

# Sygnia Health Innovation Global Equity Fund Class B

Minimum Disclosure Document (MDD)  
Class B (Tax Free Savings Account Only)  
GLOBAL - EQUITY - GENERAL

31 March 2024

Portfolio Manager  
Regulation 28  
Fund Launch Date  
Class Launch Date  
Fund Size  
Unit Price  
Units in Issue

**Kyle Hulett, Steven Empedocles**  
**Non-Compliant**  
**5 August 2020**  
**5 August 2020**  
**R 884 Million**  
**133.92**  
**30,942,708**

Investment Objective  
Income Distribution  
Trustees

**Deliver strong long-term capital growth by investing in international equities**  
**Bi-annually (September and March)**  
**No payment to date**  
**Standard Bank Trustees (021 441 4100)**

## Cumulative Investment Performance

Growth of R100 invested on 31 August 2020



## Performance Analysis

Periodic Performance	Fund	*BM	Difference
1 Month	-0.4%	1.9%	-2.3%
3 Months	10.3%	12.7%	-2.4%
6 Months	13.0%	21.9%	-9.0%
Year to Date	10.3%	12.7%	-2.4%
1 Year	19.5%	33.5%	-14.0%
**3 Years	14.7%	18.0%	-3.3%
**Since Inception	9.6%	15.1%	-5.5%

\*MSCI World Net Total Return Index

\*\*Annualised performance figures

## Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020									-2.2%	-6.7%	2.0%	-2.2%	-9.0%
2021	5.2%	-3.7%	-0.1%	2.0%	-2.8%	7.3%	5.5%	3.3%	-0.8%	3.3%	3.6%	4.4%	30.0%
2022	-11.3%	-0.4%	-0.8%	3.3%	-1.4%	0.8%	4.5%	-3.0%	1.4%	8.8%	-4.4%	0.4%	-3.3%
2023	1.7%	2.2%	-2.4%	6.6%	4.2%	-1.9%	-4.0%	5.1%	-3.8%	-6.1%	5.6%	3.3%	9.9%
2024	4.0%	6.5%	-0.4%										10.3%

## Risk Statistics

	Fund	BM
% Negative Months	44.2%	44.2%
Avg Negative Return	-3.1%	-3.1%
Maximum Drawdown	-12.3%	-18.4%
Standard Deviation	14.7%	16.5%
Downside Deviation	9.4%	7.1%
Highest Annual Return: Jan 2021 - Dec 2021	30.0%	32.4%
Lowest Annual Return: Jan 2022 - Dec 2022	-3.3%	-12.7%

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

LOW	LOW MEDIUM	MEDIUM	MEDIUM HIGH	HIGH
LESS RISK/ RETURN				MORE RISK/ RETURN
0 - 2 YEARS	2 YEARS+	3 YEARS+	5 YEARS+	7 YEARS+

## Asset Allocation

Sector	Percentage	Allocation
International Equities	100.0%	

## Top 10 Holdings

Asset	Percentage
Eli Lilly Ord Shs	8.5%
Nedgroup Invts Crp MMkt C2	7.7%
UnitedHealth Group Ord Shs	4.6%
Novo Nordisk Ord Shs Class B	4.1%
Johnson & Johnson Ord Shs	3.9%
Novo-Nordisk ADR repsg 1 B Ord Shs	3.8%
Merck & Co Ord Shs	3.4%
AbbVie Ord Shs	3.2%
Oxford Sciences Innovations PLC (GBP)	2.6%
Thermo Fisher Scientific Ord Shs	2.3%

The above percentages include effective exposure in underlying unit trusts.

## Fees

Initial Fee	0.00% **
Management Fee	0.79% **
Performance Fee	Not applicable at this time
Other costs	0.04% **
VAT	0.12%
Total Expense Ratio (TER)	0.96% (Mar 2024)
Transaction Costs (TC)	0.03% (Mar 2024)
Total Investment Charge (TIC)	0.99% (Mar 2024)

\*\* Fees are exclusive of VAT

# Sygnia Health Innovation Global Equity Fund

## Fund commentary

Minimum disclosure document (MDD)

Class B  
Global - Equity - General

1st Quarter 2024

### 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.

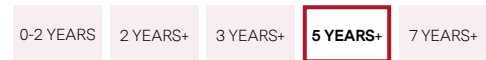
Climate change also poses a risk to the inflation outlook. Our oceans have experienced record-breaking global sea surface temperatures, fuelling concerns of extreme weather patterns – any major weather event could cause supply chain disruptions and higher inflation. Election risks also loom large, both 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.

### RISK PROFILE



### TIME HORIZON



### Fund performance

The Sygnia Health Innovation Global Equity Fund delivered positive performance of 10.4% in rand terms over the quarter but underperformed against its broader market benchmark, the MSCI World Net Total Return Index.

From a sub-industry perspective, the fund benefited from exposure to Pharmaceuticals, Healthcare Equipment and Life Sciences Tools & Services, while Managed Healthcare was the largest detractor. The fund benefitted from exposure to Eli Lilly & Co, Novo Nordisk A/S and Merck & Co Inc, while its exposure to United Health Group Inc, Humana Inc and Zoetis Inc detracted from performance.

The fund continues to hold companies at the forefront of technologically advanced healthcare development and is expected to yield the benefits of healthcare innovation over the long term.

### 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 & Strategy

The Sygnia Health Innovation Global Equity Fund is a Global-Equity-General portfolio which seeks to deliver long term capital growth by investing at least 80% of its assets outside South Africa and at all times invest in a minimum of 80% of equities. The portfolio will invest in financially sound equity securities, preference shares which generate capital growth, property shares and property related assets, fixed income securities and asset in liquid form, whether such securities, instrument or assets are listed or unlisted financial instruments (derivatives).

## Balancing Risk and Reward

The portfolio represents Sygnia's best investment view on the optimal combination of securities required to achieve superior long-term returns at a reasonable level of risk at any time. The portfolio exploits the benefits of diversification and will change its exposure to different securities and sectors on an active basis, based on prevailing market conditions. The portfolio aims to achieve its investment objectives, whilst recognising that there will be significant short-term volatility and aims to protect capital over the medium to long term.

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](http://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](mailto:admin@sfs.sygnia.co.za) or 0860 794 642 (0860 SYGNIA).

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

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)

