

*The definitions and interpretations commencing on page 8 of this document ("Programme Memorandum") apply mutatis mutandis to this document, including this cover page.*

**THIS PROGRAMME MEMORANDUM CONTAINS IMPORTANT INFORMATION ABOUT SYGNIA ITRIX COLLECTIVE INVESTMENT SCHEME ("SYGNIA ITRIX" or "THE SCHEME") AND ITS VARIOUS EXCHANGE TRADED FUND SECURITIES AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS PROGRAMME MEMORANDUM YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISOR.**

The directors of Sygnia Itrix (RF) Proprietary Limited ("the Manager"), whose names are set out on page 3 of this updated Programme Memorandum, collectively and individually, accept full responsibility for the accuracy of the information contained in this updated Programme Memorandum and certify that, to the best of their knowledge and belief, no facts have been omitted the omission of which would make any statement herein false or misleading, that they have made all reasonable enquiries to ascertain such facts and that this Programme Memorandum contains all information required by law and the JSE Limited Listings Requirements.

Under the terms of this updated Programme Memorandum, the Manager may from time to time establish Portfolios in the Scheme and issue and list on the JSE Participatory Interests over an Index (or such other investment mandate approved by the regulator). Each issue of Participatory Interests will be issued on the terms set out herein and under the conditions and on such additional terms as will be set out in the relevant Supplement to the Programme Memorandum, which will be submitted to and approved by the JSE prior to the date of listing of such Participatory Interests in accordance with the JSE Listings Requirements. This updated Programme Memorandum (which includes its Annexures) is to be read and construed in conjunction with any such relevant Supplement to the Programme Memorandum.

**Sygnia Itrix (RF) Proprietary Limited**

**Registered in the Republic of South Africa in terms of the Collective Investment Schemes Control Act, 45 of 2002**

# **Sygnia4i,**

**SYGNIA ITRIX UPDATED PROGRAMME MEMORANDUM**

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**Copies of this updated Programme Memorandum and the related Supplements to the Programme Memorandum are available in English only, at the registered office of Sygnia Itrix as well as on the Sygnia website hosted at <https://www.sygnia.co.za>.**

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**Sponsor**

19.13(e)

**VUNANI**

Prospective investors in the Securities or Participatory Interests issued by Sygnia Itrix ("Sygnia Itrix Securities" or "Sygnia Itrix Participatory Interests") referred to herein, as with any other ETF, should ensure that they fully understand the nature of the Sygnia Itrix Securities and the extent of their exposure to risks and that they consider the suitability of the Sygnia Itrix Securities as an investment in light of their own circumstances and financial position. Specialist securities involve a high degree of risk, including the risk of losing some or a significant part of their initial investment. Potential investors should be prepared to sustain a total loss of their investment in such Securities. The Securities represent participatory interests in a Collective Investment Scheme registered in terms of the Collective Investment Schemes Control Act, No 19.69(a) of 2002. Furthermore, potential investors should also seek their own independent tax advice.

The JSE's approval of the listing of the Sygnia Itrix Securities should not be taken in any way as an indication of the merits of Sygnia Itrix or of the Sygnia Itrix Securities. The JSE has not verified the accuracy and truth of the contents of the documentation submitted to it and, to the extent permitted by law, will not be liable for any claim of whatever kind. Claims against the JSE Guarantee Fund may only be made in respect of trading in Sygnia Itrix Securities on the JSE and in accordance with the Rules of the JSE Guarantee Fund and can in no way relate to the new issue of Sygnia Itrix Securities. The issuer is responsible for settlement and not the JSE nor any other exchange for primary market settlements and issue of securities pertaining to this offer.

19.13(ix)  
19.13(x)  
19.13(xi)  
19.13(j)

**Nothing contained in this Programme Memorandum and any Supplement to the Programme Memorandum constitutes an offer in any area of jurisdiction in which it is illegal to make such an offer. In such circumstances, this Programme Memorandum and any Supplement to it is sent for information purposes only.**

#### **Risk factors**

Investment in Sygnia Itrix Securities carries substantial risk. There can be no assurance that the Sygnia Itrix Securities investment objectives will be achieved and investment results may vary substantially over time. Investment in Sygnia Itrix Securities is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in these Securities is suitable for them in light of their circumstances and financial resources (see further under Part X Risks of investing in Sygnia Itrix Securities).

Date of first issue: 19 September 2005

Date of issue: 23 March 2021

## Corporate Information

19.13(b)

<b>ORIGINATOR AND HOLDING COMPANY OF THE MANAGER</b>	Sygnia Limited (Registration number 2007/025416/06) 7th Floor, The Foundry Cardiff Street, Green Point Cape Town, 8001	
<b>MANAGER</b>	Sygnia Itrix (RF) Proprietary Limited (Registration number 2004/035580/07) 7th Floor, The Foundry Cardiff Street, Green Point Cape Town, 8001 Date of incorporation: 14 December 2004	19.13(i) -(ii)
<b>AUDITORS</b>	Mazars Mazars House Rialto Road, Grand Moorings Precinct Century City, 7441 South Africa	
<b>TRUSTEE &amp; ISSUER CSDP</b>	Standard Bank of South Africa (Registration number 1962/000738/06) 9th Floor Standard Bank Centre 5 Simmonds Street Johannesburg, 2000	
<b>MARKET MAKER</b>	Jane Street Financial Limited (registered in England with number 06211806) 20 Fenchurch Street 30th Floor London EC3M 3BY United Kingdom	
<b>DIRECTORS OF THE MANAGER</b>	Haroon Bhorat David Hufton Murad Sirkot George Cavaleros	
<b>COMPANY SECRETARY OF THE MANAGER</b>	Glen Maclachlan 7th Floor, the Foundry Cardiff Street, Green Point, Cape Town, 8001	
<b>ASSET MANAGER</b>	Sygnia Asset Management Proprietary Limited (Registration number 2003/009329/07) 7th Floor, The Foundry Cardiff Street, Green Point Cape Town, 8001	

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**PARTICIPATING BROKER**

Sygnia Securities Proprietary Limited  
(Registration number 2014/064642/07)  
Unit 40, 6<sup>th</sup> Floor  
Katherine and West Building, West Street  
Sandton, Johannesburg, 2196

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**SPONSOR**

Vunani Corporate Finance, trading as a division of  
Vunani Capital Proprietary Limited  
Vunani House, Vunani Office Park  
151 Katherine Street, Sandown  
Sandton, 2196

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**REGISTRAR OF COLLECTIVE  
INVESTMENT SCHEMES**

Financial Services Conduct Authority  
Riverwalk Office Park, Block B  
41 Matroosberg Road (Ashlea Gardens - Extension 6)  
Menlo Park  
Pretoria  
0081

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## INTERPRETATION

In this updated Programme Memorandum, unless the context clearly indicates a contrary intention, the following expressions have the following meaning:

<b>"Act"</b>		the Collective Investment Schemes Control Act, 45 of 2002 (as amended or replaced from time to time) and the regulations promulgated thereunder;
<b>"Applicant"</b>		an Investor who applies to subscribe for Sygnia Itrix Participatory Interests on the basis described herein;
<b>"Asset Manager"</b>		Sygnia Asset Management Proprietary Limited (Registration Number 2003/009329/07) or such other asset manager appointed by the Manager from time to time;
<b>"Auditors"</b>		the auditors of Sygnia Itrix and the Manager for the time being, being Mazars as at the date of this Programme Memorandum, or such other internationally recognised auditing firm appointed from time to time;
<b>"Authority"</b>		the Financial Sector Conduct Authority;
<b>"Basket" or "Basket of Shares"</b>		a portfolio of securities which comprises the relevant minimum number of shares or other securities issued by each of the Constituent Companies contained in the relevant Index (in similar weightings as they are included in that Index) that can be acquired with a relevant amount of money having an Index Currency Value (the relevant ratio of number of securities to Index Currency Value may differ for each ETF). The composition of a Basket on a given day may be obtained from the Manager or the Website. One Basket entitles an Investor, in respect of an <i>in specie</i> application, to 100 000 Sygnia Itrix Participatory Interests;
<b>"Calculation Agent"</b>		the party responsible for calculating an Index, which may vary from Index to Index and/or from time to time;
<b>"Cash Subscriptions"</b>		applications for the acquisition of new Participatory Interests to be settled in cash, whether in Rands or in the Index Currency;
<b>"Closing Date"</b>		the date on which an Initial Offer closes, as specified in the relevant Supplement to the Programme Memorandum;
<b>"Common Monetary Area"</b>		includes South Africa, the Kingdoms of Swaziland and Lesotho and the Republic of Namibia;
<b>"Constituent Companies"</b>		the entities or companies included in the Index, the securities of which will be held by the Sygnia Itrix Portfolio in similar proportions in which they are housed in the Index;
<b>"Controlled Clients"</b>		clients of a broking member of the JSE whose funds and uncertificated securities are under the control of such broking member. A controlled client does not have a direct relationship with a CSDP, the client's securities being held in the broker's nominee account with the broker's CSDP. The cash balances of controlled clients are held by JSE Trustees to ensure segregation between broker and client funds;

"CSDP"		a participant duly accepted by STRATE as a participant in terms of the Financial Markets Act;
"ETF"		an Exchange Traded Fund and specifically, the Exchange Traded Funds to be operated under the name Sygnia Itrix, as described in this Programme Memorandum;
"Exchange Control Regulations"		the Exchange Control Regulations promulgated in terms of section 9 of the South African Currency and Exchanges Act, 9 of 1933;
"Exchange Trading Day"		a trading day in the jurisdiction in which the Index Constituents trade, provided that: <ul style="list-style-type: none"> <li>· the day is not a public holiday in South Africa; and</li> <li>· where the Index Constituents trade on several exchanges, the day is not a public holiday or other non-trading day in any one of the jurisdictions;</li> </ul>
"Financial Markets Act"		the Financial Markets Act No 19 of 2012, as amended;
"GBP" or "£"		the Pound or the Sterling, the legal currency of Great Britain;
"Ground Rules"		the published ground rules of the Index, as amended from time to time;
"Holder"		in relation to any Sygnia Itrix Participatory Interests, the person or entity whose name is entered in the Register as the holder of such Participatory Interests;
" <i>in specie</i> Subscriptions"		applications for the acquisition of new Participatory Interests, to be settled "in kind" by the delivery of one or more Baskets;
"Income Accruals"		any dividends or interest or any other income for distribution (i) received by the Trustee or Manager (on behalf of Investors in a Portfolio) in the course of any accounting period of a Portfolio and/or (ii) carried forward from a previous accounting period of a Portfolio and/or (iii) due to investors in a Portfolio in respect of dividend, interest or any other income declarations made but not yet distributed out of a Portfolio;
"Income Tax Act"		the Income Tax Act, 58 of 1962, as amended;
"Index"		the Index to be tracked by any particular Sygnia Itrix Portfolio, which shall be as specified in the relevant Supplemental Deed and relevant Supplement to the Programme Memorandum;
"Index Constituents"		the securities of the Constituent Companies which will be held by the relevant Sygnia Itrix Portfolio in similar proportions in which they are housed in the Index, as set out in the relevant Supplement to the Programme Memorandum;
"Index Currency"		the currency in which the Index is published and traded, as described in the relevant Supplement to the Programme Memorandum;
"Index Currency Unit"		one unit of the Index Currency, for example if the Index Currency is British Pounds, one GBP or if the Index Currency is US Dollars, one US\$;
"Index Exchange"		the exchange on which the Index Constituents are listed, as set out in the relevant Supplement to the Programme Memorandum;
"Index Jurisdiction"		the jurisdiction from which the Index originated, as described in the relevant Supplement to the Programme Memorandum;

<b>"Index Level"</b>		the value of a hypothetical portfolio of investment holdings relative to its value at a fixed point in time, with the initial date and value being set arbitrarily;
<b>"Initial Offer"</b>		the first offer to be made to retail investors and institutional investors in South Africa to subscribe for Sygnia Itrix Participatory Interests, as described in this updated Programme Memorandum as read together with the relevant Supplement to the Programme Memorandum;
<b>"Initial Offer Period"</b>		the period during which an Initial Offer will be open, being 09h00 on the Opening Date until 12h00 on the Closing Date, as detailed in the relevant Supplement to the Programme Memorandum;
<b>"Investors"</b>		holders of Sygnia Itrix Participatory Interests;
<b>"JSE"</b>		JSE Limited, a public company duly registered and incorporated with limited liability under the company laws of the Republic of South Africa under Registration number 2005/022939/06 and licensed as an exchange under the Financial Markets Act;
<b>"JSE Listings Requirements"</b>		the Listings Requirements of the JSE;
<b>"Manager"</b>		Sygnia Itrix (RF) Proprietary Limited (Registration number 2004/035580/07), a private company duly incorporated in accordance with the laws of South Africa, an approved manager for collective investment schemes in securities in terms of the Act, and is a member of the Association for Saving and Investment SA and a subsidiary of Sygnia Limited;
<b>"Management Fee"</b>		the fee to be paid to the Manager in respect of its administration of the Portfolios (also known as the service charge) the details of which are set out in the relevant Supplements to the Programme Memorandum;
<b>"Market Maker"</b>		Jane Street Financial Limited, details of which are set out on page 3 of this updated Programme Memorandum or such other market maker appointed by the Manager from time to time;
<b>"Minimum Investment Criteria"</b>		compliance by a proposed investor with the Financial Intelligence Centre Act, 38 of 2001 and with the minimum investment limits imposed by the Manager from time to time; currently one basket, in respect of <i>in specie</i> applications, in respect of Rand denominated cash subscriptions, R10 000 or multiples of R10 000 and 100 000 Index Currency Units (in respect of Index Currency subscriptions);
<b>"NAV"</b>		net asset value, calculated on the basis set out in paragraph 7 of Part VII;
<b>"Non-controlled Clients"</b>		clients of a broking member of the JSE who have appointed their own CSDPs and have a direct relationship with the CSDP. Securities are held by in the CSDP account in the clients' name. No funds are held by the broking member in such a case;
<b>"Opening Date"</b>		the date on which an Initial Offer opens, as specified in the relevant Supplement to the Programme Memorandum;

