

Sygnia 4th Industrial Revolution Global Equity Fund

Minimum Disclosure Document (MDD)

Class A

Global - Equity - General

31 October 2023

Portfolio Manager **Iain Anderson; Wessel Brand**
 Regulation 28 **Non-Compliant**
 Fund Launch Date **22 September 2016**
 Class Launch Date **19 October 2016**
 Fund Size **R 2 469 Million**
 Unit Price **217.27**
 Units in Issue **847 568 943**

Investment Objective

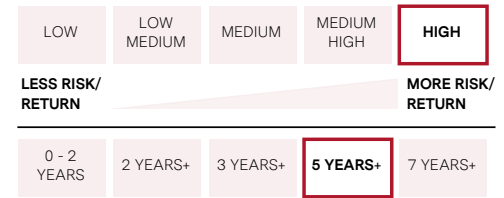
The Fund aims to provide investors access to new technology and innovation stocks and deliver long-term capital growth

Income Distribution

Bi-annually (September and March)
 No distributions for the last 12 months

Trustees

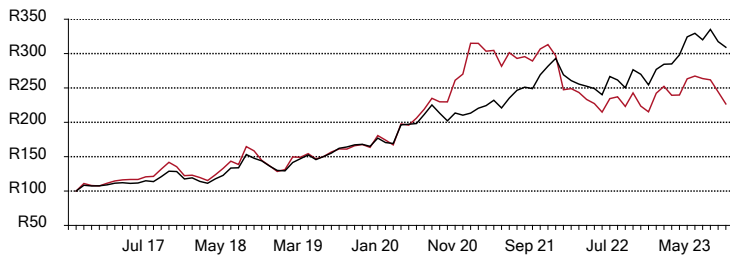
Standard Bank Trustees (021 441 4100)



Cumulative Investment Performance

Growth of R100 invested on 31 October 2016

Investment: R226.71
 Benchmark: R309.16



Sygnia 4th Industrial Revolution Global Equity Fund S&P500 Net Total Return Index

Performance Analysis

Periodic Performance	Fund	*BM	Difference
1 Month	-7.2%	-2.6%	-4.6%
3 Months	-14.0%	-3.4%	-10.6%
6 Months	-5.4%	3.7%	-9.1%
Year to Date	5.3%	21.5%	-16.2%
1 Year	-6.6%	11.8%	-18.4%
**3 Years	-0.4%	15.2%	-15.6%
**5 Years	9.4%	16.5%	-7.1%
**Since Inception	12.4%	17.5%	-5.1%

Performance as calculated by Sygnia Asset Management as at reporting date
 *S&P 500 Net Total Return Index
 **Annualised performance figures

Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	0.6%	-2.8%	-3.7%	7.3%	7.5%	7.9%	-3.4%	18.8%	-3.7%	-8.8%	-5.4%	-6.1%	5.0%
2019	2.1%	14.0%	-0.4%	3.6%	-5.0%	2.4%	4.4%	2.8%	-0.1%	3.0%	1.1%	-2.5%	27.3%
2020	10.5%	-3.6%	-4.0%	18.3%	-0.9%	5.2%	6.3%	7.3%	-2.2%	0.0%	13.7%	3.5%	65.2%
2021	16.6%	0.0%	-3.6%	0.4%	-7.6%	7.0%	-2.8%	0.9%	-2.1%	6.0%	2.1%	-5.2%	9.9%
2022	-16.7%	0.7%	-2.2%	-4.2%	-2.6%	-5.5%	9.1%	1.1%	-5.9%	8.8%	-7.9%	-3.7%	-27.5%
2023	12.6%	4.1%	-5.1%	0.1%	9.8%	1.5%	-1.4%	-0.7%	-6.7%	-7.2%			5.3%

Risk Statistics

	Fund	BM
% Negative Months	50.0%	41.7%
Avg Negative Return	-4.0%	-3.3%
Maximum Drawdown	-31.8%	-18.0%
Standard Deviation	22.9%	17.4%
Downside Deviation	11.6%	6.7%
Highest Annual Return: Apr 2020 - Mar 2021	81.6%	32.6%
Lowest Annual Return: Jul 2021 - Jun 2022	-28.7%	2.1%

