Sygnia All Bond Index Fund

Minimum Disclosure Document (MDD)
Class A
South African - Interest Bearing - Variable Term

31 May 2025

LOW MANAGEMENT FEES AT 0.40%

LOW	**LOW MEDIUM**	MEDIUM	MEDIUM HIGH	HIGH

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

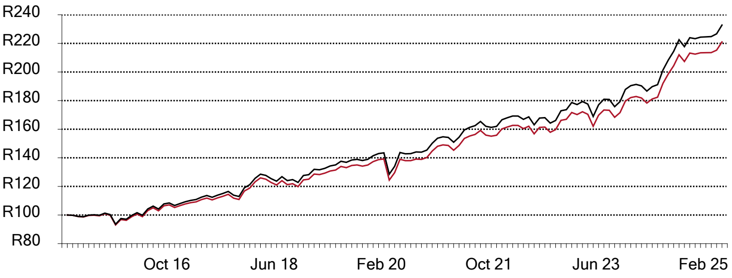
Portfolio Managers	**Steven Empedocles, Anrich de Jager**
Regulation 28	**Non-Compliant**
Fund launch date	**10 February 2015**
Class Launch Date	**31 March 2015**
Fund Size	**R 1 706 Million**
Unit Price	**89.27**
Units in Issue	**740 940 753**

Investment Objective	**The fund aims to deliver performance in line with the returns of the JSE All Bond Composite**
Income Distribution	**Bi-annually (September and March)** **Payment: 1 Apr 2025 - 4.04 cents per unit** **Payment: 1 Oct 2024 - 4.11 cents per unit**
Trustees	**Standard Bank Trustees (021 441 4100)**

Cumulative Investment Performance

Growth of R100 invested on 31 March 2015

Investment: R221.01
Benchmark: R232.81



Sygnia All Bond Index Fund   JSE All Bond Composite Index

Maturity Profile

Maturity Band	*Percentage*	*Allocation*
1-3 Years	12.1%	
3-7 Years	29.4%	
7-12 Years	25.2%	
> 12 Years	33.4%	

Performance Analysis

Periodic Performance	*Fund*	**BM*	*Difference*
1 Month	2.7%	2.7%	0.0%
3 Months	3.5%	3.7%	-0.2%
6 Months	3.6%	3.9%	-0.3%
Year to Date	4.0%	4.3%	-0.3%
1 Year	21.2%	21.8%	-0.6%
****3 Years**	10.9%	11.3%	-0.5%
****5 Years**	9.7%	10.1%	-0.4%
****Since Inception**	8.1%	8.7%	-0.6%
*****Gross Current Yield**	9.8%		

Performance as calculated by Sygnia Asset Management as at reporting date
**JSE All Bond Composite*
***Annualised performance figures*
****These are approximate yields which may differ from actual monthly distributions*

Modified Duration

Maturity Band	*Modified Duration*
1-3 Years	1.4
3-7 Years	4.4
7-12 Years	6.4
> 12 Years	7.7
Overall	5.6

Historical Performance

	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Year*
2021	0.7%	-0.3%	-2.2%	2.3%	3.3%	1.1%	0.7%	1.8%	-2.1%	-0.5%	0.4%	2.9%	8.2%
2022	0.8%	0.7%	0.0%	-1.4%	1.0%	-3.3%	2.9%	0.2%	-2.3%	1.2%	4.1%	0.4%	4.2%
2023	2.8%	-0.8%	1.2%	-1.0%	-4.9%	4.8%	2.2%	-0.1%	-2.8%	1.9%	4.7%	1.4%	9.1%
2024	0.4%	-0.6%	-2.0%	1.6%	0.7%	5.3%	3.5%	2.9%	3.8%	-2.2%	2.8%	-0.3%	16.7%
2025	0.4%	0.0%	0.0%	0.8%	2.7%								4.0%

Risk Statistics

	Fund	*BM*
% Negative Months	31.7%	31.7%
Avg Negative Return	-1.5%	-1.4%
Maximum Drawdown	-5.9%	-5.8%
Standard Deviation	7.2%	7.2%
Downside Deviation	4.5%	4.5%
Highest Annual Return: Oct 2023 - Sep 2024	26.0%	26.6%
Lowest Annual Return: Jun 2022 - May 2023	0.0%	0.2%