"Permissible Deductions"		amounts which may be deducted from the Portfolio, as detailed in paragraph 3 of Part V of this Programme Memorandum;
"Principal Deed"		the written deed (as amended, novated and/or replaced from time to time) concluded by the then manager of the Scheme and the Trustee on 24 August 2005 in terms of which Sygnia Itrix was established as a collective investment scheme in securities, the salient provisions of which are set out in <b>Annexure 1</b> ;
"Ramp up Period"		the period during which the Manager will convert Rands into the Index Currency and procure the acquisition of Baskets with the cash proceeds derived pursuant to an Initial Offer or subsequent cash subscriptions, as the case may be, which in respect of an Initial Offer, shall commence on the day immediately succeeding the Closing Date and end on a date as specified in the relevant Supplement to the Programme Memorandum and in respect of subsequent cash subscriptions, a date as specified in the relevant Supplement to the Programme Memorandum, provided that if the ramp up period falls over one or more public holidays in South Africa and/or the Index Jurisdiction, then the duration of the ramp up period shall be extended accordingly;
"Rand" or "R"		the legal currency of South Africa;
"Register"		the register of Sygnia Itrix Participatory Interests, which register shall be maintained by STRATE;
"SENS"		the Securities Exchange News Service, an office of the JSE;
"South Africa"		the Republic of South Africa;
"South African business day"		a day (other than a Saturday, Sunday or official public holiday) on which commercial banks are generally open to settle payments in Rand;
"Specified Cash Amount"		<ul style="list-style-type: none"> <li>• a <i>pro rata</i> portion of the Income Accruals in a Portfolio up to and including the subscription date; and</li> <li>• any cash amount that arises as a result of rounding the number of Index Constituents to be delivered; and</li> <li>• transfer duties and taxes (if applicable) arising on the acquisition by a Portfolio of the underlying Basket; and</li> <li>• any other cost that may be determined by the Manager from time to time;</li> </ul>
"Specified Exchange Rate"		the prevailing Rand : Index Currency exchange rate, as described in the relevant Supplement to the Programme Memorandum;
"Specified Minimum Index currency"		the minimum subscription permissible utilising the Index Currency, as described in the relevant Supplement to the Programme Memorandum;
"STRATE"		STRATE Limited (Registration number 1998/022242/06), a public company duly incorporated in accordance with the laws of South Africa;
"STRATE system"		the electronic settlement system utilised by the JSE and administered by the Central Securities Depository, STRATE, which facilitates the

		electronic clearing and settlement for all transactions concluded on the JSE;
"Supplement to the Programme Memorandum"		any supplement issued before or after this updated Programme Memorandum containing the terms specific to an issue of Sygnia Itrix Securities in relation to a particular Portfolio, substantially in the form of <b>Annexure 4</b> of this Programme Memorandum;
"Supplemental Deed"		a written supplemental deed (as amended, novated and/or replaced from time to time) concluded by the Manager and the Trustee, establishing a Portfolio of Sygnia Itrix. Each Portfolio is established by means of a separate supplemental deed, the salient terms of which will be set out in the relevant Supplement to the Programme Memorandum;
"Sygnia Itrix" or "Scheme"		Sygnia Itrix Collective Investment Scheme, a collective investment scheme in securities established in South Africa in terms of the Act and registered by the Registrar on 6 September 2005;
"Sygnia Itrix Deed"		collectively, the Principal Deed and the Supplemental Deeds;
"Sygnia Itrix Portfolio" or "Fund" or "Portfolio"		any one of the portfolios in Sygnia Itrix, the Participatory Interests issued by each of which portfolios is or will be described in a Supplement to the Programme Memorandum and separately listed on the JSE;
"Sygnia Itrix Security" or "Participatory Interest"		a security, issued by a Sygnia Itrix Portfolio, representing a beneficial interest in such Sygnia Itrix Portfolio;
"Transaction Costs"		the costs payable by the Investor in respect of the transfer of ownership of Participatory Interests, including the JSE's Insider Trading levy plus any other costs or levies as determined by the JSE from time to time, including, but without being limited to any other brokerage and other transaction charges;
"Trustee"		The Standard Bank of South Africa Limited (Registration number 1962/000738/06), the trustee of Sygnia Itrix appointed in terms of the Act, or such other trustee appointed by the Manager in accordance with the Sygnia Itrix Deed and the Act from time to time;
"UK"		the United Kingdom;
"USA" or "US"		the United States of America;
"US\$"		US Dollars;
"VAT"		Value-Added Tax;
"VAT Act"		the Value-Added Tax Act, 89 of 1991; and
"Website"		the Sygnia Itrix website, the address of which is <a href="http://www.sygnia.co.za">www.sygnia.co.za</a> .

All references in this Programme Memorandum to any Act, regulation or other statutory provision shall be a reference to such Act, regulation or other statutory provision as amended and/or re-promulgated and/or replaced from time to time and for the time being.

All expressions in this Programme Memorandum which denote the singular shall include the plural, any gender shall include the other genders and a natural person shall include artificial or juristic persons and *vice versa*.

## PART I – INTRODUCTION

### **1. WHAT IS SYGNIA ITRIX?**

Sygnia Itrix is an issuer of exchange traded funds and is established as a collective investment scheme, registered as such on 6 September 2005, under the Act. The Scheme houses various Portfolios which are listed on the JSE as ETFs in the Exchange Traded Funds sector on the JSE's Main Board. The investment objective of each of the Sygnia Itrix Portfolios is to replicate as far as possible the price and yield performance of a chosen Index (or such other investment mandate approved by the regulator). Further details regarding the investment objectives of Sygnia Itrix are set out in Part II of this updated Programme Memorandum. Any additional Portfolios established under Sygnia Itrix pursuant to this Programme Memorandum and the relevant Supplement will be listed on the JSE in the Exchange Traded Funds sector.

### **2. WHAT IS A COLLECTIVE INVESTMENT SCHEME?**

A collective investment scheme is a scheme established in terms of the Act in which members of the public are invited or permitted to invest money or other assets in one or more funds (known as portfolios) and share the risks and benefits in the underlying assets of the particular fund or portfolio in which they have invested.

The assets of each portfolio will comprise shares, debentures, linked or combined units, participatory interests or other securities in the constituent companies which make up the Index from time to time. Each portfolio will hold shares of each of the constituent companies in the same proportion as the shares are represented in the Index.

### **3. WHAT IS AN ETF?**

An ETF, otherwise known as an exchange traded fund or an index tracking fund, is a passively managed investment fund the aim of which is to track the performance of a particular Index, (or such other investment mandate approved by the regulator) the units of beneficial interest in which fund are listed on an exchange. ETFs are regarded as low cost investment products providing access to specified classes of assets.

### **4. WHAT IS AN INDEX**

An Index, in the context of a securities market or exchange, is a notional portfolio of securities representing a particular market or a portion of a particular market. Each Index has its own calculation methodology and is usually expressed with reference to and in terms of a change from a base value. Indices are used as benchmarks for securities markets. Some ETFs do not track an Index, but are based on another investment mandate approved by the regulator.

### **5. WHAT IS A SYGNIA ITRIX PARTICIPATORY INTEREST?**

Each Sygnia Itrix Portfolio is divided into units of beneficial interest known as participatory interests, much like shares in a company. A Sygnia Itrix Participatory Interest is a security issued by the Fund and listed on the JSE. Each Sygnia Itrix Participatory Interest affords the owner thereof an equal proportionate interest in the Portfolio in respect of which it is issued (which proportion is equivalent to the percentage which a single Sygnia Itrix Security represents in relation to all Sygnia Itrix Securities issued by such Portfolio).

## **6. WHAT ARE THE RIGHTS OF THE HOLDERS OF SYGNIA ITRIX PARTICIPATORY INTERESTS?**

One Sygnia Itrix Participatory Interest entitles the Holder thereof to a proportionate share in the risks in and benefits of the underlying assets of the Sygnia Itrix Portfolio in which the holder is invested (including a proportionate share in the distributions thereof). As a Holder of a Participatory Interest in a Portfolio, one is effectively a co-owner of that Sygnia Itrix Portfolio. One Participatory Interest will always entitle the Holder thereof to an interest in 1/100 000th (one hundred thousandth) of a Basket.

By way of example, if there are one million Sygnia Itrix Participatory Interests in issue in a particular Sygnia Itrix Portfolio, 1 000 Participatory Interests will entitle the holder thereof to 1/1 000th (i.e. 1 000/1 000 000) of the risks in and benefits of the underlying assets of such Sygnia Itrix Portfolio.

The rights of holders of Sygnia Itrix Participatory interests are set out in the Act and the Sygnia Itrix Deed. The salient provisions of the Sygnia Itrix Deed are set out in **Annexure 1**.

## **7. HOW IS THE NAV OF SYGNIA ITRIX SECURITIES DETERMINED?**

Unless Participatory Interests are offered at a fixed price pursuant to section 94(1)(b) of the Act, the Manager must (subject to 1 of Part V) issue Participatory Interests in a Portfolio at the NAV price per Participatory Interest, which price is calculated on the date on which any Participatory Interest is issued or the previous date, whichever is consistently applied, according to the formula set out in the Sygnia Itrix Deed. The NAV of each ETF will be expressed in Rand.

## **8. HOW DO YOU BUY OR SELL SYGNIA ITRIX SECURITIES?**

An Investor may buy or sell Sygnia Itrix Securities through a registered member of the JSE or through the Manager.

## **9. WHERE DOES AN INVESTOR FIND THE PRICE AND OTHER INFORMATION RELATING TO SYGNIA ITRIX SECURITIES?**

19.62(b)

On each trading day the Manager publishes on the Website the NAV per Sygnia Itrix Security, the market value of Sygnia Itrix Securities and the Index Level for the preceding day. Any other information which an Investor may require in respect of Sygnia Itrix Securities and any rights attaching thereto shall be available from the Manager on request.

## **10. IS IT POSSIBLE FOR THE RIGHTS ATTACHING TO SYGNIA ITRIX PARTICIPATORY INTERESTS TO BE CHANGED?**

The rights attaching to Sygnia Itrix Participatory Interests could be changed if the provisions of the Act or the Sygnia Itrix Deed were varied. Any amendment of the Sygnia Itrix Deed may only be effected if the consent of the Authority and a majority in value of the Investors participating in a ballot conducted by the Manager has been obtained on the terms set out in clause 59 of the Sygnia Itrix Deed (as set out on **Annexure 1**).

The Sygnia Itrix Deed may (with the approval of the Authority) be amended without Investor approval if the amendment:

- is required only to enable the provisions of the Act or the Sygnia Itrix Deed to be given effect to more conveniently or economically;
- will benefit the investors;
- will not prejudice the interests of investors;
- does not amend the fundamental provisions or objects of the Sygnia Itrix Deed; and
- does not release the Trustee or the Manager from any responsibility to the Investors.

#### **11. HOW IS THE INDEX CALCULATED?**

The Indices are calculated by the relevant Calculation Agents on the basis of the Ground Rules and a specified calculation methodology. The relevant Calculation Agent will be identified in the relevant Supplement to the Programme Memorandum, together with information on how to obtain information in respect of the applicable Ground Rules and calculation methodology.

#### **12. WOULD THE INDEX EVER BE ADJUSTED?**

The Indexes may be adjusted from time to time because of mergers, re-organisations, schemes of arrangement or other corporate activity involving Constituent Companies. Any adjustments in the Indexes will be implemented as determined from time to time in terms of the relevant Ground Rules, for example if a Constituent Company pays a special dividend.

The adjustments may require the removal of a Constituent Company from the relevant Index and the substitution thereof with a new Constituent Company. The adjustments to the Portfolio will be made in such a way that the Portfolio will at all times remain aligned with the relevant Index.

Other adjustments may be made to the relevant Index rules from time to time, these may include, but are not limited to, liquidity and market capitalisation criteria, inclusion or exclusion of certain markets, changes to the methodology so as to give effect to the central goal of the relevant Index.

#### **13. WHAT HAPPENS IF A TAKEOVER BID IS MADE FOR A CONSTITUENT COMPANY?**

The Ground Rules for each relevant Index stipulates the treatment in the event of a Constituent Company takeover bid and other relevant corporate actions.

#### **14. WHAT IS MEANT BY THE TERM "TOTAL EXPENSE RATIO"?**

The total expense ratio of a Fund, which will be calculated on a quarterly basis and published by the Manager, refers to the total costs (less securities lending revenue) incurred by a Portfolio (i.e. at the level of the Fund and not the costs incurred by the Manager for its own account) as a percentage of the closing NAV of that Portfolio during the year in question.

## **15. WHAT IS MEANT BY THE PRICE AND YIELD OF THE INDEX?**

The price of the Index is the aggregate market value of all of the Constituent Companies, each Constituent Company weighted according to its market value. The weighting has the result that the price movement of a larger Constituent Company will have a larger effect on the price of the Index than that of a smaller company.

The yield of the Index is calculated by dividing the aggregate of the income distributions payable on the shares of the Constituent Companies by the aggregate value of such constituent shares, weighted accordingly.

## **16. WHAT IS MEANT BY PASSIVE MANAGEMENT?**

Active management involves the buying and selling of securities based on economic, financial and market analysis and through the exercise of investment judgment. Passive management, on the other hand, involves the buying and selling of securities only due to movements in the Index with the aim of tracking the Index. No independent economic, financial and market analysis or investment judgment will be applied in making adjustments to the Portfolio, save as is necessary in order to track the Index.

