

SYGNIA SWIX INDEX FUND

CLASS A
SOUTH AFRICAN - EQUITY - GENERAL

30 JUNE 2016

LOW MANAGEMENT FEES AT 0.40%

RISK PROFILE



PORTFOLIO MANAGERS **IAIN ANDERSON**
RIAN BRAND
REGULATION 28 **NON-COMPLIANT**
FUND LAUNCH DATE **28 SEPTEMBER 2013**
CLASS LAUNCH DATE **4 OCTOBER 2013**
FUND SIZE **R 308.26 MILLION**
INSTRUMENT PRICE **125.29**

FUND OBJECTIVE

THE FUND AIMS TO DELIVER PERFORMANCE IN LINE WITH THE RETURNS OF THE FTSE/JSE SWIX INDEX

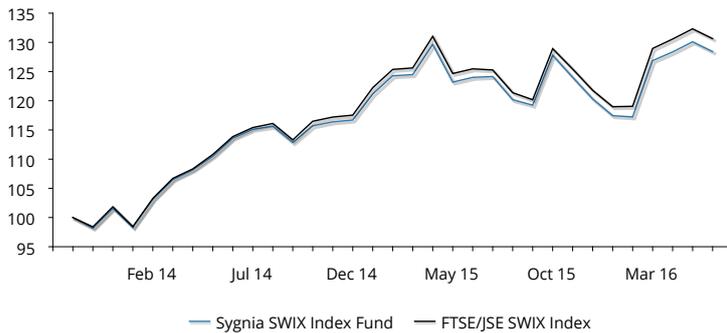
INCOME DISTRIBUTION

**BI-ANNUALLY (MARCH AND SEPTEMBER)
PAYMENT: 1 APR 2016 - 1.49 CENTS PER UNIT
PAYMENT: 1 OCT 2015 - 1.74 CENTS PER UNIT**

TRUSTEES

STANDARD BANK TRUSTEES (021 441 4100)

CUMULATIVE PERFORMANCE



SECTOR ALLOCATION

SECTOR	PERCENTAGE	ALLOCATION
Industrials	61.4%	<div style="width: 61.4%;"></div>
Financials	24.6%	<div style="width: 24.6%;"></div>
Resources	13.9%	<div style="width: 13.9%;"></div>
Cash	0.2%	<div style="width: 0.2%;"></div>

PERFORMANCE ANALYSIS

PERIODIC PERFORMANCE	FUND	*BM	DIFFERENCE
1 Month	-1.3%	-1.3%	0.0%
3 Months	1.2%	1.3%	-0.1%
6 Months	6.7%	7.3%	-0.5%
Year to Date	6.7%	7.3%	-0.5%
1 Year	3.6%	4.1%	-0.6%
Since Inception	9.8%	10.5%	-0.7%

*FTSE/JSE SWIX Index

TOP 10 HOLDINGS

ASSET	PERCENTAGE
Naspers Ltd	16.9%
British American Tobacco Plc	5.2%
MTN Group Ltd	4.5%
Sasol Ltd	3.8%
Steinhoff International Holdings N.V.	3.8%
SABMiller Plc	3.3%
Standard Bank Group Ltd	2.8%
FirstRand Ltd	2.3%
Remgro Ltd	2.2%
Aspen Pharmacare Holdings	2.1%

HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2013											-1.8%	3.5%	1.6%
2014	-3.2%	4.9%	3.3%	1.6%	2.2%	2.8%	1.3%	0.4%	-2.4%	2.5%	0.6%	0.3%	14.9%
2015	3.8%	2.6%	0.2%	4.2%	-5.0%	0.7%	0.1%	-3.2%	-0.8%	7.2%	-3.0%	-3.0%	3.1%
2016	-2.4%	-0.2%	8.2%	1.2%	1.4%	-1.3%							6.7%

