

Sygnia FANG.AI Equity Fund Class B

Minimum Disclosure Document (MDD)
Class B (Tax Free Savings Account Only)

Global - Equity - General

31 March 2024

Portfolio Manager **Wessel Brand, Kyle Hulett**
Regulation 28 **Non-Compliant**
Fund Launch Date **23 August 2018**
Class Launch Date **31 August 2018**
Fund Size **R 1 306 Million**
Unit Price **333.72**
Units in Issue **44 195 865**

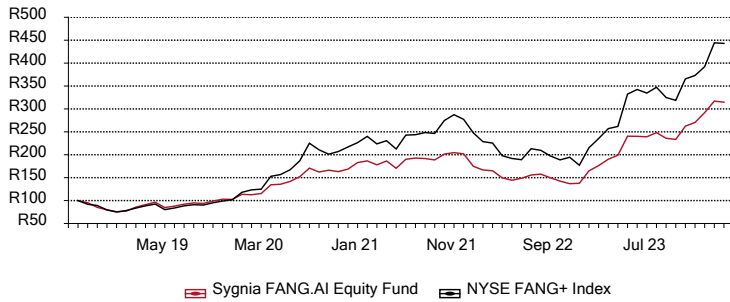
Investment Objective

The fund aims to provide a simple vehicle to investors who wish to gain investment exposure to companies which use advanced technologies to acquire and retain users, including industry disrupting technologies such as artificial intelligence, large language models, cloud storage, big data, social media, and e-commerce tools.

Cumulative Investment Performance

Growth of R100 invested on 31 August 2018

Investment: R314,77
Benchmark: R443,05



Income Distribution

Bi-annually (September and March)
Payment: None to date

Trustees

Standard Bank Trustees (021 441 4100)

Asset Allocation

Asset Class	Percentage	Allocation
International Equities	100.0%	<div style="width: 100%;"></div>

Top 10 Holdings

Asset	Percentage
Microsoft Ord Shs	11.0%
Alphabet Ord Shs Class A	10.9%
Amazon Com Ord Shs	10.8%
Meta Platforms Ord Shs Class A	10.6%
Apple Ord Shs	10.5%
NVIDIA Ord Shs	9.6%
Tesla Ord Shs	6.0%
Broadcom Ord Shs	5.9%
Netflix Ord Shs	5.9%
Snowflake Ord Shs Class A	5.9%

Performance Analysis

Periodic Performance	Fund	*BM	Difference
1 Month	-0.7%	-0.3%	-0.5%
3 Months	16.4%	18.8%	-2.4%
6 Months	33.4%	36.4%	-2.9%
Year to Date	16.4%	18.8%	-2.4%
1 Year	65.4%	72.4%	-7.0%
**3 Years	20.9%	25.6%	-4.7%
5 Years	28.1%	38.0%	-9.9%
**Since Inception	22.8%	30.6%	-7.8%

Performance as calculated by Sygnia Asset Management as at reporting date
*NYSE FANG+ Index (Rand)
**Annualised performance figures

Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	1.9%	11.3%	6.2%	5.7%	-12.0%	3.5%	4.9%	3.1%	-1.3%	5.6%	4.2%	-0.5%	35.6%
2020	10.8%	-0.8%	2.4%	16.5%	0.9%	4.5%	7.3%	12.3%	-4.9%	2.4%	-1.9%	3.3%	64.4%
2021	8.5%	1.9%	-4.6%	4.7%	-8.5%	11.5%	1.4%	-0.6%	-1.6%	6.8%	1.6%	-1.3%	19.8%
2022	-13.4%	-4.6%	-1.1%	-9.3%	-3.6%	3.0%	4.8%	1.2%	-5.0%	-4.9%	-4.0%	0.6%	-31.8%
2023	19.8%	6.9%	8.0%	4.6%	20.9%	-0.1%	-0.4%	3.8%	-5.0%	-1.1%	12.4%	3.1%	96.4%
2024	7.9%	8.6%	-0.7%										16.4%

Risk Statistics

	Fund	BM
% Negative Months	40.0%	36.7%
Avg Negative Return	-3.8%	-5.1%
Maximum Drawdown	-33.1%	-38.4%
Standard Deviation	23.4%	29.5%
Downside Deviation	12.9%	13.3%
Highest Annual Return: Jan 2023 - Dec 2023	96.4%	110.6%
Lowest Annual Return: Dec 2021 - Nov 2022	-33.1%	-32.3%

The risk statistics reflected above are calculated on a 60 month or since inception basis, depending on which

Fees

Initial Fee	0.00% **
Management Fee	0.79% **
Performance Fee	N/A
Other costs	0.02% **
VAT	0.12%
Total Expense Ratio (TER)	0.93% (Mar 2024)
Transaction Costs (TC)	0.03% (Mar 2024)
Total Investment Charge (TIC)	0.96% (Mar 2024)

**Fees are exclusive of VAT

Sygnia FANG.AI Equity Fund

Fund commentary

Minimum disclosure document (MDD)

Class B

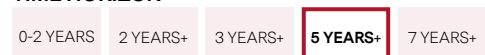
Global - Equity - General

1st Quarter 2024

RISK PROFILE



TIME HORIZON



Market performance

Global stock markets recorded their best first-quarter performance in five years, buoyed by hopes of a soft economic landing in the US and enthusiasm about artificial intelligence. This is working perfectly for our funds.

