annual distribution</b>
NAV Publication	<b>Daily on sygnia.co.za</b>
Portfolio Valuation	<b>Close of relevant market</b>
Foreign exchange source	<b>World Market fix rate 16:00pm EST</b>

## Cumulative Investment Performance

Growth of R100 invested on 30 April 2022

Investment: R90,15  
Benchmark: R90,55



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
Tencent Holdings Ord Shs	10.4%
Alibaba Group Holding Ord Shs	7.2%
Kweichow Moutai Ord Shs A	6.7%
PDD Holdings ADS	5.1%
AIA Group Ord Shs	4.5%
Meituan Ord Shs	3.2%
Midea Group Ord Shs A	2.3%
China Yangtze Power Ord Shs A	2.2%
JD.com Class A Ord Shs	1.7%
Wuliangye Yibin Ord Shs A	1.7%

## Historical Performance

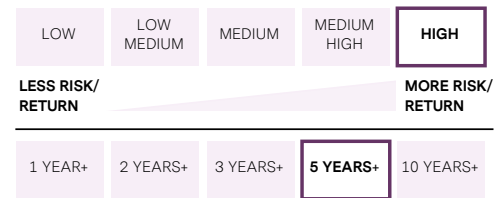
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2022</b>					-1.0%	15.0%	-7.5%	1.5%	-7.4%	-15.3%	14.3%	8.0%	3.4%
<b>2023</b>	13.4%	-3.9%	0.3%	-2.8%	-1.1%	-2.6%	2.8%	-2.6%	-4.2%	-4.0%	4.3%	-6.3%	-7.8%
<b>2024</b>	-10.3%	12.7%	-2.1%	3.8%	-0.4%	-7.6%							-5.5%

Since inception performance figures are available on request.

## Risk Statistics

	Fund	^BM
% Negative Months	61.5%	61.5%
Average Negative Month	-4.9%	-4.9%
Largest Drawdown	-27.1%	-27.1%
Standard Deviation	26.9%	27.0%
Downside Deviation	13.7%	13.8%
Highest Annual Return: Nov 2022 - Oct 2023	16.5%	16.5%
Lowest Annual Return: Feb 2023 - Jan 2024	-27.1%	-27.1%
Annualised Tracking Error (Active Return) (12 Mths)	-0.2%	-
Annualised Tracking Error (Std Dev of Active Return) (12 Mths)	0.3%	-

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



## Listing Information

Exchange	<b>JSE Limited</b>
Exchange Code	<b>SYGCN</b>
Trading Currency	<b>ZAR</b>
Portfolio Currency	<b>USD</b>
ISIN	<b>ZAE000309159</b>
RIC	<b>SYGCNJJ</b>
Bloomberg Ticker	<b>SYGCN SJ Equity</b>
Trading Hours	<b>9:00 am - 16:50 pm</b>
Transaction cut-off	<b>JSE trading hours</b>

## Asset Allocation

Asset	Percent	Allocation
International Equity	98.8%	
International Cash	1.2%	
Domestic Cash	0.0%	

## Sector Allocation

Sector	Percent	Allocation
Consumer Discretionary	33.3%	
Communication Services	17.6%	
Consumer Staples	16.7%	
Health Care	8.8%	
Financials	7.7%	
Utilities	5.2%	
Industrials	4.3%	
Information Technology	3.7%	
Other	1.4%	
Cash	1.2%	

## Portfolio Performance Analysis

Period	Sygnia Itrix New China Sectors**	S&P New China Sectors Index (ZAR)**	S&P New China Sectors Index (USD)**	Sygnia Itrix New China Sectors (TR)
<b>1 Year</b>	-14.9%	-14.7%	-11.7%	-13.9%
<b>Since Inception</b>	-4.7%	-4.5%	-10.6%	-3.8%

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.

## Fees

Management Fee	0.50%**
VAT	0.08%
Other costs	0.01%**
Total Expense Ratio (TER)	0.59% (Jun 2024)
Transaction Costs (TC)	0.06% (Jun 2024)
Total Investment Charge (TIC)	0.65% (Jun 2024)

\*\*Fees are exclusive of VAT

# Sygnia Itrix New China Sectors ETF

## Fund commentary

Minimum disclosure document (MDD)  
Global - Equity - General

2nd Quarter 2024

### Market performance

According to the World Economic Forum's survey of leaders, the top two global risks for 2024 – after extreme weather – are AI-generated disinformation and societal and political polarisation, with the latter linked to the former. Geopolitical and societal risks rose further in the second quarter after a number of election surprises around the world, including results in South Africa, Mexico and India, and early election announcements in the UK and France.

In Mexico, the peso and Mexican stocks collapsed after Claudia Sheinbaum's surprise landslide victory brought about a near super-majority in congress. While the tailwinds of Chinese manufacturing's relocation to Mexico have outweighed the costs of the hard-left ruling Morena party's redistributive policies in recent years, the sustainability of these policies is now under question and has investors concerned. The following day, investors dumped stocks in India and triggered a \$386 billion wipeout in the Indian stock market after Narendra Modi's victory was not as decisive as expected. Prime Minister Modi's setback reduces the likelihood of an acceleration in structural reforms and increases political uncertainty.