RISK STATISTICS

	FUND	BM
% Negative Months	34.4%	34.4%
Best Month	8.2%	8.3%
Worst Month	-5.0%	-4.9%
Avg Negative Return	-2.4%	-2.3%
Maximum Drawdown	-9.6%	-9.2%
Standard Deviation	10.6%	10.6%
Downside Deviation	4.6%	4.5%

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:	0.40% per annum (including VAT)
Performance Fees:	N/A
Financial Advice Fees:	0.00%
Total Expense Ratio (TER):	0.44% (year ending 30 Jun 2016)

SYGNIA SWIX INDEX FUND

FUND COMMENTARY

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RISK PROFILE



TIME HORIZON



MARKET PERFORMANCE

To date, 2016 has been a year in which politics – rather than economic or corporate fundamentals – has set the tone for financial markets. The UK referendum on whether to remain in the EU added anxiety to markets already dealing with concerns about the timing of US interest rate increases, worries about China's economic outlook and a steady fall in global bond yields as central banks deployed negative interest rates in the latest attempt to boost stalling inflation and growth.

April saw markets rally after a surge in oil prices back to the US\$50-a-barrel level boosted risk appetite. Commodities and emerging markets benefitted from the weakening of the US dollar as the expectations of imminent US interest rate increases faded. May, however, saw markets give up some of these gains as general consensus started trending towards the US Federal Reserve increasing interest rates sooner on stronger US economic numbers. This reversed again in June on weak US jobs data and worries about Brexit: at its June meeting the US Fed actually lowered its projections of how much they will raise interest rates in the coming years. Expectations for GDP growth have been cut to 2% for both 2016 and 2017, core inflation upped to 1.7% and unemployment left unchanged at 4.7% by year end.

When it came, the UK's decision to leave the 28-nation EU sent shockwaves through global markets and sent safe-haven investments such as gold, the Japanese yen, the Swiss franc and US Treasury bonds soaring. Fortunately the fallout was short-lived and markets recovered most of the losses within days. The British pound and European banks bore the brunt of Brexit for longer, with the sell-off in both continuing well into July.

By itself, the UK leaving the EU does not pose a significant risk to the world economy. Yet the fear it has generated is a reflection of the interwoven nature of the global financial system and its impact will reverberate for many years to come, plunging the UK into political and economic instability and making the EU weaker on the global stage. It also may open the door for other EU nations to leave in the future, risking the ultimate dissolution of the EU. On a positive note, Brexit should make the US Fed pause in raising interest rates and hence halt the outflow of money from emerging markets such as South Africa.

On the global stage, Chinese economic data remained patchy, with increasing doubts over the durability of the recovery seen in the first quarter of 2016. Confidence was boosted by greater stability in the yuan, a rise in stock markets and China's annual legislative session, which signaled that growth remained a priority – but confidence fell after three separate surveys of Chinese economic activity showed weakness in June. Trade data was also disappointing. The central bank maintained its forecast for the country's economic growth for 2016 at 6.8%.

Both the US and the eurozone continued on a modest growth path. In the US the economy showed signs of a pickup with the gauges of consumer confidence and spending – housing market activity and industrial production – all gaining steam during the spring months, leading the US Fed to believe that an interest rate increase in June or July might be appropriate. However, a surprisingly weak jobs-creation report in June and the fallout from Brexit made that timeline unlikely.

In the eurozone, manufacturing activity declined to a three-month low in June, signaling an uncertain time ahead. The ECB left interest rates unchanged and hinted at future changes to its stimulus programme. Given Brexit, interest rates are likely to remain at low levels for a prolonged period of time, as is the bond-purchasing programme. The ECB expects that Brexit will reduce economic growth in the eurozone by a cumulative 0.3% to 0.5% over three years. The eurozone's economy was previously expected to grow by 1.7% in both 2017 and 2018.