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

Asset Allocation

Asset Class	Percentage	Allocation
International Equities	100.0%	

Top 10 Holdings

Asset	Percentage
Oxford Sciences Innovations PLC (GBP)	2.9%
Meta Platforms Ord Shs Class A	1.8%
Microsoft Ord Shs	1.6%
Apple Ord Shs	1.5%
Alphabet Ord Shs Class C	1.4%
NVIDIA Ord Shs	1.4%
Tesla Ord Shs	1.0%
UnitedHealth Group Ord Shs	0.9%
Leidos Holdings Ord Shs	0.9%
PTC Ord Shs	0.8%

Fees

Initial Fee	0.00% **
Management Fee	0.70% **
Performance Fee*	0.90% **
Other costs	0.03% **
VAT	0.24%
Total Expense Ratio (TER)	1.88% (Sep 2023)
Transaction Costs (TC)	0.09% (Sep 2023)
Total Investment Charge (TIC)	1.97% (Sep 2023)

** Fees are exclusive of VAT

*Please note, the performance fee is 20% of outperformance of the S&P500 Net Total Return Index benchmark with a cap of 2.30%.

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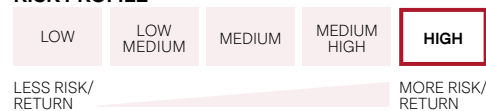
Fund commentary

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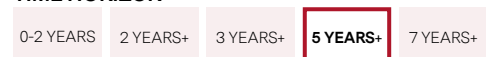
Class A
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3rd Quarter 2023

RISK PROFILE



TIME HORIZON



Market performance

September was a month of further market pressure as oil prices rose to a 10-month high, raising concerns that an energy price shock will weigh on growth. Nonetheless, the Organisation for Economic Co-operation and Development raised its global growth forecast for this year to 3.0% from 2.7% in June in its Economic Outlook report, noting that the global economy is set for a slowdown in 2024 as interest rates weigh on economic activity and China's rebound disappoints.

Central bank announcements continued to diverge based on differences in underlying growth and inflation: China cut its reserve requirement ratio by 0.25%, in line with its incremental easing policy, while the European Central Bank raised rates by 0.25% to a 22-year high of 4.5%, the US kept rates flat as expected, and Japan similarly left its negative interest rate and the parameters of its yield curve control program unchanged. Developed market central banks are ready to converge at a higher-for-longer outlook. The Bank of England's chief economist, Huw Pill, called this the "Table Mountain" scenario, saying that rates will reach a long plateau at elevated levels, in line with the wide, flat summit of Cape Town's iconic mountain. Bond yields rose to reflect the new view and markets came under further pressure.

It was a big month for Apple, the largest company in the MSCI World index, as it unveiled the new iPhone 15. But China stole the limelight, first with the launch of the Huawei Mate 60 Pro, which has faster download speeds than Apple's iPhone, and then through its announcement that government employees may be banned from using iPhones due to security concerns. The news led to Apple's market cap losing \$200 billion. Meanwhile, Google's long-awaited anti-trust trial in Washington DC began over allegations that it has illegally maintained a monopoly in the online search business, and Amazon has been sued by the US Federal Trade Commission for monopolising the online marketplace. Overall, tech stocks remained under pressure during the month due to high, rising US bond yields.

The G20 Summit 2023 took place with little consensus on significant agenda items beyond climate change. Members agreed to triple global renewable energy capacity by 2030 and to provide \$4 trillion a year to finance the green energy transition. The lack of agreement on other matters is not surprising given the rise in geopolitical risks. The word "geopolitics" is being used more often on earnings calls and corporate filings from the world's biggest companies – the flow of fixed direct investment (FDI) backs this trend, with the value of FDI to countries that voted to condemn Russia surging as FDIs to countries that abstained have fallen. South Africa is on the losing side in this regard, which is bad news for our growth and job creation forecasts. China has been hard hit, with inbound FDI falling to its lowest level on record. Mexico is reaping the benefits of US-China tensions and has become the US's biggest trading partner. Companies like Tesla, GM and Kia are piling into Mexico with billions of dollars in investments and new factories.

