Sygnia Money Market Fund Unit Trust

Class A

South African - Interest Bearing - Money Market

31 March 2021

LOW	LOW MEDIUM	MEDIUM	MEDIUM HIGH	HIGH

LESS RISK/ RETURN — **MORE RISK/ RETURN**

0 - 2 YEARS	2 YEARS+	3 YEARS+	5 YEARS+	7 YEARS+

Portfolio Managers	**Iain Anderson, Anrich de Jager*, Chanté Burger***
Regulation 28	**Compliant**
Fund Launch Date	**29 July 2016**
Class Launch Date	**13 October 2016**
Fund Size	**R 1 183.00 Million**
Unit Price	**100.06**
Units in Issue	**655 850 259**

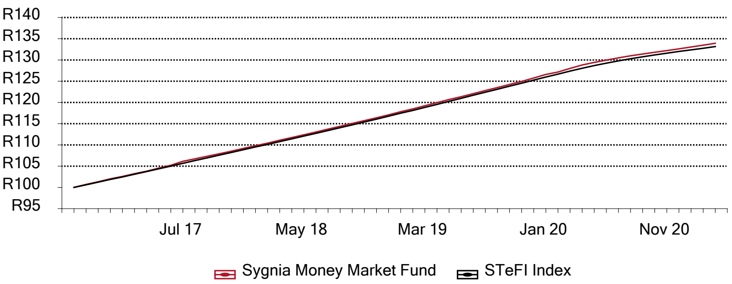
*Under supervision

Investment Objective	**The fund aims to maximise interest income, preserve capital and provide immediate liquidity**
Income Distribution	**Monthly** **Payment: 1 Feb 2021 - 0.35 cents per unit** **Payment: 1 March 2021 - 0.33 cents per unit**
Trustees	**Standard Bank Trustees (021 441 4100)**

Cumulative Investment Performance

Growth of R100 invested on 31 October 2016

Investment:	R133.92
Benchmark:	R133.16



ISSUER EXPOSURE

Issuer	*Percentage*	*Allocation*
RSA National Treasury	27.2%	
Nedbank Ltd	19.9%	
Investec Bank Ltd	13.7%	
Absa Bank Ltd	6.9%	
Standard Bank	4.7%	
Mercedes-Benz SA	3.3%	
Discovery Holdings Ltd	2.7%	
MTN Group Ltd	2.0%	
AECI Limited	1.8%	
Other	17.9%	

Performance Analysis

Periodic Performance	*Fund*	**BM*	*Difference*
1 Month	0.3%	0.3%	0.0%
3 Months	1.0%	0.9%	0.1%
6 Months	1.9%	1.8%	0.1%
Year to Date	1.0%	0.9%	0.1%
1 Year	4.6%	4.5%	0.1%
****3 Years**	6.4%	6.3%	0.1%
****Since Inception**	6.8%	6.7%	0.1%
Current Yield	4.7%		

Performance as calculated by Sygnia Asset Management as at reporting date
**STeFI Index*
***Annualised performance figures*

Duration Exposure

Duration	*Percentage*
0 to 1 month	32.3%
1 to 3 months	19.2%
3 to 6 months	22.2%
6 to 12 months	26.2%

Historical Performance

	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Year*
2016											0.7%	0.6%	1.3%
2017	0.7%	0.6%	0.6%	0.6%	0.7%	0.6%	0.9%	0.5%	0.6%	0.5%	0.6%	0.6%	7.8%
2018	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	7.2%
2019	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	7.4%
2020	0.7%	0.5%	0.7%	0.6%	0.5%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%	5.5%
2021	0.3%	0.3%	0.3%										1.0%

Risk Statistics

	Fund	Benchmark
% Negative Months	0.0%	0.0%
Avg Negative Return	0.0%	0.0%
Maximum Drawdown	0.0%	0.0%
Standard Deviation	0.4%	0.4%
Downside Deviation	0.0%	0.0%
Highest Annual Return: Nov 2016 - Oct 2017	7.9%	7.6%
Lowest Annual Return: Apr 2020 - Mar 2021	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. ^STFIND

Fees

Initial Fee	0.00%
Management Fee	0.00% per annum (excluding VAT)
Performance Fee	N/A
Other costs	0.21%
VAT	0.03%
Total Expense Ratio (TER)	0.24% (March 2021)
Transaction Costs (TC)	0.00% (March 2021)
Total Investment Charge (TIC)	0.24% (March 2021)

*Investments made before 30 June 2021 will be discounted to zero management fee for a period of 2 years. For investments on or after 1 July 2021, a management fee of 0.25% excl VAT will apply