All three rating agencies, Fitch, S&P's and Moody's, granted South Africa a credit-ratings-downgrade reprieve. S&P and Fitch rank the South African government's foreign currency debt at the lowest rung of investment grade, while Moody's ranking is one notch higher. Moody's local currency rating of South African debt is in line with its foreign currency rating, but S&P is two notches higher and Fitch one notch higher – as 90% of the South African government debt is denominated in Rands, this rating is the one that matters for South Africa's inclusion in the World Government Bond Index. The rating agencies were clear that they wanted to see tangible steps being taken to improve the growth outlook to avoid a downgrade in December 2016 or in 2017: these steps include provision of reliable energy, labour reform and the implementation of a clear mining code to promote investment.

Among the risks, S&P's mentioned government debt surpassing 60% of GDP (including guarantees to state-owned enterprises) and the effects of political interference on the government's policy framework. Stable ratings were good news for the Rand, which recovered a lot of lost ground relative to the US dollar despite Brexit.

The economic background, however, remains bleak. South Africa's GDP contracted by 1.2% year-on-year in the first quarter of 2016, raising the prospect of a recession if growth for the second quarter also comes in negative. This compares with growth of 0.4% in the fourth quarter of 2015. Consumer inflation came in at 6.1% in May.

The FTSE/JSE SWIX Index returned 1.3% over the quarter, the JSE All Bond Index 4.4% and the rand depreciated by 0.3% against the US dollar.

FUND PERFORMANCE

The Sygnia SWIX Index Fund delivered a positive return of 1.2% over the quarter in line with its benchmark, the FTSE/JSE SWIX Index, which delivered 1.3%. The fund benefitted from its large weighting in Naspers, British American Tobacco and MTN. Exposure to Steinhoff, Sasol and Richemont detracted from performance.

During the quarter, Illovo Sugar fell out of the index following its acquisition by Associated British Foods, while BidCorp entered the index after Bidvest Group transferred its food-services into the new business. The fund tracked the performance of the FTSE/JSE Index, in line with its investment objective.

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. All figures used are merely for illustrative purposes only.

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

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 SYGNIA

IMPORTANT INFORMATION TO CONSIDER BEFORE INVESTING

INVESTMENT APPROACH

The Sygnia SWIX Index Fund is a general equity fund that is managed with the objective of delivering returns in line with its benchmark, the FTSE/JSE Shareholder Weighted All Share Index. The Fund is passively-managed and the portfolio is constructed so as to match the constituents of the index as closely as possible.

BALANCING RISK AND REWARD

The Sygnia SWIX Index Fund targets an overall 100% allocation to a wide selection of South African equities and has a high risk profile. It is a suitable investment for investors seeking higher returns, who are willing to tolerate higher volatility and aim to maximise capital accumulation over a longer-term time horizon. The investment is also suitable for investors who wish to maximise their returns in the most cost-effective manner without the need to select asset managers or take on the risk of active and subjective investment decision-making processes.

The recommended investment term for investors in the Sygnia SWIX Index Fund is a minimum of five years. The Fund has a 100% strategic allocation to South African equities. The risk is managed by spreading investments across sectors and individual shares. However, the structure of the Fund is dictated by the composition of the FTSE/JSE SWIX Index.

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. Performance data for the index is available from the JSE and is also available through many daily financial publications and websites.

FEES

Sygnia charges an annual management fee which comprises of applicable basic fees paid to underlying managers and Sygnia's annual service fee.

A schedule of fees and charges is available on request from the Company. Permissible deductions may include management fees, brokerage, STT, auditor's fees, bank charges and trustee fees.

Sygnia does not provide advice and therefore does not charge advice fees. If a financial planner is appointed, initial and on-going advice fees may be payable as agreed upon between you and your financial advisor. The payments of these fees are facilitated by the Linked Investment Service Provider (LISP) and not directly by Sygnia.

WHAT IS THE TOTAL EXPENSE RATIO (TER)?

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. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, Securities Transfer Tax [STT], STRATE and FSB Investor Protection Levy and VAT thereon) are shown separately. 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. The TER charged by any underlying fund held as part of a fund's portfolio is included in the TER figure, but trading and implementation costs incurred in managing the fund are excluded. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money.

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.

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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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