South Africa's budget deficit rose to a record monthly deficit of R143.8 billion in July. Government has announced it will have to introduce stringent cost-cutting measures, including a freeze on new public service jobs, stopping procurement contracts for all infrastructure projects and keeping public servant salary increases in check. These measures could have a negative impact on the economy. If they lead to a cut in the provision of social grants, they could also cause social unrest.

Government has also promised to introduce reforms to boost jobs, growth and tax revenue, but these reforms have been delayed. President Ramaphosa promised his Social Compact would be delivered in 100 days, but it has now been over 600 days with no agreement between government, labour and business. In the meantime, the country's state-owned enterprises are struggling. Transnet has requested relief from preferential procurement rules in order to source material directly from original equipment manufacturers and avoid the additional costs and delays of middlemen. Pravin Gordhan has proposed the biggest shake-up of state-owned companies since the 1990s to fast-track reforms, under which the Department of Public Enterprises will be replaced by a state-owned holding company – but the bill has been criticised for its lack of detail about how the structure will work.

Consumer inflation increased marginally in August to 4.8% year on year from 4.7% in July, and the SA Reserve Bank kept interest rates stable at its September meeting. Given the rise in oil prices and the weak rand, we could see a second wave of inflation in September.

The global economy is at a crossroads. On the one hand, there are tentative signs of a rebound in global manufacturing, with new orders and new orders-to-inventory components of the global manufacturing PMI turning up. This suggests that businesses are starting to invest again and that demand is picking up. On the other hand, the global economy faces significant headwinds.

The US is likely to experience a slowdown in the coming months as higher interest rates take effect and consumers run out of excess savings. In addition, China is experiencing deflationary conditions, and the war in Ukraine continues to cast a shadow over the global economy, disrupting supply chains and pushing up energy prices.

Against this backdrop, it is difficult to be optimistic about the prospects for risk assets. While European and emerging market stocks could have a reprieve in the coming months, this is likely to be only temporary if manufacturing recovers. The global industrial cycle is not yet in a position to sustain a strong recovery – as such, it is important to remain cautiously positioned: overweight equity and emerging markets and overweight the dollar and the US.

A more positive outlook would require global interest rate cuts, de-escalation of the war in Ukraine or strong stimulus from China. However, conditions could also get worse if supply disruptions cause the oil price to spike.

Fund performance

The Sygnia 4th Industrial Revolution Global Equity Fund returned -8.6% for the quarter in rand terms, underperforming its benchmark, the S&P500 Net Total Return Index. Overall, technology stocks struggled with performance over the quarter.

From a sector perspective, the largest detractors were Cleantech, Distributed Ledger and Digital Health. From an individual stock perspective, the fund benefitted from exposure to Oceaneering International Inc, Dlocal Ltd and EHang Holdings Ltd, while its exposure to Hut 8 Mining Corp, Masimo Corp and Marathon Digital Holdings Inc detracted from performance.

The fund continues to hold companies that are at the forefront of technological development and, despite short-term volatility, it is expected to yield the benefits of technological innovation over the long term.

Disclaimer

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Important information to consider before investing

Investment Objective and Strategy

The Sygnia 4th Industrial Revolution Global Equity Fund is a high-risk dynamically-managed passive fund. The fund offers investors access to global companies optimally positioned to benefit from new technologies and innovations that have the potential to transform the global economy across a broad range of sectors. These technologies include autonomous vehicles, clean tech, drones, 3D printing, robotics, nanotech, smart buildings, virtual reality, cybersecurity, space and wearables, among others. This transformation, termed the 4th Industrial Revolution, brings together the physical, digital and biological worlds at an exponential pace. Sygnia manages the allocation between different sectors and indices in a dynamic manner based on its proprietary investment approach and methodology.

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 that may charge a performance fee in the event that the underlying funds 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 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 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.

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.

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The fund may be closed to new investments at any time in order to be managed in accordance with its mandate. Sygnia Asset Management (Proprietary) Limited (FSP Registration No. 873), an authorised financial services provider, is the appointed investment manager of the Fund. 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).

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