**The TER is for a 12 month period and includes the undiscounted and discounted management fee.

Sygnia Money Market Fund Unit Trust

Fund Commentary

Class A
South African - Interest Bearing - Money Market

1st Quarter 2021

LOW	LOW MEDIUM	MEDIUM	MEDIUM HIGH	HIGH

LESS RISK/ RETURN — MORE RISK/

0-2 YEARS	2 YEARS+	3 YEARS+	5 YEARS+	7 YEARS+

Market Performance

Markets are up a roaring 13% in the first quarter of 2021 but with such a swift rally, the question of a bubble arises. Unfortunately, a market bubble is a phenomenon best identified with hindsight. Having said that, there are bubble characteristics that you can watch out for, such as exponential price movement, extreme valuations, retail leverage and a "this-time-its-different" investment case. Looking at price action, the only truly exponential moves seem to be linked to digital innovation and ESG. Since 2014 cryptocurrencies have risen by a factor of 160, innovation stocks are up six times, special purpose acquisition companies (SPACs) and solar energy have tripled while European renewables have doubled. A lot of this meteoric rise has happened in the last year and is most likely linked to extreme activity (relative to the past) in US retail trading. Fortunately, the recent price correction in this area has reduced some concerns.

Despite respite in most of the world, Central and Eastern Europe are currently being overrun by a third wave, forcing countries such as Italy, Estonia, and Hungary to introduce new lockdown restrictions. This comes at a time when vaccination rollout is struggling across the EU and is further complicated by developments regarding the AstraZeneca/Oxford vaccine, where the Netherlands, Ireland, Germany, Italy, Spain, Portugal and France suspended use of the vaccine over potential blood clotting concerns. AstraZeneca and the World Health Organisation (WHO) are denying reports that the vaccine is linked to blood clotting risks. Towards the end of the month Europe restarted AstraZeneca vaccines following a safety endorsement from the European Medicines Agency, but now the EU is threatening to stop exports of the vaccine from EU production facilities into the UK and ongoing bickering continues between EU countries over all vaccine allocations. South Africa has vaccinated just over 200 000 people. However, the South African government has not yet set up the required compensation to cover damage claims as the rollout is still part of a clinical trial; and incoming shipments of the Johnson & Johnson vaccines have been delayed.

In the month, Congress passed President Joe Biden's $1.9 trillion Covid relief bill - the second largest ever US fiscal stimulus package. This adds $1.9trn worth of fiscal stimulus on top of the $900bn already introduced by former president, Donald Trump, at the end of last year, bringing the total estimated combined fiscal support from these two packages to the significant amount of 13% of GDP.

Focus now turns to Biden's $2.25trn infrastructure package, a massive number. According to the Bureau of Economic Analysis, the current value of government fixed assets considered as infrastructure is about $6trn, so this represents about more than a third of the stock of fixed assets. Concerns are now being raised about inflation risks, given the huge amount of stimulus. Clearly the US has learned from Japan and is fighting tooth and nail to avoid deflation. In the short-term, inflation and US rates will certainly rise, but we maintain that this will be a one- or two-year event.

The biggest challenge facing advanced economies remains the weak rate of productivity growth. This is a result of several factors including:

- quantitative easing.
- low rates of business cost of capital which allows inefficient businesses to survive; and
- the failure of new "social media" digital technologies to feed through into productivity.

Remember that all stimulus is just stealing from the future. Biden is already planning the first major federal tax hike since 1993 to help pay for his long-term economic programme.

The tax changes in the infrastructure program will likely include repealing portions of Donald's 2017 tax law that benefitted corporations and wealthy individuals and making the tax code more progressive by providing relief for middle-class households. Taxes are low by historical standards. Biden's plan sees the corporate tax rate rising from 21% to 28%.

The South African economy contracted by 7.0% in 2020 from an increase of 0.2% in 2019. While this was better than expected, electricity generation continues to constrain growth. Load shedding continued unabated in March. Aside from Eskom's spiralling debt, fading sales, and ailing power stations, the utility faces another unsustainable predicament. There is a growing trend of serious allegations against executives from staff who have been taken to task for underperformance, with more than 3 686 of Eskom's 44 000 employees facing disciplinary proceedings.

South Africa announced preferred bidders to provide emergency power to prevent load shedding. The eight bidders - Acwa Power Project DA, Karpowership SA Coega/ Saldanha/ Richards Bay, Mulilo Total Coega, Mulilo Total, Hydra Storage, Oya Energy Hybrid Facility and Umoyilanga Energy - will provide a total of 1.8MW from various technologies to be connected to the grid by August 2022. There is some concern as a number of these projects are foreign-owned, expensive, and using dirty power. Turkish-owned Karpowership ships are anchored off our shores and produce power via Liquid Natural Gas while Acwa is a Saudi company. Black ownership for these projects is at 41%, according to Minister of Mineral Resources and Energy Minister, Gwede Mantashe. A pending request for proposals for procurement of an additional 2600MW for private power producers is expected to further boost energy supply. Pension funds will be able to invest in a number of these projects as part of the new Private Public Pension Infrastructure Programme. Draft regulation 28 has several shortcomings, and Sygnia has submitted feedback to National Treasury.