The US unemployment rate increased unexpectedly from 3.7% to 3.9%, its highest rate in two years, while average hourly earnings fell, suggesting decelerating wage growth pressures. Similarly, the latest JOLTS data show the quits rate has continued to decline, and the employment components of the ISM manufacturing and services purchasing managers indices both contracted in February. The jobs data are consistent with a gradually softening labour market. Retail sales rose 0.6% month-on-month in February, below consensus. With consumer Covid savings depleted, the US consumer is under pressure. Money and credit growth are weak, delinquency rates are rising for non-mortgage debt and banks have continued to tighten lending standards.

Non-mortgage debt payments have surged and for the first time on record, interest payments on non-mortgage debts are as high as mortgage interest payments. This will constrain consumer spending and confidence. Office real estate is a major risk. At nearly 20%, office market vacancy is at its highest since the data series began in 1979. The share of delinquent loans in commercial real estate collateralised loan obligations surged fourfold in January, to 8.6%.

This suggests the Fed should cut interest rates sooner, but inflation has picked up slightly. Prices paid to US producers rose in February by the most in six months, driven by higher fuel and food costs, and the US core consumer price index came in slightly hotter than expected at 3.8%, though this was down from January's 3.9%. Fortunately, this is unlikely to change the Fed's plans to cut interest rates in June.

Fed Chair Jerome Powell made dovish comments at his semi-annual testimony to the Senate Banking Committee, adopting the language of European Central Bank President Christine Lagarde in his statement that inflation is "not far" from where it needs to be for the Fed to start cutting interest rates. In addition, the Fed lowered the bar for policy easing by raising expected core personal consumption expenditure for 2024 up to 2.6%, while still projecting three cuts this year.

Inflation could actually fall faster than these expectations. Chinese export prices are still falling, suggesting that the US will continue to import disinflation. Both the Zillow and New Tenant rent indices suggest lower owners' equivalent rent, and the US has lost nearly 2 million full-time jobs over the last three months, suggesting payroll growth has been driven by part-time jobs.

Premier Li Qiang announced at the March National People's Congress that China will target economic growth at around 5% for 2024. Despite a higher base, this matches 2023's target of around 5%, but it will require more stimulus to lift confidence in an economy

already constrained by a property slump and entrenched deflation. Premier Qiang himself acknowledged that "It is not easy for us to realise these targets ... We need policy support and joint efforts from all fronts." The budget is likely to boost GDP by 0.6 ppt in 2024 after the broad deficit, which combines the general public budget and government funds budget. China's economic performance year to date reflects robust gains in manufacturing output and capital investment against a tepid recovery in consumer spending.

According to China's National Bureau of Statistics, Chinese exports increased 32.6% from a year earlier in the first two months of this year, to 15.9m tonnes. However, the adjustment in China's real estate sector is not over, and the property market is likely to contract for the fourth year in a row. While supply-side stimulus and a boost in export demand has helped, consumer demand continues to face headwinds from falling property prices.

The Bank of Japan ended eight years of negative policy rates with its first hike in 17 years! The central bank set a new policy rate range of between 0% and 0.1%, shifting from -0.1% short-term interest. Despite Chinese stagnation, manufacturing green shoots are evident in the rest of the world. Taiwan's trade figures point to an improvement in global trade, and the Swedish krona's appreciation suggests global growth is improving.

US exceptionalism is helped by its energy independence. According to the US Energy Information Administration, the US produced 28% more oil in 2023 than the world's previous top producer, Russia, and 33% more than Saudi Arabia. US economic resilience will be tested by the lagged effects of monetary tightening, but a recession is unlikely in light of the room for monetary easing, a productivity resurgence and strong household balance sheets. The Fed is likely to cut three times this year.

Inflation expectations could increase in response to stronger economic growth or an oil spike related to geopolitics. Crude oil prices have risen steadily this month as Ukrainian drone attacks on Russian oil facilities are estimated to have shut down 7% of Russia's refining capacity. Vladimir Putin unsurprisingly won Russia's presidential election – the vote, which included the five Ukrainian regions occupied by Russia, was never in doubt after the Kremlin blocked any opposition candidates from running.