In line with the principles of passive management, a Portfolio will hold securities of the Constituent Companies purely for the economic rights and benefits attaching thereto and accordingly the voting rights in respect of constituent securities will not be exercised, including in respect of corporate actions of Constituent Companies.

## **PART II - INVESTMENT OBJECTIVE AND BENEFITS**

### **1. WHAT IS THE INVESTMENT OBJECTIVE OF SYGNIA ITRIX?**

The investment objective of each of the Sygnia Itrix Portfolio is set out in the investment policy of each ETF. The general objective of an Index tracking ETF is to track the relevant Index as closely as practically and feasibly possible by buying securities that substantially make up the Index at similar weightings as they are included in the Index (or such other investment mandate approved by the regulator). The relevant Sygnia Itrix Portfolio will be adjusted as determined by the Ground Rules to conform to changes in the Basket of securities comprising the Index so as to ensure that the composition and weighting of the securities comprising the relevant Sygnia Itrix Portfolio will as closely as practically and feasibly possible reflect the composition and weighting of the securities comprising the Index. Whenever the Index gets rebalanced, the Portfolio will be rebalanced to align its holdings to that of the benchmark and to the extent that its performance will not deviate from its benchmark. No securities will be bought for the sole purposes of making a speculative profit by selling them at a higher price later, unless this is for the purpose of tracking the Index.

It is important to be aware that it may not be possible at all times and in all circumstances for a Portfolio to hold securities that are substantially equivalent to the Basket of securities comprising the relevant Index in the same weighting as the relevant Index.

A Sygnia Itrix Portfolio's ability to replicate the price and yield performance of the Index will be affected by the costs and expenses incurred by the Portfolio in question and by the liquidity of the securities of the Constituent Companies. Costs and expenses may result in the Index not being replicated perfectly by the Portfolio. Any

adverse costs implications may be countered through the generation of securities lending revenue, if the Manager or the Asset Manager determines that it will engage in securities lending activities. In addition, the Manager may, where necessary or in the interests of countering any adverse cost implications, use derivatives for investment purposes. Derivative transactions will only be used within the investment restrictions set out in the Sygnia Itrix Deed and the Act.

## **2. WHAT ARE THE BENEFITS TO INVESTING IN SYGNIA ITRIX?**

### **Accessibility**

Tracking an Index through a direct investment in its Index Constituents is very difficult, particularly for a small investor. To track the Index effectively, investors need to monitor the Index and any index developments on a daily basis. All Index Constituents have to be traded individually and dividends have to be managed whenever paid. Sygnia Itrix Participatory Interests confer on the Holder of one Sygnia Itrix Security a proportionate share in the economic benefits of all of the securities issued by the Constituent Companies comprising the Index. The Sygnia Itrix Securities are attractive to professional investors and institutional investors, providing a useful asset allocation and cash management tool. Furthermore, investors can gain offshore exposure via an investment in Sygnia Itrix.

### **Liquidity and tight spreads**

Given that Sygnia Itrix Securities are listed instruments, they are capable of being bought and sold on the JSE through a JSE member. In addition, Investors can sell Participatory Interests to the Manager, which is obliged to buy them from the Investor, or is obliged to procure their purchase by the Market Maker.

Further, the Market Maker will attempt to maintain a high degree of liquidity through continuously offering to buy and sell Sygnia Itrix Participatory Interests at prices around the NAV of the Participatory Interest, thereby ensuring tight buy and sell spreads. The Investor will, under normal circumstances and conditions, be able to buy Sygnia Itrix Securities from or sell them to the Market Maker.

The most transparent way to invest

The exact composition of the Index, the NAV of the Sygnia Itrix Participatory Interests and the market price thereof will be published daily on the Website. This allows an Investor full price transparency and the ability at any time to compare the traded value of Sygnia Itrix Participatory Interests with the actual value of the corresponding securities in the Constituent Companies at any time.

### **Low cost**

Investing in Sygnia Itrix Participatory Interests is an efficient way of gaining diversified equity market exposure at low costs while avoiding the costs and risks associated with active investment management. The Manager may waive some or all of the upfront fees, exit fees and/or Management Fees charged in respect of an investment in Sygnia Itrix. In addition, Rands are generally converted to the Index Currency at rates lower than those available to a retail investor acquiring assets offshore.

The Manager is permitted in terms of the Sygnia Itrix Deed to charge an upfront fee in connection with the expenditure incurred and administration performed by it in respect of the creation, issue and sale of participatory interests. Such fees would be expressed as a percentage of the consideration received from an Investor and

charged on a sliding scale dependent on the size of the investment. The Manager may choose to waive all or a portion of such fee.

The Manager is permitted in terms of the Sygnia Itrix Deed to charge an exit fee in connection with the expenditure incurred and administration performed by it in respect of the repurchase of Participatory Interests. Such fees would be expressed as a percentage of the proceeds from the sale by the Investor of the Participatory Interest and charged on a sliding scale. No exit fee may be charged if an upfront fee was levied by the manager at the time the Investor purchased the Participatory Interests. The Manager may choose to waive all or a portion of such fee.

### **Flexibility**

The minimum unit of investment in Sygnia Itrix Securities in terms of an Initial Offer will be R10 000 (or multiples of R10 000) or, in respect of investments utilising the Index Currency, 100 000 Index Currency Units. The value of one Participatory Interest in the Index Currency will be a reasonable fraction of the Index Level, for example 1/1 000th of the Index Level. This fraction is determined with reference to the relevant Index Level so as to ensure a reasonable price per Participatory Interest. After the listing on the JSE of the Sygnia Itrix Participatory Interests, an Investor will be able to purchase as few as one Participatory Interest on the secondary market.

### **International diversification**

Sygnia Itrix Participatory Interests provide the Investor with offshore exposure through a local broker at low cost. International exposure reduces an Investor's currency, regional and emerging market risk.

## **PART III - MANAGEMENT AND OPERATION OF SYGNIA ITRIX**

### **1. HOW IS SYGNIA ITRIX MANAGED AND OPERATED?**

The Portfolios of Sygnia Itrix will not be actively managed (i.e. through the buying and selling of securities based on economic, financial and market analysis and investment judgement) but will rather be passively managed (i.e. the only movement in a Portfolio will be movements caused through index-tracking or re-balancing and only securities in the Constituent Companies will be acquired). The Asset Manager is obliged to ensure tracking of the Index by purchasing and holding the actual securities comprising the Index in the correct proportions, to the extent possible. In exceptional circumstances, the Asset Manager may, on a short-term basis only, employ other investment techniques and acquire other listed securities as will ensure the most efficient tracking of the Index, subject always to the terms of its mandate with the manager.

### **2. WHEN WOULD THE ASSET MANAGER NEED TO EMPLOY ALTERNATIVE INVESTMENT TECHNIQUES?**

The need to employ alternative investment techniques may arise in the event of a liquidity problem, for example if it is not possible to acquire any of the securities comprising the Index due to there being no sellers of such security.

A Portfolio may utilize sampling techniques wherein most but not all of the securities within the Index are held as such that sufficient exposure to that Index is achieved without full replication. A Portfolio may invest in other funds and/or ETFs so as to give effect to the investment.

In addition, the Manager may, where necessary or in the interests of countering any adverse cost implications, use derivatives for investment purposes. Derivative transactions will only be used within the investment restrictions set out in the Sygnia Itrix Deed and the Act.

### **3. HOW IS SYGNIA ITRIX REGULATED?**

Sygnia Itrix is managed by Sygnia Itrix (RF) (Pty) Ltd, a registered manager in terms of the Act. The Manager is bound by the provisions of the Act, the Sygnia Itrix Deed and the JSE Listings Requirements. The salient provisions of the Sygnia Itrix Deed are set out in **Annexure 1**.

### **4. WHAT REPORTS WILL INVESTORS RECEIVE IN RELATION TO AN INVESTMENT IN A PORTFOLIO OF SYGNIA ITRIX?**

In terms of the Act, the Manager must, not later than 90 days after the close of the financial year of a Portfolio, electronically transmit a report to every Investor containing the information determined by the registrar in relation to that Portfolio.

Audited financial statements for each Sygnia Itrix portfolio will be published on SENS, made available on the Website and on request to an Investor. The latest set of financial information available on the Website is for the year ended 31 December 2019.

Detailed statements reflecting the breakdown of distributions, detailing the component income elements and (if appropriate) capital elements of the distributions, will be published on SENS.

### **5. WILL INVESTORS HAVE VOTING RIGHTS OVER THE SECURITIES OF THE CONSTITUENT COMPANIES HELD IN THE SYGNIA ITRIX PORTFOLIO?**

In terms of the Sygnia Itrix Deed, the Trustee may delegate to the Manager or his nominee the right to attend or vote at a meeting of a Constituent Company or to take part in or consent to any action of a Constituent Company. No Investor has any right in relation to any of the underlying assets of the Sygnia Itrix Portfolio or to attend or vote at any meetings or take part in or consent to any action of Constituent Companies.

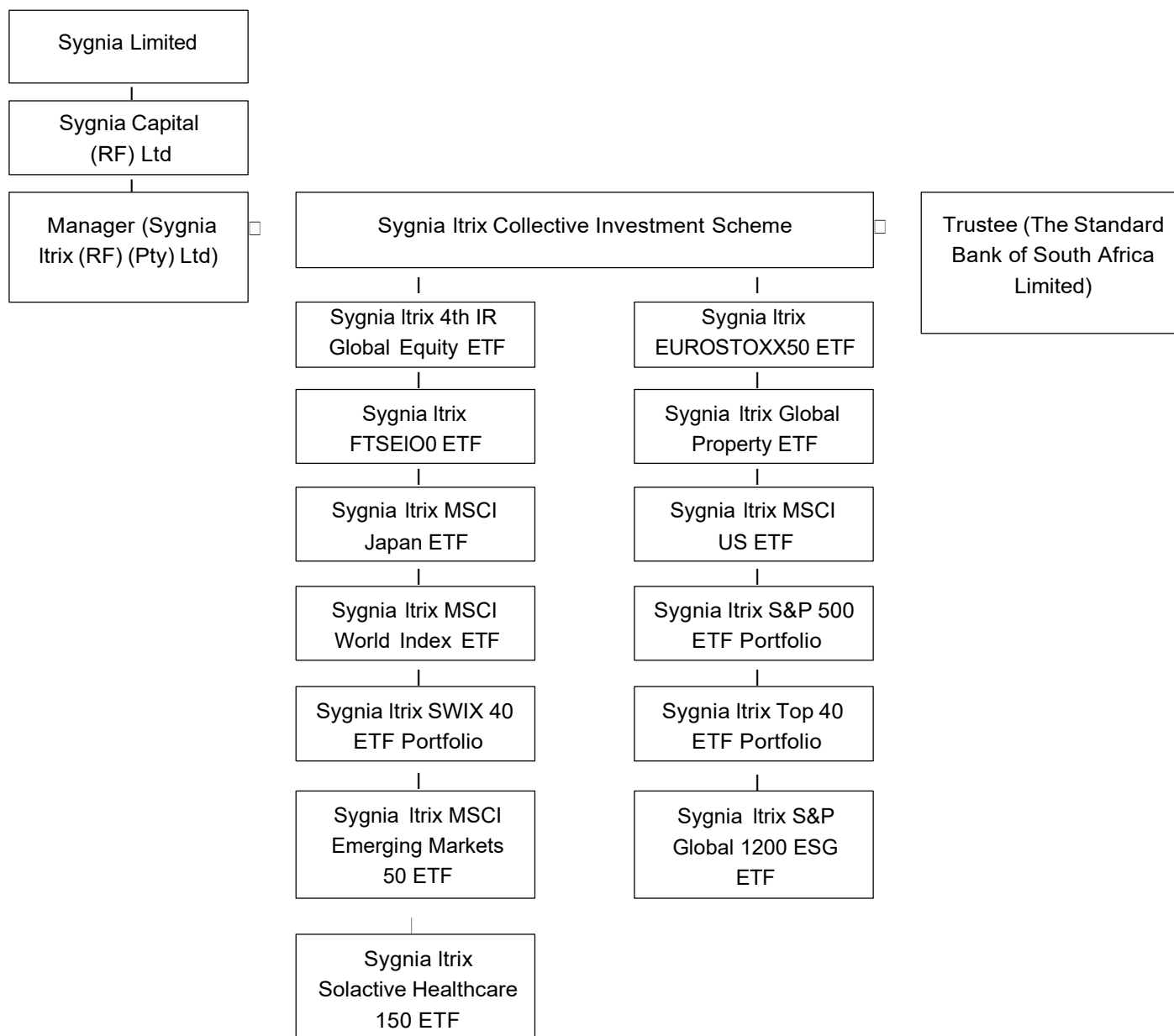
### **6. CAN THE SYGNIA ITRIX PORTFOLIO BORROW MONEY?**

The Act allows the Manager to borrow on behalf of the Portfolio the necessary funds where insufficient liquidity exists in the Portfolio or where the underlying assets of the Fund cannot be realised for the repurchase or cancellation of Participatory Interests, subject to a borrowing limit of 10% of the market value of the Portfolio at the time of borrowing and subject to the terms of the Sygnia Itrix Deed. The Portfolios are not permitted to incur any other borrowings, liabilities or commitments.

## PART IV - STRUCTURE OF SYGNIA ITRIX

### 1. THE STRUCTURE

The structure of Sygnia Itrix is set out diagrammatically below.



### 2. THE MANAGER

Sygnia Itrix is managed by Sygnia Itrix (RF) (Pty) Ltd, a Manager approved and registered by the Authority to manage the Sygnia Itrix Scheme. The Manager is a special purpose vehicle, incorporated on 14 December 2004 under the name Rossal No 78 (Proprietary) Limited. On 3 January 2008, the name was changed to db x-trackers (Pty) Ltd. On 21 February 2017, the name was change to db x-trackers (RF) (Pty) Ltd. On 23 August 2017, the name was changed to Sygnia Itrix (RF) (Pty) Ltd.