In South Africa, the rand, bonds and equity markets rallied on the news that the ANC, IFP, PA, RISE and DA, representing 68.4% of the national vote, had struck an agreement to form a Government of National Unity (GNU) and had voted Cyril Ramaphosa in for his second term as president. The alliance is expected to deepen and widen reforms, but the deal is only a preliminary framework. There will be challenges from the MKP and the EFF, who were both left out in the cold. The SA economy shrank below expectations in the first quarter of 2024. Fortunately, after the GNU announcement, the FRA market has priced in at least one 25bps rate cut from the SARB in September.

Sygnia funds upgraded South Africa to neutral on the GNU announcement, which has worked well, with bond yields falling 1%, the rand strengthening by around a rand and equities rallying 6%. Ramaphosa announced his new cabinet on 30 June. To accommodate all 11 GNU parties, the executive has grown to an enormous 32 cabinet members and 43 deputy ministers. The most market-friendly news is that Enoch Godongwana remains Finance Minister, thus ensuring continuity in fiscal prudence and structural reforms; the portfolios focused on policy reform also include several improvements. Reforms take time, however, and the fragility and constant gridlock of coalition governments remain a significant risk. We refrain from going overweight for now.

In Europe, eurozone equities sold off 7% from their 6 June highs and French bond yields widened on surprise early French legislative elections. French President Emmanuel Macron's gamble to call snap parliamentary elections has backfired: Marine Le Pen's radical right-

wing National Rally party and a rising far-left coalition are leading in the polls, and the market is worried about extreme economic policies and possible European Union exits. The French parliamentary elections will take place from 30 June to 7 July.

While volatility is expected to remain high, a full-blown EU financial crisis is unlikely. Even if the far-right National Rally wins the election, EU member economic constraints will reduce the impact of their policies. The UK is also heading to early elections, on 4 July. According to an IPSOS survey, the Conservatives have lost up to a third of the voters who would have backed the party just four months ago, and the polls predict a historic defeat. The opposition Labour Party has limited the number of non-market-friendly policies it can put in place. Tough fiscal constraints have been promised which should calm investors, but this will likely mean a continuation of low growth and poor investment opportunities for overseas investors.

The rise in energy prices after Russian energy sanctions led to a severe contraction in UK and European real wages, but this headwind has ended. European natural gas prices are down 90% from their peak, inflation has dropped and the ECB has cut rates. Real wages are rising, while the US is seeing a contraction in real wages. This should support European household confidence and lead to an increase in consumption – but the results of the latest German IFO survey show that sentiment deteriorated slightly in June. Similarly, Chinese data continued to indicate weak demand in May, with housing the key drag. Chinese growth – and consequently EU, EM and Japanese growth – will likely remain constrained by China's property deflation. We remain underweight these regions.

Trump's lead in the election polls has surged, but some of his extreme policies are not yet reflected in markets. Trump wants to limit immigration, enact 10% tariffs on all US imports and cut corporate tax rates to 20% while increasing fiscal support. These would all be inflationary and would worsen an already ballooning US budget deficit. The US FNIB small business uncertainty index has risen back to its highs of the previous Biden-Trump election face-off. As we near November's presidential elections, volatility may impact markets more meaningfully. Preliminary purchasing managers' index (PMI) numbers show that the US remained the global economic leader in June, despite signs that the rest of the world was accelerating even as the US slowed. US growth remains resilient. The Kansas City Fed's Labor Market Conditions Indicator, based on 24 variables, expects the US jobless rate to drift higher, which will have two important implications for the Fed: it will alleviate wage inflation and will allow the Fed to focus on the dual mandate of employment and inflation. We remain overweight the US but are keeping an eye on inflation, the labour market and US politics.

### 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+
-----------	----------	----------	----------	----------

### Fund performance

The Sygnia Itrix New China Sectors ETF delivered -4.5% for the quarter, marginally below its benchmark, the S&P New China Sectors Index. The fund benefited from exposure to Tencent Holdings Ltd, PDD Holdings Inc and Meituan, while its exposure to Kweichow Moutai Co Ltd, Li Auto Inc and Wuliangye Yibin Co Ltd detracted from performance.

There were several changes to the tracked index's constituents over the period, including the addition of H World Group Ltd, HKT Trust & HKT Ltd and Suzhou TFC Optical Communication Co Ltd and the removal of Zhejiang Nhu Co Ltd, MeiHua Holdings Group Co Ltd A and Jiangsu Hoperun Software Co Ltd A.

