

SYGNIA 4TH INDUSTRIAL REVOLUTION GLOBAL EQUITY FUND

CLASS B (TAX FREE SAVINGS ACCOUNT ONLY)
GLOBAL - EQUITY - GENERAL

30 NOVEMBER 2018

PORTFOLIO MANAGER **RIAN BRAND, SIYABULELA NOMOYI**
REGULATION 28 **NON-COMPLIANT**
FUND LAUNCH DATE **22 SEPTEMBER 2016**
CLASS LAUNCH DATE **19 OCTOBER 2016**
FUND SIZE **R 1 405 MILLION**
INSTRUMENT PRICE **131.82**
UNITS IN ISSUE **31 638 541**

FUND OBJECTIVE

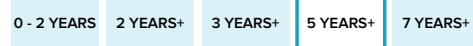
INCOME DISTRIBUTION

TRUSTEES

RISK PROFILE



TIME HORIZON



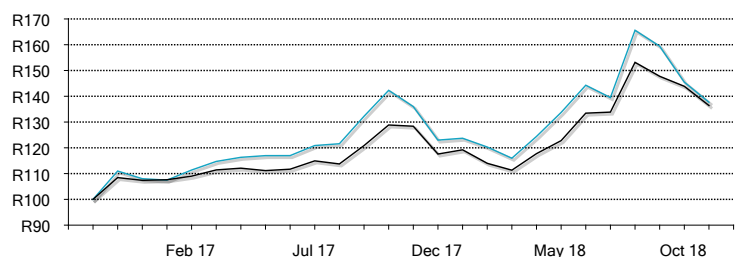
DELIVER STRONG LONG-TERM CAPITAL APPRECIATION THROUGH OUTPERFORMANCE OF THE NET TOTAL RETURN OF THE S&P 500 INDEX, AT A REASONABLE LEVEL OF RISK BI-ANNUALLY (SEPTEMBER AND MARCH) PAYMENT: 1 OCT 2017 - 0.08 CENTS PER UNIT

STANDARD BANK TRUSTEES (021 441 4100)

CUMULATIVE INVESTMENT PERFORMANCE

Growth of R100 invested on 31 October 2016

Investment: R137.68
Benchmark: R136.41



— Sygnia 4th Industrial Revolution Global Equity Fund — S&P500 Net Total Return Index (R)

PERFORMANCE ANALYSIS

PERIODIC PERFORMANCE	FUND	*BM	DIFFERENCE
1 Month	-5.4%	-5.2%	-0.2%
3 Months	-16.9%	-10.9%	-5.9%
6 Months	3.0%	11.1%	-8.1%
Year to Date	11.9%	16.0%	-4.1%
1 Year	1.2%	6.3%	-5.0%
**Since Inception	16.6%	13.4%	3.2%

*S&P 500 Index (Rands)

**Annualised performance figures

TOP 10 HOLDINGS

ASSET	PERCENTAGE
Elbit Systems Ltd	1.8%
Garmin Ltd	1.5%
Apple Inc.	1.4%
Alphabet Inc. A	1.4%
Pacific Biosciences of California Inc.	1.2%
Kratos Defense & Security Solutions Inc.	1.2%
Bruker Corp.	1.2%
Vuzix Corp.	1.1%
Lockheed Martin Corp.	1.1%
Tesla Motors Inc.	1.1%

HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2016											11.0%	-2.7%	8.0%
2017	-0.5%	3.6%	3.0%	1.4%	0.6%	0.0%	3.3%	0.6%	8.8%	7.6%	-4.4%	-9.6%	13.9%
2018	0.6%	-2.8%	-3.6%	7.3%	7.5%	7.9%	-3.3%	18.7%	-3.7%	-8.7%	-5.4%		11.9%

RISK STATISTICS

	FUND	BM
% Negative Months	40.0%	40.0%
Avg Negative Return	-4.5%	-3.0%
Maximum Drawdown	-18.5%	-13.6%
Standard Deviation	22.7%	17.4%
Downside Deviation	9.6%	8.7%
Highest Annual Return: Nov 2016 - Oct 2017	42.3%	28.9%
Lowest Annual Return: Apr 2017 - Mar 2018	1.1%	-0.1%