The relationship between Sygnia Itrix and the Manager is governed by the Sygnia Itrix Deed, the salient terms of which are summarised in **Annexure 1**.

The share capital in the Manager is held entirely by Sygnia Capital (RF) (Pty) Ltd, the shares of which are entirely held by Sygnia Limited, which is listed in the JSE.

Details of the directors of the Manager are set out below:

19.13(iii)

Full name	Business address	Function	Exec / non-Exec	Qualifications and experience
Haroon Borhat	7th Floor, The Foundry Cardiff Street, Green Point Cape Town, 8001	Director	Non-executive	PhD (Economics)
David Hufton	7th Floor, The Foundry Cardiff Street, Green Point Cape Town, 8001	Director	Executive	BCom Ace Sc MD - Sygnia Itrix
Murad Sirkot	7th Floor, The Foundry Cardiff Street, Green Point Cape Town, 8001	Financial Director	Executive	CA(SA) PGDip Accounting BCom
George Cavaleros	7th Floor, The Foundry Cardiff Street, Green Point Cape Town, 8001	Director	Non-executive	BCom Ace Sc MCom Risk Man CTA

All directors are South African citizens.

None of the directors of the Manager has been appointed for any specific term of office and they will not retire by rotation. Each of the directors of the Manager will accordingly hold office until he/she resigns, is replaced by the person that appointed him/her or otherwise becomes ineligible to be a director of a company. None of the directors of the Manager will, in his or her capacity as such, be remunerated. The salient provisions of the memorandum of incorporation of the Manager are set out in **Annexure 2**.

### 3. THE ASSET MANAGER

The Manager has entered into an asset management agreement with the Asset Manager, in terms of which the Asset Manager will manage the assets of the Sygnia Itrix Portfolios on behalf of the Manager. All fees payable to the Asset Manager shall be paid by the Manager.

### 4. THE TRUSTEE

The Standard Bank of South Africa Limited has been appointed as trustee of the Sygnia Itrix Scheme. Its responsibilities are governed by the Act and the Sygnia Itrix Deed and encompass, *inter alia*, the protection of

investors' interests, acting as trustee of the assets of each of the Sygnia Itrix Portfolios and ensuring compliance by the Manager with the Sygnia Itrix Deed.

## **5. THE MARKET MAKER**

Jane Street Financial Limited has been appointed as a Market Maker in order to encourage and facilitate liquidity in the secondary market. It will be possible for an Investor to deal directly with the Market Maker.

## **PART V - INCOME AND COSTS**

### **1. WHAT FEES ARE PAYABLE BY INVESTORS?**

#### **Management fee**

The Manager is entitled to an all-in Management Fee in respect of the administration of each portfolio on the basis set out in the Sygnia Itrix Deed (and as disclosed in the relevant Supplement) calculated as a percentage of the market value of the total assets of the Portfolio (excluding any Income Accruals and Permissible Deductions, if any) accrued daily and payable out of the distributable income of the Portfolio (unless Investors agree, in the manner determined in the Sygnia Itrix Deed, to a higher fee). In the event of a shortfall in the distributable income, the Management Fee may be paid by the issue of Sygnia Itrix Securities to the Manager or an amount, equivalent to the shortfall, may be deducted from the capital account of the Portfolio. If this was to occur, a tracking error would likely result. In order to ensure efficient tracking of the Index, the Manager may waive its fee (or a portion thereof).

The Manager has determined that, for the time being, the Management Fee charged may vary from Portfolio to Portfolio and will be dependent on the value of Participatory Interests held by any particular Investor (commencing from as little as 0.12% (ex VAT) of the value of the Participatory Interests held over the period) on the basis set out in each Supplement.

#### **Upfront and exit fees**

The Manager is also permitted in terms of the Sygnia Itrix Deed to charge either an upfront fee or an exit fee in connection with the expenditure incurred and administration performed by it in respect of the creation, issue and sale of Participatory Interests and the repurchase of Participatory Interests, respectively. Such fees (disclosed in the relevant Supplement) would be expressed as a percentage of the consideration received from or payable to an Investor and charged on a sliding scale. No exit fee may be charged if an upfront fee was levied by the Manager at the time the Investor purchased the Participatory Interests. The Manager may at any time in its discretion waive or rebate the upfront and/or exit fee (or any portion thereof) in respect of all Investors, any category of Investor or any particular Investor.

#### **Other costs and charges**

All taxes, duties, administration, transaction and custody charges and brokerage fees will be for the Investor's account.

## **2. DO I EARN DIVIDENDS AND OTHER DISTRIBUTIONS AS A HOLDER OF SYGNIA ITRIX PARTICIPATORY INTERESTS?**

As the Constituent Companies of any relevant Index declare distributions, such distributions will accrue to the relevant Sygnia Itrix Portfolio. In addition, scrip lending revenue (if any) generated by that Sygnia Itrix Portfolio, manufactured dividends earned as a consequence of securities lending transactions utilising Constituent Securities (if applicable), interest on any cash held and any other income earned will be added to the gross income pool. All costs and expenses (including the Management Fee referred to in paragraph 1 above) will be deducted from such gross income figure and the net income will be distributed. The distribution policy for each Sygnia Itrix ETF will be detailed in the relevant Supplement.

At the end of every accounting period, the relevant Sygnia Itrix Portfolio will distribute all of its net income to Investors in proportion to the number of Participatory Interests held by the

19.65

## **3. WHAT COSTS AND EXPENSES ARE DEDUCTED FROM THE INCOME OF THE SYGNIA ITRIX PORTFOLIO?**

Section 93 of the Act (and as stipulated and/or otherwise allowed by the Authority from time to time) restricts the deduction of expenditure from the income of the Portfolio to the following items:

- charges payable on the buying and selling of assets for the Fund such as broking commissions, value added tax or stamp duties;
- auditors' fees, bank charges, Trustee and custodian fees and other levies or taxes directly related to the fund;
- costs incurred in the creation and issue of Participatory Interests;
- any permissible service charges payable to the Manager; and
- any license fees and costs incurred as a result of the Fund being listed on an exchange (provided the approval of the Authority has been obtained).

Any costs and expenses over and above those permitted to be deducted in terms of section 93 will be borne and paid by the Manager.

## **PART VI - THE INITIAL OFFER**

### **1. WHAT IS AN INITIAL OFFER?**

An Initial Offer is an initial public offering to Investors regarding an investment in Sygnia Itrix Participatory Interests for the price and on the terms detailed in the relevant Supplement.

### **2. HOW DO I QUALIFY TO PARTICIPATE IN AN INITIAL OFFER?**

South African individuals may apply to participate in an offer without restriction and their investment will not affect or constitute a portion of the individual's offshore investment allowance of R10 000 000. However, South African individuals are not permitted (without obtaining approval from the South African Reserve Bank) to take delivery of

a Basket of shares upon redemption of Sygnia Itrix Participatory Interests or to receive payment of distributions in foreign currency. Minors (i.e. persons under 18) will need the assistance of one of their parents or legal guardians.

South African corporate entities and trusts are permitted to acquire securities in Sygnia Itrix Portfolios without restriction and as such, an investment in Sygnia Itrix Portfolios will not affect or constitute a portion of the corporate entities' and trusts' applicable offshore investment allowance. However, South African corporate entities and trusts are not permitted (without obtaining approval from the South African Reserve Bank) to take delivery of a Basket of offshore securities upon redemption of Sygnia Itrix Participatory Interests or to receive payment of distributions in non-Rand denominated currency.

Investors are referred to Part VIII of this document for further information on the Exchange Control consequences of an investment in Sygnia Itrix Securities.

### **3. WHAT IS THE ISSUE PRICE OF AN SYGNIA ITRIX PARTICIPATORY INTEREST DURING AN INITIAL OFFER?**

Sygnia Itrix Securities may, during an Initial Offer, be subscribed for in cash in either Rands or the Index Currency. Where the subscription price for Sygnia Itrix Securities is to be discharged in the Index Currency, the cash subscription price per Participatory Interest is expected to be equivalent to 1/1 000th (or such other reasonable fraction) of the Index Level as at the end of the Ramp up Period.

Where the subscription price for Sygnia Itrix Securities is to be discharged in Rands, the Rand subscription price will be determined with reference to the Index Currency subscription price by applying the Specified Exchange Rate.

Investors will be liable for any brokerage or other transaction costs, including any taxes payable, incurred in the acquisition of the Index Constituents.

### **4. HOW MAY THE ISSUE PRICE OF AN SYGNIA ITRIX PARTICIPATORY INTEREST BE DISCHARGED DURING AN INITIAL OFFER?**

The price payable by an Investor for subscribing for Participatory Interests during an Initial Offer Period may be settled in one of two ways, either by a payment in cash (in Rands or the Index Currency) or by the delivery of one or more Baskets (i.e. *in specie* Subscriptions).

#### *Cash subscriptions*

The issue price of a Sygnia Itrix Participatory Interest will, during an Initial Offer Period, be the Index Currency value (or the Rand equivalent applying the Specified Exchange Rate) of 1/1 000th (or such other reasonable fraction) of the Index Level on the last day of the Ramp up Period.

#### *In specie Subscriptions*

In respect of *in specie* Subscriptions, the minimum price payable by an Investor (entitling the Investor to 100 000 Participatory Interests) is one Basket of shares.

*The value of the Sygnia Itrix Participatory Interests is subject to fluctuation from time to time relative to the market value of the assets comprised in the relevant Sygnia Itrix Portfolio and is a function of supply and demand in respect of Sygnia Itrix Participatory Interests.*

#### **5. HOW MANY SYGNIA ITRIX PARTICIPATORY INTERESTS CAN I BUY AND IS THERE A MINIMUM APPLICABLE?**

Given that the Portfolios are not closed-ended funds, there is no upper limit on the number of Participatory Interests available for purchase by Investors.

In respect of Cash Subscriptions, the subscription must be made for a minimum amount of R10 000 and thereafter in multiples of R10 000 (or, in the case of Index Currency subscriptions, 100 000 Index Currency Units). After an Initial Offer Period, Investors will be able to trade in as few as one Participatory Interest through their broker, CSDP or the Market Maker.

#### **6. WHAT IS THE PERIOD OF THE INITIAL OFFER?**

An Initial Offer opens at 09:00 on the Opening Date and closes at 12:00 on the Closing Date, as detailed in the relevant Supplement to the Programme Memorandum.

#### **7. WHEN WILL NEW SYGNIA ITRIX PARTICIPATORY INTERESTS BE LISTED ON THE JSE?**

The dates on which the listing on the JSE of new Sygnia Itrix Participatory Interests will commence will be announced on SENS and detailed in the relevant Supplement to the Programme Memorandum applicable to the Sygnia Itrix Participatory Interests in question.

#### **8. WILL I RECEIVE A CERTIFICATE AS EVIDENCE OF MY INVESTMENT?**

Sygnia Itrix Participatory Interests are in dematerialised form only, meaning that they are not evidenced by a certificate, but instead are held in electronic form and recorded in a sub-register maintained by a CSDP or broker.

#### **9. HOW DO I GO ABOUT PARTICIPATING IN THE INITIAL OFFER?**

In order to participate in an Initial Offer, Investors must contact their brokers. If you do not have a broker, then contact the participating broker, the details of which will be set out in the relevant Supplement to the Programme Memorandum. Information regarding the subscription procedures, together with conditions of the offer, is set out in **Annexure 3**.

## **PART VII - PURCHASE AND SUBSCRIPTION AND SALE OR REDEMPTION OF SYGNIA ITRIX**

### **PARTICIPATORY INTERESTS AFTER AN INITIAL OFFER**

#### **1. WHO SHOULD I CONTACT SHOULD I WISH TO PURCHASE, SELL, REDEEM OR OTHERWISE DEAL IN THE PARTICIPATORY INTERESTS?**

Investors wishing to trade in Sygnia Itrix Participatory Interests should contact their JSE broker who will be able to assist in the purchase or sale of Sygnia Itrix Participatory Interests. A list of JSE members may be found on the JSE's website ([www.ise.co.za](http://www.ise.co.za)).

#### **2. CAN I BUY SYGNIA ITRIX PARTICIPATORY INTERESTS AFTER THE INITIAL OFFER CLOSES?**

Given that the Sygnia Itrix Portfolios are not closed ended funds, there is no restriction on the number of Participatory Interests that may be issued. Investors can acquire additional Participatory Interests from the Manager or on the secondary market through a broker. Once listed, it should be possible to trade the Participatory Interests at any time during market hours (being 09h00 until 16h50 in South Africa) on South African business days given normal trading conditions.

#### **3. HOW CAN I SELL MY SYGNIA ITRIX PARTICIPATORY INTERESTS?**

Should an Investor wish to sell their Participatory Interests they should contact their broker to facilitate their sale on the JSE.

The Sygnia Itrix Securities will be freely tradable. Given that they are to be issued only in dematerialised form, any trades will be settled through STRATE. In terms of the Act, Investors may also contact the Manager who will repurchase their Participatory Interests from them, except in circumstances when the repurchase of participatory interests may be suspended (as set out in paragraph 5 below). If the Manager effects a repurchase from an Investor, the Investor may elect to receive the consideration in cash or may take delivery of one or more Baskets (in exchange for multiples of 100 000 Participatory Interests) taking into account any upfront or exit fees charged by the Manager and Transaction Costs, and subject to the applicable Exchange Control Regulations.

The Market Maker will also purchase the Investors' Securities from them.

