

Sygnia Enhanced Income Fund

Minimum Disclosure Document (MDD)
Class A
South Africa - Multi-Asset - Income

31 August 2025

Portfolio Managers

Kyle Hulett, Anrich de Jager

Regulation 28

Compliant

Fund Launch Date

27 December 2018

Class Launch Date

10 January 2019

Fund Size

R 4 245.00 Million

Unit Price

101,06

Units in Issue

3,390,299,041

Investment Objective

Income Distribution

Trustees

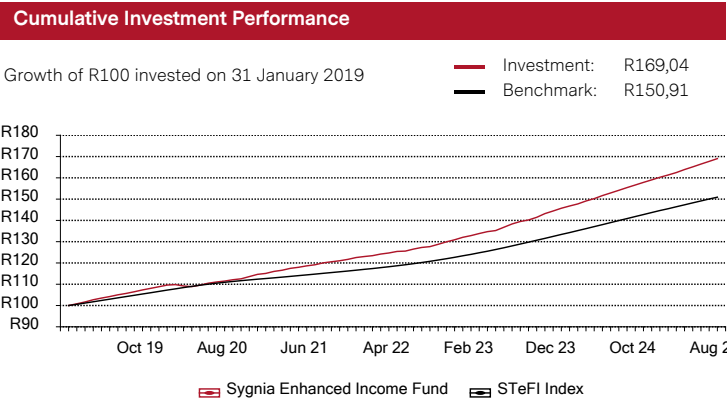
The fund aims to maximise interest income, preserve capital and provide immediate liquidity

Monthly

Payment: 1 July 2025 - 0.55 cents per unit

Payment: 1 Aug 2025 - 109 cents per unit

Standard Bank Trustees (021 441 4100)



Asset Allocation

Asset	Percent	Allocation
Domestic Bonds	73,3%	
Domestic Money Market	18,3%	
International Fixed Interest	7,7%	
International Cash	0,7%	

Performance Analysis

Periodic Performance	Fund	*BM	Difference
1 Month	0,8%	0,6%	0,2%
3 Months	2,3%	1,8%	0,5%
6 Months	4,8%	3,7%	1,0%
Year to Date	6,3%	5,0%	1,3%
1 Year	9,7%	7,8%	1,8%
**3 Years	9,9%	7,9%	2,0%
**5 Years	8,7%	6,4%	2,3%
**Since Inception	8,3%	6,5%	1,9%
***Gross Current Yield	9.6%		

Performance as calculated by Sygnia Asset Management as at reporting date

*STeFI Index

**Annualised performance figures

***These are approximate yields which may differ from actual monthly distributions

Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	0.7%	0.2%	-0.6%	-0.3%	0.6%	0.8%	0.5%	0.4%	0.6%	0.4%	0.9%	0.9%	5.3%
2021	0.4%	0.8%	0.5%	0.8%	0.4%	0.6%	0.4%	0.7%	0.4%	0.4%	0.5%	0.7%	6.9%
2022	0.4%	0.3%	0.6%	0.4%	0.6%	0.1%	0.8%	0.6%	0.3%	0.9%	0.9%	0.8%	6.8%
2023	0.9%	0.6%	0.7%	0.7%	0.4%	1.1%	1.1%	0.8%	0.5%	0.9%	1.2%	0.9%	10.3%
2024	0.9%	0.7%	0.7%	0.9%	0.7%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%	10.1%
2025	0.8%	0.7%	0.7%	0.9%	0.8%	0.8%	0.8%	0.8%					6.3%

Risk Statistics

	Fund	Benchmark
% Negative Months	0,0%	0,0%
Avg Negative Return	0,0%	0,0%
Maximum Drawdown	0,0%	0,0%
Standard Deviation	0,8%	0,5%
Downside Deviation	0,0%	0,0%
Highest Annual Return: Jun 2023 - May 2024	11,1%	8,5%
Lowest Annual Return: Jul 2021 - Jun 2022	5,8%	4,2%

Fees

Initial Fee	**
Management Fee	0,65% **
Performance Fee	N/A
Other costs	0,01% **
VAT	0,10%
Total Expense Ratio (TER)	0,76% (Jun 2025)
Transaction Costs (TC)	0,00% (Jun 2025)
Total Investment Charge (TIC)	0,76% (Jun 2025)