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

FEES

Initial Fees:	0.00%
Management Fees:	0.79% per annum (excluding VAT)
Performance Fees:	N/A
Total Expense Ratio (TER):	0.93% (September 2018)
Transaction Costs (TC):	0.15% (September 2018)
Total Investment Charge (TIC):	1.08% (September 2018)

SYGNIA 4TH INDUSTRIAL REVOLUTION GLOBAL EQUITY FUND FUND COMMENTARY

CLASS B
GLOBAL - EQUITY - GENERAL

3RD QUARTER 2018

MARKET PERFORMANCE

The third quarter of 2018 marked the 11th anniversary of the Global Financial Crisis and, as liquidity dried up over the US summer holidays, markets once again experienced heightened volatility. Emerging market contagion was the main driver as concerns spread from Argentina's fiscal problems and IMF bailout and Turkey's twin deficits to Brazil's contentious elections, Russia's US sanctions and South Africa's economic recession. Global traders came up with another acronym: BRATS. South Africa is the only country within BRATS that has not seen its credit rating downgraded to junk, albeit our markets are pricing in that downgrade. Beyond the idiosyncratic risks of the BRATS, the strong US dollar and rising US interest rates continue to lead to outflows from emerging markets, weakening their currencies and forcing them to hike interest rates once again to anchor inflation, a vicious cycle that puts further strain on their economies.

According to Bank of America Merrill Lynch, the number of global rate hikes is now at levels last seen before the Global Financial Crisis. Turkey, in a sign of capitulation, raised interest rates from 17.8% to 24%, while Russia increased rates for the first time in four years. The only positive is that this has been perceived as confirmation that the central banks of both countries remain relatively independent. At the same time, Argentina and Kenya implemented austerity measures to appease the IMF. Together with weaker than expected US consumer price inflation, these policy adjustments brought some calm to the emerging markets and their currencies by quarter end. Despite violent swings, the rand was only 2.9% weaker against the dollar over the quarter.

The US economy continued to strengthen, with equity markets hitting new highs, consumer confidence at its strongest levels in 18 years and jobless claims at 49-year lows. This has allowed the US Federal Reserve to increase interest rates for the third time this year and upgrade their growth expectations for 2019. Merrill Lynch's survey of asset managers' expectations reported the most favourable outlook for US earnings on record, reflected in the valuation of the S&P500 Index, which has outperformed the MSCI Emerging Market Index by 20% on a year-to-date basis. US focus will move to the mid-term elections of 6 November, where polls suggest that the Democratic Party is likely to take the House of Representatives, while the Republicans will keep the Senate. This is not ideal, but is likely to paralyse President Donald Trump on the domestic policy front. Irrespective of the results, however, he will retain free reign on foreign policy issues.

The picture looks less rosy for the rest of the world, hit by a strengthening US dollar, oil prices at four-year highs and global trade wars. Oil remains a headwind to growth and rose to US\$85/barrel as Trump announced sanctions on Iran's energy industry and Venezuela's supply decreased due to their economic crisis. The OECD has announced that global economic growth has peaked and lowered its growth forecasts for 2018, predominantly due to trade wars.

There seems to be no end to the US - China trade war, with both countries implementing second rounds of tariffs in September and China boycotting the annual UN Summit held in New York. The new tariffs bring the total value of Chinese goods levied with tariffs up to US\$250bn, and Trump threatened to expand tariffs to include an additional US\$267bn of Chinese imports, taking the total to over US\$500bn, roughly the size of all Chinese imports. The yuan weakened to a 12-month low and the Shanghai Composite Index fell to a low 25% from its January highs. Chinese growth is slowing and the Chinese government is attempting to support growth with both fiscal and monetary support, but these have yet to make an impact.