#### **4. PROCESS FOR SUBSCRIPTIONS AND REDEMPTIONS**

If Investors choose not to trade on the secondary market but rather to apply for the creation of new Sygnia Itrix Participatory Interests or to redeem their Participatory Interests (i.e. sell them back to the Manager), then they should contact the Manager, contact details of whom are set out on page 3. No *in specie* creations will be permitted without delivery of the underlying securities in full Baskets together with the Specified Cash Amount. Likewise, no *in specie* redemptions will be permitted otherwise than in respect of full Baskets.

In terms of the current Exchange Control Regulations, South African individuals are not permitted (without obtaining approval from the South African Reserve Bank) to take delivery of the underlying Basket of shares upon

redemption of Sygnia Itrix Participatory Interests or to receive payment of distributions in non-Rand denominated currency.

The Manager is entitled to charge upfront or exit fees, in accordance with the provisions of the Act or the Deed, on creations and redemptions.

## **5. WILL THE REPURCHASE OF SYGNIA ITRIX PARTICIPATORY INTERESTS EVER BE SUSPENDED?**

The repurchase of participatory interests may, subject to the Act and the Sygnia Itrix Deed, be suspended temporarily in exceptional circumstances. For example, this would occur if:

- pursuant to a request by an Investor for delivery of one or more Baskets, trading on an Index Exchange in any one or more of the Index Constituencies is restricted, terminated or suspended and/or assets are not at the Manager's disposal as a result of a suspension or de-listing of any of the Index Constituents or for any other reason (in which event, such security or securities shall be excluded from the Portfolio and delivered to the Investor within three business days after the suspension is lifted or after the delisted securities become available, as the case may be); or
- offers for the repurchase of Participatory Interests are received, the aggregate amount of which (after netting off any subscriptions on the same day) is more than five per cent of the market value of a Portfolio (provided that the Manager may agree with the Investor in question to a more restrictive basis on which the repurchase offer will be honoured).

The repurchase of Participatory Interests, irrespective of their aggregate amount or value, may not be suspended if 10 business days' valid notice of the offer for repurchase has been given to the Manager or if Participatory Interests offered for repurchase by an Investor do not exceed an aggregate amount or value of R50 000 on the day of the offer.

If the Manager is unable to deliver any of the Index Constituents to the Investor pursuant to a repurchase request for any reason other than a suspension or de-listing, then the security or securities in question will be excluded from the Basket of securities delivered to the Investor and such Investor will instead be paid an amount in cash equal to the value of the security or securities in question (being the ruling price quoted on the JSE at close of trade on the date on which the repurchase notice was received by the Manager).

## **6. WHAT PRICE WILL I PAY FOR OR RECEIVE FOR PARTICIPATORY INTERESTS AFTER THE INITIAL OFFER?**

If Investors buy or sell their Participatory Interests on the JSE after an Initial Offer, the price that they pay for or receive for their Participatory Interests (net of brokerage commission and any other trading costs) will be determined by the prevailing market price on the JSE at the time of the trade. At any point in time the market value of the Sygnia Itrix Participatory Interests may be expected to reflect the Rand value of 1/1 000th (or such other reasonable fraction) of the Index Level plus an amount which represents a *pro rata* portion of any Income Accruals (less Permissible Deductions). Actual market values may be affected by supply and demand and other market factors, but the ability of a Holder of Sygnia Itrix Securities to take delivery of the underlying Basket of shares, should operate to substantially avoid or minimise any differential which may otherwise arise between the price at which the Sygnia Itrix Securities trade and the value of the underlying Basket of securities.

If one subscribes to the Manager for new Participatory Interests after an Initial Offer closes or redeem Participatory Interests, the price (which is calculated on every Exchange Trading Day) will be the NAV of the Participatory Interest at the time of issue or redemption thereof (less any Transaction Costs and upfront fees or exit fees payable to the Manager).

If one buys or sells Participatory Interests on the secondary market then the price will be the market price, being the price agreed between a willing buyer and a willing seller. Any transaction on the secondary market will be subject to the customary STRATE fees, brokerage and transfer duties associated with trading on the JSE.

**Due to market influences, the NAV per Participatory Interest may differ from the market price obtainable on the secondary market.**

## **7. HOW IS THE NAV OF THE PARTICIPATORY INTERESTS CALCULATED?**

The Net Asset Value ("**NAV**") of the Portfolio is calculated by deducting all Permissible Deductions from the value of the assets held by the Fund (which is determined with reference to the market value of the underlying securities on the Index Exchange and takes into account both income for distribution received by the Fund on behalf of Investors and amounts which Investors must pay the Manager on the creation of new Participatory Interests to afford them equal participation in the income which has accrued in the Portfolio). The NAV per Participatory Interest is calculated by dividing the NAV of the Portfolio by the number of Participatory Interests in issue at the time of the calculation. This information is determined at close of trade on each business day in the jurisdiction in which the Index Constituents are listed or, where the Index Constituents are listed on several exchanges, then at the last close of trade in the jurisdictions in which the relevant Index Constituents are listed. A detailed explanation as to the calculation of the NAV is set out in clause 28 of the Sygnia Itrix Deed, the salient features of which are set out in **Annexure 1**. The NAV will be published on the Website daily.

## **8. HOW DO I FIND OUT PRICE AND OTHER INFORMATION CONCERNING SYGNIA ITRIX PARTICIPATORY INTERESTS?**

19.70

The information set out below will be published on each business day on the Website:

- the NAV of the Sygnia Itrix Participatory Interests;
- a history of the market price of Sygnia Itrix Participatory Interests;
- the Income Accruals (if the information is available);
- the costs applicable to the Portfolio and Investors;
- the Index Constituents; and
- any change in the composition of an Index.

## **PART VIII - EXCHANGE CONTROL CONSEQUENCES**

### **WHAT ARE THE EXCHANGE CONTROL CONSEQUENCES OF THIS FOR ME?**

**The following summary is intended as a guide only and is not comprehensive. Any applicants who are in doubt as to their applications should consult their professional advisors.**

#### **A Exchange control consequences of an investment in a Sygnia Itrix Portfolio based on South African underlying assets**

##### **Bona fide non-residents**

If any Sygnia Itrix Participatory Interests are issued to non-South African residents of the Common Monetary Area, the custody or broker accounts of such Investors will be designated "Non-Resident". A person who is not resident in the Common Monetary Area should obtain advice as to whether any governmental and/or legal consent is required and/or whether any other formality must be observed to enable a subscription for Sygnia Itrix Securities to be made under an Initial Offer and thereafter.

##### **Emigrants from the Common Monetary Area with blocked Rand**

Former residents of the Common Monetary Area who have emigrated are permitted to use their emigrant blocked funds (i.e. money which, in terms of the Exchange Control Regulations is not permitted to be taken out of South Africa or paid into a non-South African resident's bank account) ("blocked Rand") to subscribe for Sygnia Itrix Participatory Interests.

All payments using blocked Rand must be made through the authorised dealer controlling their blocked funds. Sygnia Itrix Securities issued pursuant to the use of blocked Rand will be credited to the applicants' blocked share accounts at the CSDP controlling their blocked portfolios.

If applicable, refund monies payable in respect of unsuccessful or partially successful applications for Sygnia Itrix securities emanating from emigrant blocked accounts will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicants' blocked accounts.

#### **B Exchange control consequences of an investment in a Sygnia Itrix Portfolio based on foreign underlying assets**

##### **South African Individuals**

South African individuals are permitted to acquire Participatory Interests in Sygnia Itrix without restriction and as such an investment in Sygnia Itrix will not affect or constitute a portion of the individual's offshore investment allowance of R10 000 000. However South African individuals are not permitted (without obtaining approval from the South African Reserve Bank) to take delivery of a Basket of offshore securities upon redemption of Sygnia Itrix Participatory Interests or to receive payment of distributions in non-Rand denominated currency.

### **South African Institutional Investors**

Institutional Investors, namely retirement funds, long-term insurers, collective investment scheme managers and eligible investment managers who, in each case, have the necessary approvals from the Financial Surveillance Department of the South African Reserve Bank may acquire Participatory Interests in Sygnia Itrix subject to their respective prudential limits, as amended from time to time.

Institutional Investors should contact their professional advisors or the Exchange Control Department for information on the reporting and compliance requirements.

### **South African Corporate Entities and Trusts**

South African Corporate Entities and Trusts are permitted to acquire Participatory Interests in Sygnia Itrix ETFs without restriction and as such, an investment in Sygnia Itrix Participatory Interests will not affect or constitute a portion of the Corporate Entities' and Trusts' applicable offshore investment allowance. However, South African Corporate Entities and Trusts are not permitted (without obtaining approval from the South African Reserve Bank) to take delivery of a Basket of offshore securities upon redemption of Participatory Interests in Sygnia Itrix or to receive payment of distributions in non-Rand denominated currency.

### **Bona fide non-residents**

If any Sygnia Itrix Participatory Interests are issued to non-South African residents of the Common Monetary Area, the custody or broker accounts of such Investors will be designated "non-resident". Any funds due to a non-resident in respect of that person's Sygnia Itrix Participatory Interests may, in terms of the Exchange Control Regulations, be paid or transferred abroad only if the Participatory Interests were acquired using foreign currency introduced into South Africa and provided the custody or broker account is designated "non-resident".

A person who is not resident in the Common Monetary Area should obtain advice as to whether any governmental and/or legal consent is required and/or whether any other formality must be observed to enable a subscription for Sygnia Itrix Securities to be made under an Initial Offer and thereafter.

### **Emigrants from the Common Monetary Area with Blocked Rand**

The Exchange Control Department has advised that former residents of the Common Monetary Area who have emigrated are permitted to use their Blocked Rand (i.e. money which, in terms of the Exchange Control Regulations is not permitted to be taken out of South Africa or paid into a non-South African resident's bank account) ("Blocked Rand") to subscribe for Sygnia Itrix Participatory Interests.

### **Exchange Control Approval Conditions in respect of Sygnia Itrix**

The above Exchange Control approvals have been granted on the basis that:

- all the control and reporting measures laid down by the Exchange Control Department are strictly adhered to;
- a special escrow account similar to a Vostro account will be operated in such a manner that only Sygnia Itrix transactions are passed through such account and all Cross Border Foreign Exchange Transaction Reporting System requirements are adhered to; and

- an audit trail for Exchange Control compliance and the Cross Border Foreign Exchange Transaction Reporting System will be available at all times to facilitate inspection and audits by the Exchange Control Department on a regular basis.

## **PART IX-TAXATION CONSEQUENCES**

The following is based on the Fund's understanding of and advice received on certain aspects of the law and practice currently in force in South Africa. There can be no guarantee that the tax position or proposed tax position at the date of this updated Programme Memorandum or at the time of an investment will endure indefinitely.

Investors should consult their professional advisors on the possible tax and other consequences of their subscribing for, purchasing, holding, selling, exchanging or redeeming Sygnia Itrix Participatory Interests under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

### **Income**

Income will be distributed to Investors in the form it was received net of any necessary dividend withholdings taxes, other taxes or charges.

### **Capital gains tax ("CGT")**

In respect of new Participatory Interests purchased on capital account, the amount expended by the South African investors to purchase the Participatory Interests will constitute the base cost for tax purposes.

The sale or transfers of the Participatory Interests may have CGT implications calculated as consideration received less base cost with reference to the appropriate rate for the taxpayer in question.

If Participatory Interests are held as trading stock, then the proceeds from the sale or transfer thereof will be of a revenue nature and will be included in "gross income" for income tax purposes at that taxpayer's marginal rate.

### **General**

The Directors of the Manager, the Fund, the Trustee, the Manager and each of the Fund's agents shall have no liability in respect of the individual tax affairs of Holders of Participatory Interests.

## **PART X- RISKS OF INVESTING IN SYGNIA ITRIX**

**Investors' attention is drawn to the following risk factors. This does not purport to be an exhaustive list of the risk factors relating to an investment in Sygnia Itrix.**

### **1. INVESTMENT AND MARKET RISK**

- There is no guarantee that a Sygnia Itrix Portfolio will achieve its investment objective of perfectly tracking the Index.
- The value of the Participatory Interests and the distributions payable by a Sygnia Itrix Portfolio will rise and fall as the capital values of the underlying Index Constituent housed in that Portfolio and the income flowing therefrom fluctuate (which fluctuations may be caused by events specific to the Constituent Companies) and as the expenses of the Sygnia Itrix Portfolio rise and fall. Sygnia Itrix Participatory Interests can accordingly have a value below the price paid by the Investor. Prospective investors should be prepared for the possibility that they may sustain a loss.
- The Sygnia Itrix Portfolio may not be able to perfectly replicate the performance of the Index because:
  - the fund is liable for certain costs and expenses not taken into account in the calculation of the Index;
  - certain Index Constituents may become temporarily unavailable; or
  - other extraordinary circumstances may result in a deviation from precise index weightings.

### **2. TAX RISK**

The tax treatment of Holders will vary from country to country and will depend on the tax status of the Holder in question.

**Investors should seek their own professional tax advice.**

### **3. CURRENCY RISK**

Given that the underlying securities of a Portfolio are foreign securities, there is a currency risk to Investors.

### **4. SECONDARY TRADING RISK**

- There is no guarantee that a liquid secondary market in Sygnia Itrix Participatory Interests will develop.
- Sygnia Itrix Participatory Interests may trade at a discount or premium to their NAV.
- There is no guarantee that the Sygnia Itrix Participatory Interests will remain listed on the JSE.
- Any termination of listing would be subject to the JSE Listings Requirements.

