Sygnia lists an ETF targeting China and Hong Kong

Shares in Sygnia Itrix New China Sectors ETF began trading today on the Johannesburg Stock Exchange (JSE), offering South African investors exposure to companies in consumption and service-oriented industries domiciled in mainland China and Hong Kong.

Source: Pixabay

*The Exchange Traded Fund (ETF) is a passively managed index-tracking fund that will replicate the price and yield performance of the S&P New China Sectors Index.

"The index tracks the performance of China and Hong Kong-domiciled companies that operate in consumption and service-oriented industries. All Chinese share classes, comprising A-shares and offshore listings, qualify for this inclusion."

As China's economy matures, consumption and service-related industries are becoming structurally more important," says Iva Madjarova, head of Sygnia Itrix.

The Sygnia Itrix New China Sectors ETF is the second ETF to be listed this year. The listing brings the number of JSE listed ETFs to 88, with a market capitalisation of more than R114.5bn.

Sam Mokorosi, head of origination and deals at the JSE, has welcomed the new listing and said he was pleased with the continued impressive growth of the JSE's ETF market. "The true value of ETFs lies in long-haul and cost-effective investing, particularly for investors who want to maximise favourable returns, without the need to frequently make investment decisions about different shares," explained Mokorosi.

> *.@sygnia lists an ETF targeting China and Hong Kong, offering South African investors exposure to companies in consumption and service-oriented industries domiciled in mainland China and Hong Kong. Read more: https://t.co/9YQkxiH5ma pic.twitter.com/qQ0xeyWp3B— JSE (@JSE_Group) April 20, 2022*

Long-term capital appreciation

In a pre-listing note to potential investors, Sygnia Asset Management, which manages the ETF, said they had invested R150m into the fund. Sygnia said it was aiming to attract investors who want to achieve long-term capital appreciation tracking the performance of the S&P New China Sectors Index.

It is a suitable investment for investors seeking higher returns, those who are willing to tolerate higher volatility and investors who aim to maximise capital accumulation over a longer-term time horizon.

The investment is also suitable for investors who wish to maximise their returns in the most cost-effective manner without the need to select asset managers or take on the risk of active and subjective investment decision-making processes.According to the note, the fund will have exposure of around 10.2% to Tencent Holdings, 7.9% Alibaba Group Holding, 5.9% Kweichow Moutai, and 4.7% AIA Group, among other fastest-growing Chinese companies.