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

Fees

Advisory Fee	None
Initial Fee	0.00% **
Management Fee	0.36% **
Performance Fee	N/A
Other costs	0.02% **
VAT	0.06%
Total Expense Ratio (TER)	0.43% (Mar 2025)
Transaction Costs (TC)	0.03% (Mar 2025)
Total Investment Charge (TIC)	0.46% (Mar 2025)

***Fees are exclusive of VAT*

Sygnia

Sygnia All Bond Index Fund
Fund commentary

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South African - Interest Bearing - Variable Term

1st Quarter 2025

RISK PROFILE

LOW	**LOW MEDIUM**	MEDIUM	MEDIUM HIGH	HIGH

LESS RISK/ RETURN — MORE RISK/ RETURN

TIME HORIZON

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

Market performance

US markets experienced a sharp sell-off in March, driven by slowing US growth, the uncertainty of President Trump's trade war plans and US technology concerns. The S&P 500 was down 10% from its February highs at one point, but European, Japanese and emerging markets (EMs) posted gains during the same period. In Europe, a historic shift in fiscal policy emerged as Germany announced significant infrastructure and defence spending – a surprising move for a traditionally conservative economy. In China, the government introduced an expanded budget and the Enhanced Consumption Plan. While the US remains exceptional in terms of growth potential, its relative advantage has diminished. That said, the European Union (EU) has only outlined EUR150bn of defence spend so far, and in its best-case scenario Alpine Macro estimate that the EU will spend USD1tn over the next decade on German infrastructure and EU-wide defence. This against the nearly USD1.8tn in onshoring capex commitments that US companies have announced they will spend over the next four years – on top of the USD329bn capex for Amazon, Microsoft, Google and Meta in 2025 – alone a 45% increase. All told, that is more than double the EU spend in less than half the time.

In its March outlook, the Organisation for Economic Co-operation and Development (OECD) downgraded EU and US growth marginally by similar amounts over the next two years and upgraded China's growth. The OECD downgraded global growth by only 20 bp for 2025 on the back of tariff uncertainty and did not forecast a recession for 2025 or 2026. Markets concurred with the OECD outlook as commodities rallied – copper is up 30% this year, reaching an all-time high – credit spreads are stable and the dollar weakened, all indicators inconsistent with recessionary conditions. We do not expect a recession looking forward, assuming manageable tariff announcements on Liberation Day, but non-US markets are unlikely to be able to rally in absolute terms if US markets fall further, and the risk that trade wars could push the world into recession is certainly rising.

While risks are rising, the US economy remains strong. Household balance sheets remain robust and strong real final sales (above 3%) provide a cushion against policy shocks. The labour market is robust – January's job openings exceeded expectations and reflected broad hiring across sectors. While the Fed lowered growth from 2.1% to 1.7% for 2025, Federal Reserve Chair Jerome Powell stated that the chances of a recession are low. US financial conditions remain easy.

European shares surged after Germany announced a historic fiscal expansion under incoming Chancellor Friedrich Merz, who said the country will do "whatever it takes" to bolster defence spending. Standard Chartered estimate it could boost German GDP by 1.3% per annum over the next decade, which would boost eurozone GDP by 0.35%. While Germany has room to increase spending, other countries in the EU do not have that luxury – France's budget deficit is close to 6%, double the EU limit. Despite the positive market sentiment after the announcement, risks remain from escalating trade tensions between the US and EU. Chartered estimate that trade tensions could reduce EU GDP growth by 0.75%. In addition, German growth will require not only increased spending but structural supply side reforms and deregulation to ensure improved productivity, as lower productivity has caused Germany's GDP to slip by 1% per year over the last 25 years relative to the US.