## 5. INDEX RISK

- There is no guarantee that the Index will continue to be calculated in the manner in which it is currently calculated.
- The past performance of the Index is not necessarily an indication of future performance.
- Neither the licensor of the Index, nor the manager nor the trustee:
  - guarantee the accuracy and/or the completeness of the Index or any data included in the Index;
  - will bear any liability for any errors, omissions or interruptions in the Index; or
  - warrant or make any representation as to the results to be obtained by a Sygnia Itrix Portfolio or any Investor in Sygnia Itrix from the use of the Index or any data included in the Index.
- Given that the Index was created as a measure of market performance and not for the purpose of trading in Sygnia Itrix Participatory Interests, the Index may be adjusted by the licensor without regard to the interests of Holders of Participatory Interests, but solely with a view to the original purpose of the Index.
- If for any reason the Index ceases to exist then:
  - if there is, in the reasonable opinion of the Manager, a successor index composed and weighted according to substantially similar criteria as are applied in respect of the Index, the relevant Portfolio shall be adjusted to track the successor index.
  - if there is not, in the reasonable opinion of the Manager, an appropriate successor to the Index, then that Sygnia Itrix Portfolio will be wound up.
- Sygnia Itrix Participatory Interests are not in any way sponsored, endorsed, sold or promoted by the licensor of the Index, which makes no warranty or representation whatsoever, expressly or implied, either as to the results to be obtained from the use of the Index and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The licensor shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and/or its calculation and shall be under no obligation to advise any person of any error therein. The Indices utilised are trademarks and are used by the Manager under licence.

## 6. POLITICAL RISK

The performance of a Portfolio may be affected by changes in economic and market conditions, political developments or changes in government policies, changes in legal, exchange control, regulatory and tax requirements.

## 7. SECURITIES LENDING RISK

The Manager of Sygnia Itrix may engage in securities lending (on the terms stipulated in the Sygnia Itrix Deed). If a Sygnia Itrix Portfolio engages in such securities lending transactions and a borrower of securities fails to perform its obligations, then Sygnia Itrix may be unable to recover the loaned securities. This risk is minimised however,

given the obligation on the Manager to obtain collateral, pursuant to the limits imposed in terms of the Sygnia Itrix Deed and the institutional nature of the borrowers.

## **8. INVESTMENT IN DERIVATIVES**

The Manager of Sygnia Itrix may invest in derivatives from time to time. While an investment in derivatives will only be employed within the investment restrictions stipulated in the Sygnia Itrix Deed and the Act, the following risks may be associated with such an investment:

- the time-limited rights acquired can lapse or diminish in value;
- the risk of loss may be unquantifiable;
- transactions by means of which the risks are to be eliminated or reduced may be impossible to conclude or else only at a loss-inducing price.

## **PART XI - GENERAL**

**This section covers regulatory, statutory and other information relevant to the listing of Sygnia Itrix Participatory Interests on the JSE.**

### **1. KING CODE OF CORPORATE GOVERNANCE**

The directors of the Manager confirm their commitments to the principles of transparency, integrity and accountability as advocated by the King Code. Shareholders and other stakeholders may derive assurance that the Manager is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices.

The directors have, accordingly, established procedures and policies appropriate to Sygnia Itrix's business in keeping with its commitment to best practices in corporate governance. Although the Portfolios will be listed on the JSE, Sygnia Itrix is a statutory entity and is regulated in terms of the Act. Certain of the requirements of the Code are therefore not directly applicable to Sygnia Itrix. The directors of the Manager recognize that they are ultimately responsible for the performance and affairs of Sygnia Itrix.

The Standard Bank of South Africa Limited has been appointed as Trustee of the Scheme. Its responsibilities are governed by the Act and the Sygnia Itrix Deed and encompass protecting the interests of Holders of Participatory Interests, acting as the trustee of the Fund's assets and ensuring compliance by the Manager with the Sygnia Itrix Deed.

## 2. FINANCIAL INFORMATION

Each of the new Sygnia Itrix Portfolios will be newly established Portfolios and as such there is no historical financial information available. A history of the performance of the Index will, where available, be contained in the relevant Supplement to the Programme Memorandum.

## 3. USE OF PROCEEDS

The proceeds received from investors will be used to purchase Index Constituents in order to replicate the exposure to the underlying Index, as described in the relevant Supplement to the Programme Memorandum.

## 4. LISTING ON THE JSE

At the time of publication of this updated Programme Memorandum, 10 ETFs have been approved and listed on the JSE. Application is currently being made for the listing of three ETFs, namely Sygnia Itrix MSCI Emerging Markets 50 ETF, Sygnia Itrix S&P Global 1200 ESG ETF and Sygnia Itrix Solactive Healthcare 150 ETF. Applications will be made for any further listing of Sygnia Itrix ETFs.

ETF	JSE share code	Launch date	Index name
Sygnia Itrix 4th Industrial Revolution Global Equity ETF	SYG4IR	06/10/2017	S&P Kensho New Economies Composite Index
SYGNIA Itrix S&P 500 ETF	SYG500	30/10/2017	S&P500 Index
Sygnia Itrix Euro Stoxx 50 ETF	SYGEU	10/10/2005	Euro Stoxx 50® Index
Sygnia Itrix MSCI Japan Index ETF	SYGJP	01/04/2008	MSCI Japan Index
Sygnia Itrix Global Property ETF	SYGP	30/10/2017	S&P Global Property 40 Index
Sygnia Itrix SWIX 40 ETF	SYGSW4	30/10/2017	FTSE/JSE SWIX 40 Index
Sygnia Itrix Top 40 ETF	SYGT40	30/10/2017	FTSE/JSE Top 40 Index
Sygnia Itrix FTSE 100 ETF	SYGUK	10/10/2005	FTSE 100 Index
Sygnia Itrix MSCI USA Index ETF	SYGUS	01/04/2008	MSCI US Index
Sygnia Itrix MSCI World Index ETF	SYGWO	01/04/2008	MSCI World Index

Details of each ETF is contained in the relevant Supplement to the Programme Memorandum approved by the JSE and subsequent announcements released on SENS.

## 5. LITIGATION

19.13iv)

There are no legal or arbitration proceedings of which the Manager is aware (including any proceedings which are pending or threatened) which have or may have had a material effect on the financial position of Sygnia Itrix since its establishment

## 6. RESPONSIBILITY STATEMENT

The directors of the Manager, whose names are set out on page 3 of this updated Programme Memorandum, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this updated Programme Memorandum contains all information required by the JSE Requirements.

19.12(a)  
19.13(i)

## 7. EXPERTS' CONSENT

The relevant parties listed under the Corporate Information section on pages 3 and 4 of this updated Programme Memorandum, have consented to their names being referred to in this Sygnia Itrix Programme Memorandum in the form and context in which it is included and have not withdrawn their consent as at the date of this Programme Memorandum.

## 8. MATERIAL CONTRACTS

In order to run the funds, the Manager will rely upon the Sygnia Itrix Deed, the salient provisions of which are set out in **Annexure 1**, which is available for inspection at the registered office on the dates stipulated in paragraph 10 below. Save for the Sygnia Itrix Deed, and the Asset Management Agreement referred to in paragraph 3 of Part IV above, neither the Manager nor the Trustee has entered into any material contract since the establishment of Sygnia Itrix.

## 9. MATERIAL CHANGE

19.13(iv)

There have been no material changes in the financial or trading position of Sygnia Itrix since the end of the last financial year end, 31 December 2019, for which annual financial statements have been published. The board of directors of the Manager confirms that it has made due and careful enquiry and that there has been no involvement by the Auditors in making the above statement.

## 10. OTHER JURISDICTIONS

The Participatory Interests being issued pursuant to this updated Programme Memorandum and relevant Supplements are not eligible for sale in the United States or in any other jurisdiction in which trading in the securities would be illegal. The securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, and the U.S. Commodity Futures Trading Commission under the U.S. Commodity Exchange Act has not approved trading in the securities. The securities may not be offered, sold or delivered within the United States or to U.S. persons, nor may any U.S. person at any time trade or maintain a position in the securities.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Manager at any time during office hours:

- the memorandum of incorporation of the Manager;
- the Sygnia Itrix Deed;
- the Asset Management Agreement referred to in paragraph 8 above;
- the written consent referred to in paragraph 6 above; and
- a signed copy of this updated Programme Memorandum and any Supplement issued in connection herewith.

**SIGNED AT CAPE TOWN BY MURAD SIRKOT ON BEHALF OF ALL OF THE DIRECTORS OF SYGNIA ITRIX (RF) (PROPRIETARY) LIMITED ON 23 MARCH 2021 IN TERMS OF A BOARD RESOLUTION PASSED BY THEM ON 11 MARCH 2021.**

19.26



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Murad Sirkot  
DIRECTOR  
Sygnia Itrix (RF) Proprietary Limited

## **SALIENT PROVISIONS OF THE SYGNIA ITRIX DEED**

### **EXTRACT FROM THE PRINCIPAL DEED**

#### **5. "REMUNERATION OF MANAGER**

5.1 The manager is remunerated for its services and reimbursed for its expenses in performing its obligations under this deed.

5.2 The manager may at any time in its discretion waive or rebate its remuneration or reimbursement or any part thereof."

#### **6. "POWERS OF MANAGER**

Subject to the Act and this deed, the manager may in its absolute and uncontrolled discretion -

6.1 do all such things and enter into all such arrangements as are necessary for the administration of the scheme and to achieve the investment objectives of a portfolio of the scheme;

6.2 select, purchase, sell, exchange or change any of the assets of a portfolio;

6.3 in writing appoint persons to exercise powers and perform duties on its behalf and, in particular appoint transfer secretaries, secretaries and agents; and

6.4 act on this advice or information obtained from professional advisers and others considered by it to be experts;

6.5 borrow money under section 96 of the Act subject to the following limits and conditions:

6.5.1 the manager must obtain the prior consent of the trustee to the borrowing;

6.5.2 the term of the loan may not exceed 61 days, provided that if insufficient liquidity continues thereafter the loan may be renewed with the consent of the trustee;

6.5.3 the loan may not bear a penalty for early settlement;

6.5.4 the loan must be serviced in sequence of priority out of -

6.5.4.1 inflows to the portfolio; and

6.5.4.2 realisation of assets;

6.5.5 the outstanding capital amount of the loan must be used when computing a portfolio's net asset value price in terms of clause 28;

6.5.6 as security for the repayment of the loan the manager may -

6.5.6.1 cede a proportionate share of the assets of the portfolio to the lender on condition that ownership of the ceded assets will only be transferred to the lender if the manager is in default; or

6.5.6.2 grant an option to the lender to purchase a proportionate share of the assets, equal in value to the outstanding amount of the loan, at the end of the term of the loan;

6.5.7. the manager may only borrow funds if liquidity cannot reasonably be obtained without encumbering the assets of the portfolio;

- 6.5.8. the amount borrowed must be limited to an amount necessary to repurchase or cancel participatory interests;
  - 6.5.9. the manager must disclose in its point of sale documents that an investor is required to sign, that the manager may borrow up to 10 per cent of the market value of the portfolio to bridge insufficient liquidity;
- 6.6 engage in scrip lending under section 85 of the Act subject to the following limits and conditions:
- 6.6.1 the scrip lending must be beneficial to all investors;
  - 6.6.2 the manager may lend or offer to lend securities with a value not exceeding 50 per cent of the market value of all the securities included in a portfolio;
  - 6.6.3 the securities that may be lent to one borrower are limited in accordance with the limits determined by the registrar for the inclusion of money market instruments in a portfolio;
  - 6.6.4 collateral security for the securities loaned must have an aggregate value that exceeds the market value of the securities loaned by not less than five **per** cent at all times and may only consist of -
    - 6.6.4.1 cash; or
    - 6.6.4.2 other securities; or
    - 6.6.4.3 a combination of cash and other securities;
  - 6.6.5 securities may not be lent for a period longer than 12 months;
  - 6.6.6 securities may not be lent unless subject to a right of recall;
  - 6.6. all fee income earned from securities lending, less necessary expenses, must be administered for the benefit of investors;
  - 6.6.8 the manager must disclose in the quarterly and annual financial statements the securities that are lent, the value thereof and the composition and the nature of the collateral security held in respect of such loan;
  - 6.6.9 the agreement of loan and the agreement relating to the security furnished by the borrower must be in writing and must **at** least provide for -
    - 6.6.9.1 the period of notice of termination of the loan;
    - 6.6.9.2 payments that may be made by the borrower to the portfolio *in lieu* of dividends accrued or paid in respect of the securities borrowed;
    - 6.6.9.3 fees or charges payable by the borrower to the portfolio;
    - 6.6.9.4 charges payable by the borrower to the portfolio to compensate investors for additional taxes in respect of taxable earnings in the form of payments by the borrower to the manager *in lieu* of dividends accrued or paid on the securities loaned;
    - 6.6.9.5 reservation of the right of execution without court order and immediate transfer to the manager of the ownership of and all rights, including voting rights, attached to the collateral security, if the borrower defaults or becomes insolvent;
    - 6.6.9.6 an undertaking by the borrower to deliver to the portfolio securities equivalent to any rights in respect of the loaned securities that may become exercisable before redelivery of the loaned facilities."

## **10. "RETIREMENT AND SUBSTITUTION OR LIQUIDATION OF MANAGER**

19.13(vii)

10.1 The manager may, with the written approval of the trustee and the registrar, in writing appoint a company qualified to act as manager in terms of the Act, as manager in its stead, and may assign to such appointee all its rights and duties as manager in a form as approved by the trustee and the registrar in terms of which it undertakes to fulfil all the obligations of the retiring manager. The retiring manager is then, upon payment to the trustee of all sums then due by it to the trustee (without prejudice to the rights of the trustee, investors or other persons, in respect of any act or omission prior to such retirement) absolved and released from all its duties and obligations under this deed. The new manager thereafter exercises all the powers, enjoys all the rights, and performs all the duties and obligations of the manager under this deed, as if the new manager has originally been party to this deed.

10.2 The retiring manager continues to enjoy all the rights of an investor in respect of all participatory interests held by it and may require the new manager to enter its name in respect thereof in the register and/or otherwise record its ownership of such participatory interests.