**Fees are exclusive of VAT



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Fund commentary

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2nd Quarter 2025

Market performance

Global markets rose strongly in June despite a cocktail of geopolitical tensions and policy risk and the potential for simultaneous supply shocks from tariffs, migration constraints and rising oil prices. Iran and Israel agreed to a ceasefire after 12 days of intense missile and drone strikes between Iran and Israel, and just one day after US operation “Midnight Hammer”, which “obliterated” Iran’s three uranium nuclear sites, including Fordow, a uranium-enrichment facility buried deep in a mountain. The ceasefire brought relief to the oil markets. While the conflict in the Middle East increases geopolitical risk, the ceasefire renders the impact of tariffs on US growth and inflation the greater uncertainty, with the 90-day tariff pause granted by the US expiring on 9 July. Trump has warned that countries will receive a “take-it-or-leave-it” letter detailing tariff terms, though the 15 countries already engaged in negotiations with the US may see this an extension to the deadline. Tariff pass-through inflation in the US was minimal in May, but corporates are likely to begin passing costs on to consumers, with inflationary consequences over the coming quarters reinforcing expectations of “higher for longer” interest rates and reduced growth. The World Bank concurred in its June outlook, downgrading its 2025 global growth forecast by 0.5 percentage points to 2.3%, projecting the weakest non-recessionary growth since 2008. Looking further ahead, average global growth in the 2020s is expected to settle around 2.5% – its slowest pace since the 1960s. Developed markets will bear the brunt of the growth downgrade and inflation increase, while emerging markets (EMs) will continue to offer a relatively resilient inflation–growth trade-off.

US inflation data for May offered a reprieve, rising by less than expected for the fourth consecutive month. While US firms have passed on some of the recent tariff costs – particularly on goods heavily exposed to China, such as appliances, electronics and household equipment – the full effect will take two to three months to unfold. In addition, CPI surprised to the downside due to price declines in recreational services and durable goods which signal growing consumer caution. Subdued inflation offers breathing room, but it is ultimately a function of softer economic activity. Weak May retail sales, falling consumer confidence and continued softness in manufacturing data indicate slowing demand. The Yale Budget Lab estimates that the current 15%+ effective tariff rate could reduce year-end employment by 375 000 jobs. Jobless claims have risen to a three-and-a-half-year high, while non-farm payroll growth outside two core categories has stalled.

The European Central Bank expects GDP growth of just 0.9% in 2025, but even that may be optimistic. Exports are weakening sharply, particularly as frontloading of US trade to avoid tariffs normalises, and the Russia-Ukraine war is continuing, sustaining geopolitical and energy-related pressures. Trump-era tariff risks are also escalating, with the US indicating that trade negotiations with the EU may not be resolved by the 9 July deadline. The EU’s slow pace of trade negotiation – seen clearly during Brexit – exacerbates the risk that the bloc may bear a disproportionate burden of any new US tariffs.

China’s economy is gaining traction, with early signs that policy stimulus is finally filtering through to the real economy: money growth is accelerating and May retail sales rose to a 17-month high. Beyond China, EMs are capitalising on trans-shipment opportunities, firm commodity prices, a weakening US dollar, low inflation and resilient earnings growth.

The gazetting in South Africa of new information technology (IT) procurement rules in June means that government departments can finally access IT services without having to use the State Information Technology Agency (SITA). In other good news, the Financial Action Task Force (FATF) has made an initial determination that SA’s 22-point action plan is complete, granting SA an on-site assessment and paving the way for SA to be removed from the so-called grey list at the FATF’s October plenary. However, the Organisation for Economic Co-operation and Development note that Transnet and a general lack of reforms are causing SA to miss out on the commodity rally (“Q1.25 growth stalled at 0.1% qqsa as the ongoing incapacity at Transnet severely limits growth”). This was confirmed as mining production declined by a marked -7.7% y/y in April, following March’s -2.5% y/y contraction. Production faces a myriad of challenges, including heightened input costs, labour challenges, the effects of illegal mining and logistical bottlenecks. The pace of reforms will affect SA’s ability to break out of the 1% growth range.

The dollar is usually the beneficiary in times of fear, but it has not rallied with current geopolitical tensions. Rate cuts in Europe may end soon even as the Fed starts to cut, so the euro may find further short-term cyclical support relative to the dollar. Despite dollar weakness and global appetite for currency diversification, however, the euro is unlikely to deliver on its “reserve currency moment” for some time.