The fund remains true to its investment objective of delivering returns that mirror those of the S&P New China Sectors Index

### Disclaimer

The Sygnia Group is a member of the Association for Savings and Investment SA. Sygnia Itrix (RF) (Pty) Ltd is a registered and approved Manager under the Collective Investment Schemes Control Act, 2002. Sygnia Asset Management (Pty) Limited (FSP 873), an authorised financial services provider, is the appointed investment manager of the Fund. 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. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending. The value of investments/units may go down as well as up and past performance is not necessarily an indicator of future performance. 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 once per 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, liquidity, and foreign exchange risks. Performance is calculated for the portfolio, and the individual investor performance may differ as a result of trading cost, price paid for investment share. Additional information on the Index including its performance and tracking error can be viewed on the relevant Minimum disclosure document (MDD) on [www.sygnia.co.za](http://www.sygnia.co.za). A schedule of fees, charges and where the ETF engages in securities lending activities, information on such securities lending activities may be requested via [admin@sfs.sygnia.co.za](mailto:admin@sfs.sygnia.co.za) or 0860 794 642. 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 deed and index constituents with prices are published daily on Sygnia's website. The documents/information 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. All the portfolio options presented are approved collective investment schemes in terms of the Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. A copy of the Minimum disclosure document (MDD) is available on our website: [www.sygnia.co.za](http://www.sygnia.co.za).

SYGNIA COLLECTIVE INVESTMENTS RF (PTY) LTD  
Registration No. 2009/003063/07

A member of the Association for Savings & Investment SA

CAPE TOWN: 7th Floor, The Foundry, Cardiff Street, Green Point, 8001

T +27 21 446 4940

JOHANNESBURG: Unit 40, 6th Floor, Katherine & West Building, West Street, Sandton T +27 10 595 0550

[www.sygnia.co.za](http://www.sygnia.co.za) | [info@sygnia.co.za](mailto:info@sygnia.co.za)

Sygnia 

## Important information to consider before investing

### Investment Objective and Strategy

The objective of the Sygnia Itrix New China Sectors ETF is to provide an investment vehicle that gives easy access to investors who want to achieve long-term capital appreciation tracking the performance of the S&P New China Sectors Index (.SPNCSUP) (“the benchmark”). The S&P New China Sectors Index measures the performance of China- and Hong Kong-domiciled companies in consumption- and service-oriented industries. All Chinese share classes, including A-shares and offshore listings, are eligible for inclusion. To achieve this objective, the Sygnia Itrix New China Sectors ETF tracks the S&P New China Sectors Index as closely as is practically and feasibly possible by buying the securities that substantially make up the index in similar weightings to the index. To align its holdings to the benchmark, the portfolio will be rebalanced whenever the index is rebalanced.

### Balancing risk and reward

The Fund has a 100% strategic allocation to global equities. The risk in the Fund is managed by spreading investments across sectors and individual shares. The structure of the Fund is dictated by the composition of the S&P New China Sectors Index. The S&P New China Sectors Index is designed to measure the performance of China- and Hong Kong-domiciled companies in consumption and service-oriented industries. All Chinese share classes including A-shares and offshore listings are eligible for inclusion.

### 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

Sygnia Itrix (RF) (Pty) Ltd is a registered and approved Manager under the Collective Investment Schemes Control Act, 2002 (Act No 45 of 2002). Sygnia Asset Management (Pty) Ltd (FSP No 873), an authorised financial services provider, is the appointed investment manager of the fund. Sygnia Itrix does not provide any guarantee with respect to the capital or return of the portfolio. Nothing in this minimum disclosure document will be considered to state or imply that the collective investment scheme or portfolio is suitable for a particular type of investor.

This document is for information purposes only and does not constitute or form any part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Whilst reasonable care was taken in ensuring that the information contained in this document is accurate, Sygnia accepts no liability in respect of any damages and/or loss (whether direct or consequential) or expense of any nature which may be suffered as a result of reliance, directly or indirectly, on the information in this document. Additional information such as fund prices, brochures, application forms and a schedule of fees and charges be requested via [admin@sfs.sygnia.co.za](mailto:admin@sfs.sygnia.co.za) or 0860 794 642 (0860 SYGNIA).

You should be aware that certain transactions give rise to substantial risk. Product values may be affected by market values, interest rates, exchange rates, volatility, dividend yields and issuer credit ratings. 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.

Sygnia Limited and any of its affiliates may make markets or hold units in the fund or hold positions in the investments in which the fund invests. As set out in the offering circular, the sale of securities is subject to restrictions in some jurisdictions. In particular, any direct or indirect distribution of this document into the United States, Canada or Japan, or to U.S. persons or U.S. residents, is prohibited.

### Index Disclaimer

The Index is a product of S&P Dow Jones Indices LLC or its affiliates (“SPDJ”) and has been licensed for use by Sygnia Itrix. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC (“S&P”); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Sygnia Itrix.

The Fund is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the Index.

**CAPE TOWN:** 7th Floor, The Foundry, Cardiff Street, Green Point, 8001 T +27 21 446 4940

**JOHANNESBURG:** Unit 40, 6th Floor Katherine & West Building, West Street, Sandton, 2196 T +27 10 595 0550

**DURBAN:** Office 2, 2nd Floor Ridgeview, 1 Nokwe Avenue, Ridgeside, Umhlanga Ridge, 4319 T +27 31 001 0650

[www.sygnia.co.za](http://www.sygnia.co.za) | [info@sygnia.co.za](mailto:info@sygnia.co.za)

**SYGNIA ITRIX (RF) (PTY) LTD**  
Registration No. 2004/035580/07

Minimum Disclosure Document - Issue Date: 09 Jul 2024