10.3 If the manager is liquidated, the trustee must take immediate steps for the appointment of a new manager."

## **11. "APPOINTMENT AND POWERS OF TRUSTEE**

Subject to the Act and this deed, The Standard Bank of South Africa Limited is the trustee of the scheme. The trustee has all the powers necessary to protect the interests of investors in terms of the Act and this deed and has, save as otherwise provided in this deed, the powers necessary to perform its functions to achieve the objectives of the scheme and its portfolios."

## **13. "REMUNERATION OF TRUSTEE**

13.1 In every accounting period, the manager must -

13.1.1 authorise payment to the trustee by way of remuneration for the trustee's services, of such amount as maybe agreed between them;

13.1.2 reimburse the trustee for all its expenses incurred in connection with the scheme, other than expenses expressly required by this deed to be paid out of a portfolio, and other than expenses incurred by it as a result of its own negligent and unlawful conduct.

13.2 Such remuneration and reimbursement are in addition to any sums that the trustee may receive or retain under any other provision of this deed."

## **14. "REGISTRATION AND RETENTION OF ASSETS BY TRUSTEE**

14.1 The assets of a portfolio must be registered either in the name of the trustee or, with the written consent of the registrar in the name of the nominee company of the trustee. Any reference in this deed to the trustee in relation to the vesting, registration or holding in its name of assets, or to its rights, powers and obligations as the registered owner of the asset, is, unless inconsistent with the context, deemed also to be a reference to the said

nominee company. The trustee is liable for any act or omission of the nominee company in relation to any assets held in the name of the nominee company. Despite the foregoing, the trustee or its nominee company must take delivery of and retain in safe custody and under its own supervision and control the documents of title to the assets.

14.2 Subject to the provisions of this deed with regard to scrip lending and the borrowing of money by the manager, the assets must be held by the trustee or its nominee company in its name in trust for the investors and the trustee or its nominee company may not allow the whole or any part of such assets to be pledged or encumbered in any way."

## **20. "REMOVAL OF TRUSTEE**

- 20.1 Subject to the Act, the manager may with the written approval of the registrar -
- 20.1.1 pursuant to a ballot of investors in all portfolios (to which clause 59 of this deed applies); or
  - 20.1.2 at the written request of not less than 50 per cent of the investors, excluding the manager, in all the portfolios holding not less than 50 per cent in value of the total number of participatory interests then in issue, require the trustee by notice in writing to resign from office.
- 20.2 A trustee appointed in the place of a retiring trustee must execute an instrument in a form approved by the manager and the registrar in terms of which it undertakes to fulfil all the obligations of the retiring trustee. The retiring trustee is (without prejudice to the rights of the manager, investors or other persons, in respect of any act or omission, liability, negligence or dishonesty, prior to such retirement) absolved and released from all further obligations under this deed. The new trustee thereafter exercises all the powers, enjoys all the rights, and is subject to all the duties and obligations of the trustee under this deed, as fully as if such new trustee had originally been a party to this deed.
- 20.3 A trustee is deemed to have resigned if its certificate of registration is revoked or suspended under section 69(3) of the Act, and the Manager must in that event immediately appoint another person qualified to act as trustee in terms of the Act."

## **23. "INITIAL OR ADDITIONAL PORTFOLIO AND OFFER OF PARTICIPATORY INTERESTS**

The initial and each additional portfolio must each have a minimum market value as determined by the manager after consultation with the trustee and comprise assets or cash received or deemed to be received by the manager. The manager is responsible for the payment of all expenses (including permissible deductions) arising out of and relating to the formation of the initial and any additional portfolio. The participatory interests issued to the manager in respect of such assets or cash are deemed to be the first participatory interests in issue in a particular portfolio and must be issued at a minimum price determined by the manager. At the date on which the manager commences the sale of participatory interests to the public, the market value of each portfolio must be at least an amount as determined by the manager after consultation with the trustee. The first issue of participatory interests in a portfolio to the public is made in such a manner as the manager may decide. The said first issue may take the form of an offer by the manager of a specified number of participatory interests at a fixed

price not exceeding the net asset value price on a previous date, which date shall not be more than 28 days before the closing of the offer."

#### **24. "CREATION, SALE, REPURCHASE OR CANCELLATION OF PARTICIPATORY INTERESTS IN THE PRIMARY MARKET**

24.1 The manager has the exclusive power to secure the creation and issue of participatory interests in a portfolio.

24.2 For the purposes of the creation and sale or repurchase and cancellation of participatory interests in relation to the primary market, the relevant prices of participatory interests shall be calculated at the valuation point on each relevant pricing date."

#### **26. "UNDIVIDED INTEREST IN PORTFOLIO**

Each investor is, equally with every other investor, entitled to one undivided proportionate participation in a portfolio but is, subject to clause 35, not entitled to any particular asset of the portfolio. Every fraction of a participatory interest ranks *pari passu* proportionately with all other participatory interest in the relevant portfolio."

#### **28. "NET ASSET VALUE AND SALE PRICE OF PARTICIPATORY INTEREST IN RELATION TO THE PRIMARY MARKET**

Unless participatory interests are offered at a fixed price pursuant to section 94(1)(b) of the Act, the manager must issue participatory interests in a portfolio at the net asset value price per participatory interest, which price is calculated on the date on which any participatory interest is issued or the previous date, whichever is consistently applied, according to the formula -

$$\frac{A+B}{C}$$

Where:

**A** = the aggregate market value of the assets in the portfolio, excluding the income accruals and payments referred to in Bon the last valuation point determined by the manager on the last pricing date, which valuation point may not be more than 24 hours prior to or after such date, excluding weekends and public holidays;

**B** = the aggregate of all income accruals and payments received *in lieu* of income accruals from the creation of new participatory interests in the portfolio, during the relevant accounting period up to the said date, but excluding:

(i) any part of those income accruals and payments *in lieu* of income accruals, set aside at the last preceding distribution date for distribution, but not yet distributed; and

(ii) such further amount, out of those income accruals and payments *in lieu* of income accruals, as in the opinion of the manager represents a fair proportion, at the pricing date, of the permissible deductions for the relevant accounting period;

C = the total number of participatory interests in issue in the portfolio on the pricing date."

### **31. "MANAGER'S CHARGE TO THE INVESTOR**

- 31.1 The manager shall be entitled to charge the investor any of the charges set out in clause 31.6 below:
- 31.2 The amount of the manager's charge, if any, must be fixed by the manager in its discretion and -
- 31.2.1 may be expressed as a percentage of the amount received, or proceeds paid; or
  - 31.2.2 may be calculated in terms of clause 31.5 in accordance with a sliding scale; or
  - 31.2.3 may be a fixed amount per specific type of transaction, which amount must be disclosed to the investor; or
  - 31.2.4 may be a combination of the above.
- 31.3 The manager must give not less than three months' written notice to investors of any increase in the manager's charge or any change in the method or calculation thereof that could result in an increase thereof.
- 31.4 Nothing herein contained precludes the manager from reducing the manager's charge or from not rendering any manager's charge.
- 31.5 The scale of the manager's charge applicable to varying sizes of investment, if any, must be determined and published by the manager in all offering documents, point of sale documents or relevant marketing material.
- 31.6 For the purpose of this scheme the following manager's charges (if any) shall be applicable:
- 31.6.1 **Upfront manager's charge**

In relation to a participatory interest, means that portion of the amount received from an investor which represents the manager's charge in respect of expenditure incurred and administration performed by it in connection with the creation, issue and selling of such participatory interest which, subject to any notice referred to in clause 31.3,

    - is expressed as a percentage of the consideration received from an investor; or
    - is calculated in terms of clause 31.5 in accordance with a sliding scale.
  - 31.6.2 **Manager's charge, charged on exit**

In relation to a participatory interest, means that portion of the proceeds on the repurchase of the investor's participatory interests, as determined by the manager from time to time, which represents the manager's charge in respect of expenditure incurred and administration performed by it in connection with the repurchase of such participatory interests, which, subject to any notice referred to in clause 31.3,

- is expressed as a percentage of the proceeds from the sale of the investor's participatory interests;
- is calculated in terms of clause 31.5 in accordance with a sliding scale reducing over a period as determined by the manager from time to time; and
- may not be charged in addition to an upfront manager's charge levied at the time of the purchase of such participatory interests.

31.6.3 The manager may at any time in its discretion waive or rebate any, or any portion of the charges referred to in clause 31.6, either in respect of all investors, any category of investors or any particular investor."

### **35. "SALE OR REPURCHASE OF PARTICIPATORY INTERESTS IN PRIMARY MARKET**

- 35.1 Given that the participatory interests are listed on the JSE, investors shall be able to sell their participatory interests on the secondary market through a trade on the JSE, including through any market maker appointed in terms of the JSE Listings Requirements. However, it shall be incumbent on a manager to repurchase any number of participatory interests offered to it by an investor (as determined in this deed) for cash or one or more baskets, at the election of the investor, provided that the manager shall never be obliged to deliver part of a basket.
- 35.2. Notwithstanding anything to the contrary set out in this deed, if, pursuant to a request from an investor for the delivery of one or more baskets, the manager is unable to deliver any of the securities comprising the basket of securities to an investor exercising its repurchase rights:
- 35.2.1 as a result of the suspension or de-listing of one or more of the securities on the relevant exchange, then such security or securities shall be excluded from the portfolio and delivered within three business days after the suspension is lifted or after the de-listed securities become available, as the case may be;
- 35.2.2 for any reason other than a suspension or de-listing, then the security or securities in question will be excluded from the basket of securities delivered to the investor and such investor will instead be paid an amount in cash equal to the value of the security or securities in question (being the ruling price quoted on the relevant exchange at close of trade on the date on which the repurchase notice was received by the manager).
- 35.3 For the purposes of clause 35.1 and subject to clause 35.4 the point in time by when repurchase requests must be received by the manager shall be 17h00 on the business day preceding each pricing date.
- 35.4 The time determined in terms of clause 35.3 may not be changed unless the deed has been amended accordingly and 30 days' written notice has been given to investors in a form acceptable to both the JSE and the Registrar.
- 35.5 A manager, when it receives a request for repurchase of participatory interests under circumstances determined by the Registrar under section 114(3)(f) of the Act -
- 35.5.1 may, with the prior consent of the trustee; or

35.5.2 must, without delay when the trustee so requires, suspend the basis of the repurchase of the relevant participatory interests, if the manager or trustee, as the case may be, is of the opinion that the circumstances referred to, warrant the suspension in the interests of investors.

35.6 The repurchase of such participatory interests shall be priced and settled in accordance with the conditions determined by the Registrar under section 114(3)(f) of the Act."

### **37. "REPURCHASE PRICE IN PRIMARY MARKET**

Subject to clause 35, the repurchase price per participatory interest payable by the manager must be the amount determined in terms of clause 28 at the time when the notice referred to in clause 36 was received by the manager."

### **38. "DATE OF PAYMENT OF REPURCHASE PRICE BY MANAGER**

Subject to clauses 35.5 and 35.6, payment in respect of an offer for the repurchase of a participatory interest must be made to the holder of such participatory interest within 14 days of the receipt of such offer."

### **40. "PAYMENT OF RECEIPTS TO TRUSTEE**

40.1 The following receipts in cash must be deposited in a separate trust account for each or all portfolios with a bank, registered in terms of the Banks Act, 1990 (Act 94 of 1990), or the Mutual Banks Act, 1993 (Act 124 of 1993), being an account under the control and supervision of the trustee:

40.1.1 all monies which are received for investment as a result of the creation or sale of participatory interests;

40.1.2 all dividends, interest or other income which accrue to the underlying assets; and

40.1.3 the proceeds of all capital profits, rights and bonus issues.

40.2 If any receipts are to be deposited with a foreign bank not approved under the Banks Act, 1990, they must be deposited with a bank, agreed upon between the manager and the trustee, and finally registered as a bank in terms of the laws of a foreign jurisdiction applying regulatory standards which are not less stringent than the equivalent standards in the Republic.

40.3 All assets received as a result of the creation or sale of a participatory interest must be taken into account as an investment for the benefit of the relevant portfolio and new participatory interests must be created in terms of this deed to represent such investment.

40.4 All income accruals received during an accounting period must be credited to an account called the "Income Account" in the books of account for the portfolio concerned and shall form part of such portfolio under the supervision and control of the trustee. If a portfolio receives any bonus, right or benefit in respect of any of the assets, whether in cash or scrip or by warrant, cheque, credit or otherwise, which is in the nature of income, the manager must convert such bonus, right or benefit into cash for the credit of the relevant Income Account. Any other bonus, right or benefit must be treated as a capital gain and

must be included in the relevant portfolio. No new participatory interests may be created out of income accruals or such capital gains.

- 40.5 All amounts received in lieu of income accruals from the creation and sale of participatory interests in a portfolio during an accounting period and all amounts received as income accruals in terms of clause 40.4 must be credited to the Income Account and must be available for distribution to investors in that portfolio by the next ex dividend date."

#### **41. "MANAGER'S DECISION ON NATURE OF BONUS CONCLUSIVE**

If any doubt arises as to whether any bonus, right or benefit referred to in clause 40.4 constitutes an income accrual or a capital gain, such question must be resolved by the manager after consulting the trustee and the auditors, and such resolution is conclusive."

#### **42. "DISTRIBUTION OF INCOME**

- 42.1 The manager must on each declaration date publish an announcement in compliance with the JSE Listings Requirements notifying investors (including the manager in respect of any participatory interests to which it is entitled) registered in the register of a portfolio as at the close of business on the relevant LDT, pro rata to the number of participatory interests then held by such investors in a portfolio, the amount verified by the trustee as available for distribution in that portfolio as hereinafter provided in respect of the accounting period to which such LDT relates.
- 42.2 On each ex dividend date, the amount required to effect distribution must be set aside and may no longer be taken into account in determining the market value of a portfolio for the purpose of calculating the selling and repurchase prices of a participatory interest. By no later than each declaration date the said amount shall be transferred from the Income Account to a Distribution Account under the supervision and control of the trustee, which must be distributed for the benefit of investors as herein provided. The amount to be distributed in respect of each participatory interest must be rounded down to the nearest one hundredth of a cent, and the amount to be distributed to any one investor must be rounded down to the lower cent. The aggregate balance remaining to the credit of the Distribution Account on completion of the distribution shall be carried forward and added to the amount available for distribution in the next accounting period.
- 42.3 The amount available for distribution will be paid to investors on the business day immediately following the record date or alternatively a payment date specified on declaration, which shall be a date not later than the distribution date."