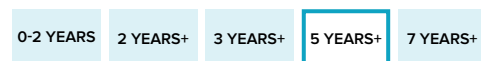
In Europe, the ECB kept interest rates unchanged while lowering its growth forecasts. The ECB confirmed that it will end its €2.6 trillion stimulus programme by the end of 2018, with a first hike likely only in September 2019. The UK's exit from the EU remains on the cards, but there is no deal in sight, as neither party is willing to compromise on the key issue of free movement of people. Further East, Russia held its biggest war games in four decades after Russian Prime Minister Dmitry Medvedev called US sanctions a declaration of economic war.

In Japan, Prime Minister Shenzō Abe was re-elected to his post on the back of the strongest economic growth in two years, despite inflation remaining close to zero and the Bank of Japan retaining stimulus measures. In Central and Latin America, Venezuela sold more oil assets to China in exchange for its badly needed financial support, a move that led Trump to threaten military action against the country. Sentiment remains unsettled by politics, with 41% of economic output from the G20 now governed by populists, up from about 4% in 2007. Brazil heads for key elections on 7 October. Italian Prime Minister Giuseppe Conte says his government can't adhere to EU budget rules, which sent Italian bond yields skyrocketing.

RISK PROFILE



TIME HORIZON



In South Africa, President Cyril Ramaphosa called for the constitution to be changed to allow land expropriation without compensation, causing massive investor anxiety. Economic data remained weak and inflation subdued as SA entered recession. In response, Ramaphosa presented a viable economic plan based on refocussing R50bn of expenditure towards stimulating economic growth. The plan includes the introduction of more competition in the telecommunications sector to bring down data costs, relaxation of visa requirements for foreigners to stimulate tourism, easing of immigration restrictions to bring in badly needed skills, finalisation of the Mining Charter, a R400bn infrastructure fund designed to create jobs, more private/public partnerships and some clarity on the land appropriation issue. However, there are no short-term solutions to the problems.

The quarter ended with the FTSE/JSE SWIX Index down 3.3%, the JSE All Bond Index up 0.8% and the rand 2.9% weaker relative to the US dollar.

FUND PERFORMANCE

The Sygnia 4th Industrial Revolution Global Equity Fund continues to track a mix of the Kensho New Economy indices. During the quarter the fund did not materially alter its exposure between different sub-sectors. The fund has a higher exposure to the Virtual Reality, Smart Building and Wearables indices and is underweight in the 3D Printing and Clean Tech indices.

August was a strong month, with dollar assets appreciating in rand terms due to the weakening rand, while the strong performance of the underlying equities contributed to a stellar performance.

The fund benefited from its exposure to 3D Printing, Drones and Robotics, but exposure to Autonomous Vehicles and Clean Tech detracted from performance.

In line with its investment objective, the Fund remains positioned to deliver strong, long-term capital growth by investing in global companies that have exposure to new technologies and innovation with the potential to transform the global economy across a broad range of sectors.

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 APPROACH

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.

The stock selection underpinning the Fund is based on tracking the Kensho New Economy Indices: 21st Century Sectors, a series of market indices designed by Kensho, a US-based data analytics company, to capture exposure to companies involved in industries propelling the 4th Industrial Revolution.

In addition to tracking market indices, 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 basic fees paid to underlying managers and Sygnia's annual service fee. Performance-based fees are calculated in terms of the supplemental deed fee for certain of our asset managers when they outperform the Fund's stated benchmark. This performance fee will be paid by the Fund to the underlying investment manager only when the Fund's performance exceeds that of the benchmark. The performance fee, if any, shall be calculated and accrued daily, and payable monthly. The performance fee is capped at 1.75% per annum, where the portfolio has been in existence for more than 365 days. Where the portfolio has been in existence for less than 365 days, this percentage will be pro-rated based on the number of days since inception.

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 RATION (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 year. 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 permissible deductions from the portfolio, divided by the number of units in issue. Forward pricing is used and Fund valuations take place at approximately 15:00 each business day. The exception takes place at month end, when valuations are performed at 17:00. Purchases and redemption requests must be received by the manager 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 Asset Management (Proprietary) Limited, 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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SYGNIA COLLECTIVE INVESTMENTS RF (PTY) LTD
Registration No. 2009/003063/07

A member of the Association for Savings & Investments 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 | info@sygnia.co.za