Investors are now talking about the Xi Put instead of the Fed Put. The National People's Congress set its highest fiscal deficit level in over three decades, a broad deficit of 9% of GDP, and doubled the consumer subsidy scheme to RMB300bn to stimulate domestic spending. The government also unveiled its Special Action Plan to Enhance Consumption, focused on increasing household incomes. Liquidity injections at local government levels have unblocked frozen payments, reducing loss-making enterprises and improving business confidence. Earnings momentum for Chinese companies is solidly positive, outperforming emerging market peers. Chinese tech continues to rally on advancements in AI, with Baidu launching its new AI model, "Ernie X1", and Alibaba also unveiling its latest AI model. Reciprocal tariffs remain a major threat to EMs.

Oil fell on the surprise decision by OPEC+ to restart production despite faltering Chinese demand and plentiful American supplies. This will help keep inflation stable.

The South African budget saw expenditure increase R233bn from the MTBPS, pushing up the budget deficit and debt-to-GDP ratios, and debt-servicing costs are now estimated at 22c on every rand of tax. After the strong SA equity rally, Goldman Sachs cut SA equities from overweight to equal weight. We remain underweight SA bonds and have subsequently gone underweight SA equities after the recent rally, preferring broader EMs. EM inflation is falling and earnings are accelerating, while China may be best placed to respond to tariffs. The Budget deadline is 2 April.

Prolonged policy uncertainty could undermine consumer confidence and corporate sentiment and push the world into recession. 2 April is "Liberation Day", when new tariffs will be announced by the US, and impacted countries will doubtless announce retaliatory measures thereafter. JPMorgan estimates the average tariff rate on imports could rise to 11% if reciprocal tariffs are introduced – and this before the latest 25% automotive import tariffs. Trump's trade policies are spurring fiscal expansion in the rest of the world, but it remains to be seen whether fiscal spend can outweigh the tariffs. We remain cautious overall but do not expect a recession this year. US S&P global composite PMIs for March rose above expectations to 53.5. We remain neutral equities and underweight bonds, noting the heightened risk of the US slipping into a recession purely on the back of a loss of consumer and corporate confidence. The dollar should strengthen if US growth recovers and as tariffs come into effect. We will be watching the April tariffs closely.

Fund performance

The Sygnia All Bond Index Fund tracked the performance of the JSE All Bond Composite Index (ALBI) during the first quarter, in line with its investment objective, and delivered a return of 0.5%.

The modified duration of the fund was unchanged at 5.7 years, matching the modified duration of the ALBI.

ES26 (Eskom) was replaced with TN40 (Transnet) in the index during the quarter. The short end (1–3-year bucket) significantly outperformed the long end of the curve (12+ years bucket), returning 2.1% and -0.7% respectively. The R186 was the best-performing government bond, producing 2.0% over the quarter.

In the US, the Fed kept its policy rate unchanged during the quarter, at 4.25%–4.5%. US bond yields were lower, with the 10-year US Treasury yield down approximately 25 bps to 4.25% as investors preferred safe haven assets in a highly volatile and uncertain market environment. Core PCE for February was relatively unchanged at 2.8%, versus 2.9% in December 2024.

On the domestic front, the South African Reserve Bank (SARB) cut the repo rate by 25 bps to 7.5% in January, a cumulative decline of 75 bps since September 2024. Headline CPI for February accelerated to 3.2%, within the SARB's target range but still well below the 4.5% midpoint. South African bond yields moved higher alongside other emerging markets on the back of global risk-off sentiment, with the R2035 yielding around 10.6% at quarter end.

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Important information to consider before investing

Investment Objective & Strategy

The investment objective of the Sygnia All Bond Index Fund is to achieve a return which will equate to the annual return of the portfolio benchmark which is the index. The South African interest rate bearing fund is passively managed and the portfolio is constructed to match constituents of the index as closely as possible and deliver returns in line with its benchmark, the FTSE/JSE All Bond Composite Index (ALBI). Derivatives are allowed for efficient portfolio management.

Balancing Risk and Reward

The Sygnia All Bond Index Fund targets an overall 100% allocation to a broad selection of South African bonds and has a low to medium risk profile. It is a suitable investment for investors who are risk averse and seek exposure to less volatile assets. The Fund is also suitable for investors seeking an investment vehicle focused equally on capital growth and income generation. Given the specialist nature of the Fund, it should be used as part of a broadly-diversified investment strategy.