#### **43. "DETERMINATION OF AMOUNT AVAILABLE FOR DISTRIBUTION**

An amount equal to the actual income received during the accounting period, and any balance carried forward, less any permissible deductions, must be distributed to investors."

#### **44. "CHARGES AND METHOD OF CALCULATION**

- 44.1 The charges that may be levied in respect of each portfolio and the method of calculation of those charges are set out in this deed and the supplemental deed establishing each portfolio.
- 44.2 The Manager may with reference to clause 44.1 change any charge of a portfolio or change the method of calculation of such charge or introduce an additional charge: Provided that any such change or introduction of an additional charge that could result in an increase of charges for investors is of no force unless the manager has given not less than 3 months' written notice to every investor and has effected the necessary amendment to such supplemental deed."

#### **45. "PAYMENT OF SERVICE CHARGE**

As soon as practicable after the end of each calendar month, the trustee must pay to the manager, from the Income Account of a portfolio, in respect of the service charge, an amount based on the applicable annual percentage rate, as specified in the relevant supplemental deed, of the market value of the total assets of that portfolio (excluding income accruals and permissible deductions, if any) for each day of that calendar month: Provided that if there is a shortfall in the Income Account such that the manager's service charge cannot be paid, or cannot be paid in full:

- 45.1 participatory interests may be issued to the Manager; or
- 45.2 an amount deducted from the Capital Account may be paid to the Manager, equal in value to such shortfall."

#### **57. "FINANCIAL YEAR-END OF MANAGER AND PORTFOLIO**

The financial year-end of the manager and of each portfolio of the scheme is the end of December of each year."

#### **59. "AMENDMENT OF DEED AND BALLOTING OF INVESTORS**

The consent of investors for an amendment of this deed must be obtained in the following manner (provided that the consent of the JSE thereto has also been obtained):

- 59.1 Where such an amendment only affects one portfolio in the scheme, the investors, excluding the manager, holding no less than 25 per cent in value of the total number of participatory interests then issued in that portfolio must respond in writing in a ballot conducted by the manager. The amendment must be consented to by investors holding a majority in value of the participatory interests held by the investors who have responded.

- 59.2 Where the amendment affects more than one or all the portfolios in the scheme, investors, excluding the manager, holding no less than 25 per cent in value of the total number of participatory interests then issued in those portfolios affected, must respond in writing. The amendment must be consented to by investors holding a majority in value of the participatory interests held by the investors who have responded.
- 59.3 If the investors holding less than 25 per cent in value of the total number of participatory interests then issued have responded in accordance with clauses 59.1 and 59.2, a second ballot must be conducted. In this ballot investors holding a majority in value of the participatory interests held by the investors who have responded, must consent to the amendment.
- 59.4 Every registered investor may vote in the case of a ballot in respect of each participatory interest held by him or her: Provided that an investor or his or her duly authorised representative may exercise all his or her voting rights but is not obliged to exercise all his or her votes or exercise all the votes he or she is entitled to in the same way.
- 59.5 When a ballot is necessary the manager must dispatch to every investor a ballot paper and a memorandum approved by the registrar containing the reasons for the proposed amendment.
- 59.6 For the purposes of clauses 59.1, 59.2 and 59.3 only ballot papers which are received by the manager within thirty business days after dispatch to investors may be taken into account and be regarded as valid. Ballot papers must be counted by the auditors of the scheme and their finding, as conveyed in writing to the manager, is final and binding."

## **SALIENT PROVISIONS OF THE MEMORANDUM OF INCORPORATION OF SYGNIA ITRIX MANAGERS (THE "COMPANY")**

### **"3 JURISTIC PERSONALITY**

The Company was incorporated on 14 December 2004 and is a "Pre-existing Company" as defined in the Act. As such, the Company continues to exist as a private company as if it had been incorporated and registered in terms of the Act as contemplated in Item 2 of Schedule 5 of the Act. As at the filing date, the Company is registered as a "manager" (as contemplated in the CISCA), and accordingly conducts the business of "administration" as contemplated in the CISCA.

The main purpose of the Company is to solely act as a manager of a Collective Investment Scheme in Securities in terms of the CISCA."

### **"3A RESTRICTIVE CONDITIONS**

The MOI contains special conditions applicable to the Company as contemplated in Section 15 (2)(b) of the Act, as set out in Schedule 2."

### **"SCHEDULE 2**

#### 1.1 Restriction on amendment of MOI:

1.1.1 The provisions of this MOI, including the provisions of this Schedule 2, may not be amended or deleted at any time without the consent of the Registrar of Collective Investment Schemes.

#### 1.1.2 The Company shall:

1.1.2.1 Conduct its business subject to this MOI;

1.1.2.2 Not conduct business other than that of a manager as defined in the Collective Investment Schemes Control Act, 2002 ("CISCA") or such other business as approved in terms of section 86 of the CISCA, by the Registrar of Collective Investment Schemes from time to time, and

1.1.2.3 Be authorized to enter into Representative Agreements as contemplated in conditions determined by the Registrar of Collective Investment Schemes, with one or more foreign collective investment schemes as may be approved by the Registrar of Collective Investment Schemes.

#### 1.2 Restriction of sale of securities

1.2.1 Securities shall be transferable only in accordance with the provisions of this MOI, and the Company shall not accept and register the transfer of any Securities in contravention of this paragraph 1.2. The Company

shall procure that mechanisms are in place to ensure that all purchasers of Securities shall be bound by the provisions of this MOI.

1.2.2 All proposed transfers of Securities must be submitted to the Registrar of Collective Investment Schemes for prior written approval.

1.3 Restrictions on acquiring subsidiaries

The Company shall not establish or acquire subsidiary companies without the prior written approval of the Registrar of Collective Investment Schemes.

1.4 Restriction on directors

The Company shall not appoint a director without the prior written approval of the Registrar of Collective Investment Schemes.

2 Legal powers and capacity of the Company

In terms of section 19 of the Act, the specific powers set out in the Act are excluded to the extent they are inconsistent with the powers necessary for compliance with the provisions of Cisca and any deed entered into by the Company with a trustee in relation to a collective investment scheme in property, except for those powers necessary for those other business as approved in terms of section 86 of the Cisca, by the Registrar of Collective Investment Schemes from time to time."

## **SUBSCRIPTION CONDITIONS AND PROCEDURES**

The subscription conditions and procedures set out below are applicable both to an Initial Offer and any subsequent subscriptions (other than secondary market trades) thereafter.

### **Retail subscribers**

There is no limitation on residents subscribing to acquire Sygnia Itrix Securities. However in terms of current Exchange Control Regulations, the approval of the South African Reserve Bank is required for residents to take delivery of a Basket of offshore securities upon redemption of Sygnia Itrix Securities or to receive payment of distributions in non-Rand denominated currency.

### **Institutional subscribers**

Institutional investors who, in each case, have the necessary approvals from the Financial Surveillance Department of the South African Reserve Bank may acquire Participatory Interests in Sygnia Itrix subject to their respective prudential limits, as amended from time to time. The applicant must prior to applying, have obtained its relevant Exchange Control approval, referenced to a valid Exchange Control Authority number.

### **Non-Residents**

No Exchange Control restrictions are applicable to non-residents provided the Participatory Interest are acquired using foreign currency introduced into South Africa.

## **1. CONDITIONS OF THE INITIAL OFFER**

- You cannot withdraw an application once submitted. It will be irrevocable.
- All subscriptions for Sygnia Itrix Securities will be treated as primary market acquisitions and no application forms are required.
- All subscribers to Sygnia Itrix Securities must have a valid account with a broking member of the exchange and must either be a controlled or a non-controlled client. Subscribers that do not have an account with a JSE member can contact any broker on the JSE to open an account. A list is available on the JSE's website at [www.jse.co.za](http://www.jse.co.za).

## **2. SUBSCRIPTIONS AND REDEMPTIONS AFTER THE INITIAL OFFER**

You must contact the Manager, the contact details of which are set out on page 3 of this circular.

### 3. CASH SUBSCRIPTIONS

Your payment may be made either in South African currency (Rands) or in the Index Currency.

#### **PLEASE NOTE THAT NO LATE APPLICATIONS WILL BE ACCEPTED UNDER AN INITIAL OFFER.**

*If an application is rejected or unsuccessful, then the party with whom the application was lodged shall be responsible for returning any money received by it in respect of any unsuccessful or rejected application to the appropriate applicant, as soon as is reasonably possible.*

#### **Rand subscriptions**

Resident South African subscribers must be aware of the Exchange Control limitations applicable to Rand subscriptions.

Institutional Investors must have the relevant approval of the Exchange Control authorities.

Rand cash subscriptions under an Initial Offer must be in a minimum amount of R10 000 (or in multiples of R10 000).

Index Currency subscriptions under an Initial Offer must be in a minimum amount of 100 000 Index Currency Units (e.g. £100 000 or i100 000).

A Cash Subscription under an Initial Offer will be based upon the amount which an applicant applies to invest in Sygnia Itrix Securities rather than a function of how many Sygnia Itrix Securities an applicant wishes to acquire in terms of the subscription. The cash subscription price and the number of Sygnia Itrix Securities to be issued to an applicant for cash will be determined by the amount which the applicant invests (net of the Transaction Costs, net of any upfront fees and applying the Specified Exchange Rate) of the *pro rata* cost to the Fund of acquiring the underlying Basket.

Following the close of the Initial Offer there shall be a Ramp up Period during which the Fund will acquire the appropriate underlying Baskets of shares (comprising the Index) utilising the cash raised during the Initial Offer Period (simultaneously with or after conversion of any Rands received during the Initial Offer Period to the Index Currency).

After the Ramp up Period the Manager shall publicly announce the number of Sygnia Itrix Securities allotted and issued per the letters of allotment ("LAs") together with details of the basis on which Sygnia Itrix Securities were allocated under the Initial Offer. Investors should be aware that Transaction Costs will be deducted from the subscription amount accompanying their applications, and accordingly, the relevant subscription amount (less Transaction Costs and upfront fees, if any) shall be invested in Sygnia Itrix Securities. The LAs will then be converted into Sygnia Itrix Securities in accordance with the published conversion ratio. Although the basis of allocation will be publicly announced on the trading day following the end of the Ramp up Period, applicants will only be informed of their actual individual allocations on receipt of their statements from their broker or CSDP.

Accordingly applicants who deal prior to the receipt of their statements do so at the risk of selling Sygnia Itrix Securities in respect of which they have not received confirmation of an allocation.

All taxes, duties, custody charges, brokerage fees, JSE Insider Trading fees and any other costs and expenses will be for the account of the Investor/applicant.

Sygnia Itrix Securities will not be issued unless Sygnia Itrix's CSDP (as appointed by the Manager from time to time) ("Issuer CSDP"), is satisfied that the relevant securities and the requisite cash amount have been received by it.

Sygnia Itrix Securities will be issued to successful applicants and will be booked to applicants' relevant securities account in the books of their broker or CSDP on the listing date, provided that the aforesaid requirements have been fulfilled and the Minimum Investment Criteria have been met.

**Neither Sygnia Itrix, the Manager, the trustee, nor the JSE Issuer Services Division will accept responsibility for any payment made, LA or statement that is lost or stolen in the post.**

#### **Cash subscriptions (foreign currency)**

Only subscriptions in the Index Currency will be accepted. A specified minimum Index Currency will be applicable for foreign currency subscriptions, as will be detailed in the relevant Supplement to the Programme Memorandum. The applicant must contact the Manager directly prior to subscribing and confirm its South African CSDP details.

#### **"In specie" subscriptions**

Investors subscribing for Sygnia Itrix Securities *in specie*, by the delivery of one or more full Baskets of shares, are obliged to subscribe for securities in blocks of 100 000 Sygnia Itrix Securities.

The subscription price under an Initial Offer in respect of 100 000 Sygnia Itrix Securities shall be discharged by the delivery of a single Basket of shares. In addition to the delivery of a Basket, an applicant shall be required to pay, in cash, *inter alia*, a *pro rata* portion of the Income Accruals.

Sygnia Itrix Securities will not be issued unless the Issuer CSDP is satisfied that the relevant securities and the specified cash amount have been received by it.

#### **Procedures**

Investors must give their broker or CSDP instructions that they wish to subscribe for Sygnia Itrix Securities. Such an instruction is akin to an instruction to purchase on the market, is irrevocable and is binding on the client and the broker or CSDP.

The procedures for subscriptions, which will be in accordance with STRATE's requirements, will be available from the Manager, contact details of which are set out on page 3.

Investors wishing to subscribe *in specie* should contact the Manager directly prior to subscribing and confirm their South African CSDP details. The manager will publish on its website the Basket Index Constituents and the Specified Cash Amount for the subscriptions.

**FORM OF SUPPLEMENT**

**SUMMARY OF THE OFFERING**

1. Portfolio
2. ISIN
3. Share code
4. Abbreviated name of Portfolio
5. Securities to be listed
6. Index
7. Description of Participatory Interests
8. Accounting period
9. Distributions
10. Investment Policy
11. Management and other fees
12. Preliminary expenses of the initial offer
13. Composition of the Index
14. Performance of the Index
15. Exchange Control Regulations
16. Minimum number of units which may be redeemed/created in the primary market