China's economic activity surged in the first two months of the year, exports soared 61% in dollar terms reflecting strong global demand and imports climbed 22.2% highlighting a divergence in the economy as demand for iron ore and crude slowed and imports of high-tech parts accelerated. China's 14th five-year plan has a dedicated section for tech development with the clear objective of self-reliance for the country. The plan lays out seven technology research areas of focus including artificial intelligence, quantum computing, semi-conductors, and space. Premier Li Keqiang said that China would increase research and development spending by more than 7% a year over the next four years, in pursuit of "major breakthroughs" in technology.

We've seen increased focus on regulation with China's antitrust regulator issuing fines against some of its largest tech giants including Tencent. Alibaba has been asked to dispose of its media assets. Alibaba, China's largest e-commerce operator, is planning to offer its bargains service on rival Tencent Holdings' WeChat platform in a major concession to regulators seeking to crack down on monopolies.

While Covid-19 is not quite done with us yet, the pace of events (and recovery) is picking up. Leaders the world over can be seen to be taking swift action to correct the plummets of 2020 by putting recovery plans into motion. From concrete steps locally to address South Africa's energy crisis to Biden's stimulus package and infrastructure plans in the US, to China's ambitious 14th five-year-plan– all point to concerted efforts to ease financial pressures by stimulating growth and pressing forward. How successful each of these initiatives will be remains to be seen (and a sigh of relief is not in order yet), the shoots of a global recovery are already breaking ground.

Fund Performance

The Sygnia Money Market Fund returned 1.0% for the quarter, below its benchmark, the Short-Term Fixed Interest Index, which returned 1.5%. Money market instruments within the fund continue to offer yields in excess of inflation, with little credit or duration risk.

No significant changes were made to the fund during the quarter. In line with its investment objective, the fund remains positioned to maximise interest income, preserve capital and provide immediate liquidity.

At its March meeting, the Monetary Policy Committee (MPC) kept the repo rate stable at 3.50% in its first unanimous vote since April 2020. The votes at the last four MPC meetings have been split, with a gradual shift from further repo rate cuts to the stabilisation that came through in this most recent meeting. The unanimous vote suggests that the repo rate has bottomed out and that any further rate cuts are unlikely.

The SARB's view on GDP growth improved slightly from the January MPC (from 3.6% to 3.8%), based on improved views on both global and domestic outlooks, while there was also an uptick in the SARB's inflation forecast (from 4.0% to 4.3%), largely a result of fuel and electricity price increases.

There are risks to SA's GDP growth outlook, with a slow recovery expected from the effects of Covid-19, but the inflation outlooks appear to be contained. This may lead to a sustained "stabilisation" of the repo rate over the course of 2021, with rate hikes pushed out to 2022.

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Registration No. 2009/003063/07

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Sygnia

Important information to consider before investing

Investment Objective & Strategy

The Sygnia Money Market Fund is a money market portfolio that seeks to maximise interest income, preserve the portfolio's capital and provide immediate liquidity. This is low risk money market fund aims to offer investors access to a well-diversified money market portfolio, which shall consist of short-term, highly liquid money market instruments with a maturity of less than thirteen months. It may also invest in interest rate swaps. The fund will be managed with prudential guidelines.

Balancing Risk and Reward

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.

Please note that the Sygnia Money Market Fund is a variable priced fund and therefore does not have a fixed unit price of R1.00 per unit. The price of a unit is a marked-to-market value.The yield is calculated monthly on a historic basis, based on the actual distributions declared over the relevant calculation period, divided by the average daily NAV price for the fund, expressed as a nominal annual rate. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument. In most cases the return will merely have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio.

The Fund may be exposed to credit risk where an Issuer of a non-equity security may not be able to make interest payments or repay the capital. This will impact the value of the Fund. There are regulations in place which limit the amount a unit trust may be exposed to each Issuer, thereby spreading the risk across various Issuers.

The Sygnia Money Market Fund is not a Bank Deposit Account. Excessive withdrawals from the Fund may place the Fund under liquidity pressure. Should this occur, a process of ring-fencing the withdrawal instruction and managing the pay-out over time may be allowed.

Fees

A schedule of fees and charges is available on request from Sygnia. 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.

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 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.

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. 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.

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.

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.

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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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