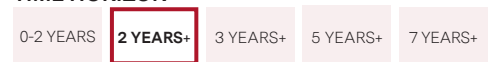
Overall, the global consumer remains in good shape, financial conditions have eased and US long-term inflation expectations are stable, so we still expect the US to avoid a recession. In addition, we expect the near-term fiscal thrust in Germany and China to be around 2% of GDP. However, markets are entering a precarious period in which geopolitical risk, trade fragmentation and supply shocks intersect.

A combination of domestic tailwinds, global supply chain realignment and policy flexibility is positioning EMs for stronger near-term performance. China’s cyclical rebound, coupled with opportunities in EM debt and equity, present a compelling case for diversified exposure in multi-asset portfolios. Global industrial metal prices are also benefiting from the rise in global defence spending, a further tailwind for commodities and emerging markets. We have switched some of our South African exposure to EMs given the better valuations, higher growth and greater diversification.

RISK PROFILE



TIME HORIZON



Fund performance

The Sygnia Enhanced Income Fund returned 2.5% for the quarter, outperforming its benchmark, the Short-Term Fixed Interest Index, which returned 1.9%.

The fund continues to position itself to maximise interest income, preserve capital and provide immediate liquidity to investors.

The three-month Jibar floating reference rate ended the quarter at 7.3%, following the repo rate lower. Long-dated (twelve-month) treasury bills and negotiable certificates of deposit were also lower, yielding 7.8% and 7.7% respectively (on a twelve-month forward-looking basis).

The Fed kept their policy rate unchanged at 4.25–4.5% for the fourth consecutive meeting. Core personal consumption expenditure for May came in at 2.7%, slightly higher than April’s 2.5% print. The market still anticipates two additional cuts before the end of the year. Despite heightened volatility, the US 10-year treasury yield ended the quarter flat at 4.2%.

In a unanimous decision, the South African Reserve Bank (SARB) Monetary Policy Committee voted to cut the repo rate by 25 bps to 7.25% at its May meeting. South African inflation remains subdued and well below the SARB’s midpoint target, with headline CPI printing at 2.8% in May, unchanged from April. South African nominal bonds had a strong quarter, with the benchmark R2035 yield rallying from 10.6% to just under 10% by the end of June.

Disclaimer

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Important information to consider before investing

Investment Objective & Strategy

The objective of this Sygnia Enhanced Income Fund is to outperform the returns on cash at a low level of volatility. This will be a multi-asset portfolio with the primary objective of producing a stable income stream and will invests in a wide spread of income-bearing investments in the equity, bond, money market and real estate markets. By bridging the gap between money market and bond funds, investors will gain access to term premium without having to take on interest rate risk. The fund will be multi-management, which is a new development in the income space. The fund will appoint external managers who will be mandated to assist in achieving the objectives of the portfolio. At the same time there will be an internal management of overall risk to ensure diversification limits are always in place. The combination will provide enhanced yield with reduced risk, at lower cost. The fund will be managed with prudential guidelines and maintain a max 10% equity exposure. Derivatives are allowed for efficient portfolio management.

Balancing Risk and Reward

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily an indicator of future performance. Unit trusts are traded at the ruling price and are allowed to engage in borrowing and scrip lending. 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. 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.

Foreign Securities

The fund may also invest in foreign securities, which may be exposed to macroeconomic, settlement, political, tax, reporting or illiquidity risk factors that may be different to similar investments in South African markets. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down.

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 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 Sygnia by 14:00 each business day to receive that day's price. The price shown is specific to this class. The fund size represents the portfolio size as a whole. Unit prices are updated by 10:00 every business day and are available on our website, www.sygnia.co.za.

Cumulative Investment Performance

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

Disclaimer

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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).

CAPE TOWN: 7th Floor, The Foundry, Cardiff Street, Green Point, 8001 T +27 21 446 4940

JOHANNESBURG: Unit 40, 6th Floor Katherine & West Building, West Street, Sandton, 2196 T +27 10 595 0550

DURBAN: Office 2, 2nd Floor Ridgeview, 1 Nokwe Avenue, Ridgeside, Umhlanga Ridge, 4319 T +27 31 001 0650

www.sygnia.co.za | info@sygnia.co.za

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

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