Climate change also poses a risk to the inflation outlook. Our oceans have experienced record-breaking global sea surface temperatures, fuelling concerns of extreme weather patterns – any major weather event could cause supply chain disruptions and higher inflation. Election risks also loom large, both in South Africa on 29 May and in the US on 5 November. With Biden currently leading by 1% point, the US election will be closely contested.

We maintain an overweight position in US equities for now. The dollar may weaken due to narrower interest rate differentials or a rest of world growth recovery, but US elections and China weakness are likely to keep the dollar strong.

Fund performance

The Sygnia FANG.AI Equity Fund had a strong quarter as the US Technology sector surged higher, returning 16.4% in rand terms while slightly underperforming its benchmark.

The fund's slight overweight position in Meta Platforms and underweight positions in both Tesla and Snowflake added to the fund's relative performance, while its slightly overweight position in Apple detracted from the fund's relative performance. The fund's investment in Nvidia made a significant contribution to the funds' absolute performance, returning 82% for the quarter in dollar terms.

The bulk of the fund is comprised of shares known as "the Magnificent Seven", whose influence on global markets is significant. They lead the charge in innovation, while their strong balance sheets prove defensive.

The fund remains true to its objective of giving investors exposure to some of the most advanced US technology companies, with a focus on areas such as artificial intelligence, cloud computing and online services.

Disclaimer

Sygnia Collective Investments RF (Pty) Ltd is incorporated and registered under the law of South Africa and is registered under the Collective Investment Schemes Control Act, 2002 (Act No 45 of 2002). The company does not provide any guarantee with respect to the capital or return of the portfolio. Nothing in this document will be considered to state or imply that the collective investment scheme or portfolio is suitable for a particular type of investor.

Important information to consider before investing

Investment Objective and Strategy

The objective of the Sygnia FANG.AI Equity Fund is to provide a simple vehicle to investors who wish to gain investment exposure to companies which use advanced technologies to acquire and retain users, including industry disrupting technologies such as artificial intelligence, large language models, cloud storage, big data, social media, and e-commerce tools. The portfolio is actively managed and its holdings will depend on a number of factors including the underlying benchmark which is the NYSE® FANG+™ Index (although the portfolio is not obliged to hold all the benchmark constituents).

Balancing Risk and Reward

The fund has a high risk profile as it has a high strategic allocation to global equities, which combines both equity market and currency risk. Furthermore, the fund invests specifically in companies involved in new and emerging technologies. The payoff profile and the time horizon to profitability of these technologies are not certain. Risk is managed by spreading investments across a large number of companies operating in different industries. 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. This may impact on liquidity and in the case of foreign securities, the repatriation of funds.

Collective Investment Schemes in Securities (unit trusts) 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. Unit trusts are traded at the ruling price and are allowed to engage in borrowing and scrip lending.

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 for the portfolio. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Reinvestment of income is calculated on the actual amount distributed per participatory interest, using the ex-dividend date NAV price of the applicable class of the portfolio, irrespective of the actual reinvestment date.

Fees

Sygnia charges an annual management fee comprised of applicable basis fees paid to underlying managers and Sygnia's annual service fee. The fund may invest in other unit trusts (underlying funds) that levy their own charges and which may charge performance fees in the event that the underlying fund's performance exceeds its benchmark.

A schedule of fees and charges is available on request from Sygnia. Permissible deductions may include management fees, brokerage, STT, auditors fees, bank charges and trustee fees. Sygnia 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 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 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 may also invest 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.

Tax-Free Unit Trust

This fund qualifies as a tax-free investment according to section 12T of the Income Tax Act, effective from 1 March 2015. South African individuals qualify for the associated tax benefits – namely no tax on dividends, income or capital gains – while still enjoying all the benefits of a unit trust. Contributions to tax-free investments are limited to R36 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are taxable.

How are unit prices calculated?

Unit 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 deductions from the portfolio, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 17:00 each business day. Purchases and redemption requests must be received by Sygnia by 14:00 each business day to receive that day's price. The price shown is specific to this class. The fund size represents the portfolio size as a whole. Unit prices are updated by 10:00 every business day and are available on our website, www.sygnia.co.za.

Disclaimer

The fund may be closed to new investments at any time in order to be managed in accordance with its mandate. Sygnia Collective Investments RF (Pty) Ltd is incorporated and registered under the laws of South Africa and is registered under the Collective Investment Schemes Control Act, 2002 (Act No 45 of 2002). Sygnia Asset Management (Proprietary) Limited (FSP Registration No. 873), an authorised financial services provider, is the appointed investment manager of the fund. Sygnia Collective Investments RF (Pty) Ltd 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 can be requested via admin@sfs.sygnia.co.za or 0860 794 642 (0860 SYGNIA).

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 | info@sygnia.co.za

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

A member of the Association for Savings & Investments SA

Minimum Disclosure Document - Issue Date: 09 Apr 2024