The recommended investment term for investors in the Sygnia All Bond Index Fund is a minimum of three years. The Fund has a 100% strategic allocation to South African bonds. The structure of the Fund is dictated by the composition of the JSE All Bond Composite Index. The Fund may be exposed to certain risks such as credit risk, where an issuer of a non-equity security may not be able to make interest payments or repay the capital, impacting the value of the Fund, as well as liquidity risk, this relates to the ability of the unit trust to trade out of a security held in the portfolio at or near to its fair value. This may impact on liquidity in the fund. However, The structure of the Fund is dictated by the composition of the JSE All Bond Composite Index and there are regulations in place which limit the amount a unit trust may be exposed to each Issuer thereby spreading the risk across Issuers.

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily an indicator of future performance. Performance data for the index is available from the JSE and is also available through many daily financial publications and websites. Unit trusts are traded at the ruling price and are allowed to engage in borrowing and scrip lending.

Annualised performance figures represent the geometric average return earned by the fund over the given time period. Unannualised performance represents the total return earned by the fund over the given time period, expressed as a percentage. Performance is calculated for the portfolio. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Reinvestment of income is calculated on the actual amount distributed per participatory interest, using the ex-dividend date NAV price of the applicable class of the portfolio, irrespective of the actual reinvestment date.

Fees

Sygnia charges an annual management fee comprised of applicable basis fees paid to underlying managers and Sygnia's annual service fee. The fund may invest in other unit trusts (underlying funds) that levy their own charges and which may charge performance fees in the event that the underlying fund's performance exceeds its benchmark. A schedule of fees and charges is available on request from Sygnia. Permissible deductions may include management fees, brokerage, levies, stamps, auditor's fees, bank charges and trustee fees. Sygnia does not provide advice and therefore does not charge advice fees.

What is the Total Expense Ratio (TER) and Transaction Costs (TC)?

The total expense ratio (TER) is the annualised percentage of the fund's average assets under management that has been used to pay the fund's actual expenses over the past three years. Transaction costs are a necessary cost in administering the fund and impact fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager and the TER. Since fund returns are quoted after the deduction of these expenses, the TER and Transaction Costs should not be deducted again from the published returns. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return.

Cumulative Investment Performance

Cumulative investment performance is for illustrative purposes only. The investment performance is calculated by taking all ongoing fees into account for the amount shown, with income reinvested on the reinvestment date.

Tax-Free Unit Trust

This fund qualifies as a tax-free investment according to section 12T of the Income Tax Act, effective from 1 March 2015. South African individuals qualify for the associated tax benefits – namely no tax on dividends, income or capital gains – while still enjoying all the benefits of a unit trust. Contributions to tax-free investments are limited to R36 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are taxable.

How are unit prices calculated?

Unit prices are calculated on a net asset value basis, which is the total market value of all assets in the portfolio, including any income accruals and less any permissible deductions from the portfolio, divided by the number of units in issue. Forward pricing is used and Fund valuations take place at approximately 15:00 each business day. Purchases and redemption requests must be received by the manager by 14:00 each business day to receive that day's price. The price shown is specific to this class. The fund size represents the portfolio size as a whole. Unit prices are updated by 10:00 every business day and are available on our website, www.sygnia.co.za.

Disclaimer

The fund may be closed to new investments at any time in order to be managed in accordance with its mandate. Sygnia Collective Investments RF (Pty) Ltd is incorporated and registered under the laws of South Africa and is registered under the Collective Investment Schemes Control Act, 2002 (Act No 45 of 2002). Sygnia Asset Management (Proprietary) Limited (FSP Registration No. 873), an authorised financial services provider, is the appointed investment manager of the fund. Sygnia Collective Investments RF (Pty) Ltd does not provide any guarantee with respect to the capital or return of the portfolio. Nothing in this minimum disclosure document will be considered to state or imply that the collective investment scheme or portfolio is suitable for a particular type of investor.

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Additional information such as fund prices, brochures, application forms and a schedule of fees and charges can be requested via admin@sfs.sygnia.co.za or 0860 794 642 (0860 SYGNIA).