Sygnia Life Transnational Equity Fund

31 December 2025

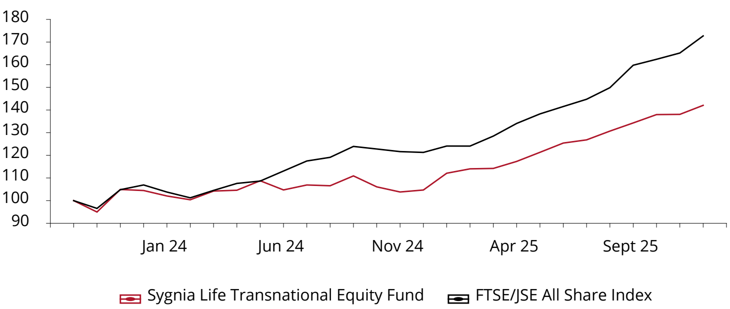
LOW	LOW MEDIUM	MEDIUM	MEDIUM HIGH	**HIGH**

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

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

Portfolio Manager	**Sygnia Life Limited**
Regulation 28	**Non-compliant**
Fund Launch Date	**11 September 2023**
Investment Objective	**The fund aims to provide investors with exposure to South African equity instruments that earn the majority of their revenue internationally.**
Legal Structure	**Linked Life Investment Fund available via Sygnia Life Policies**

Cumulative Investment Performance



Cumulative investment performance is for illustrative purposes only and is calculated using the NAV before any distributable income and management fee.

Sector Allocation as at December 2025

Model	*Weight*	*Allocation*
Financials	14.2%	
Resources	30.8%	
Industrials	52.1%	

Top 10 Equity Holdings as at December 2025

Asset	*Percentage*
BHP Group Ltd	10.0%
Compagnie Financière Richemont	10.0%
Prosus Ord Shs	9.8%
Anheuser-Busch InBev SA/NV	9.7%
British American Tobacco Plc	9.6%
MTN Group Ltd	7.7%
Glencore Ord Shs	6.4%
Anglo American Plc	4.3%
AngloGold Ashanti Ord Shs	3.8%
BID Corporation Ltd	3.5%

Performance Analysis

Periodic Performance	*Fund*	**BM*	*Difference*
1 Month	2.9%	4.6%	-1.7%
3 Months	5.8%	8.1%	-2.3%
6 Months	13.3%	22.0%	-8.7%
Year to Date	35.7%	42.4%	-6.7%
1 Year	35.7%	42.4%	-6.7%
Since Inception	16.9%	21.6%	-4.7%

**FTSE/JSE All Share Index*

Historical Performance

	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Year*
2023										-5.0%	10.5%	-0.4%	4.5%
2024	-2.3%	-1.6%	3.8%	0.4%	4.0%	-3.7%	2.1%	-0.3%	4.1%	-4.4%	-2.1%	0.8%	0.2%
2025	7.1%	1.7%	0.2%	2.7%	3.4%	3.4%	1.1%	3.1%	2.8%	2.7%	0.1%	2.9%	35.7%

Since inception performance figures are available on request.

Risk Statistics

	Fund	^BM
% Positive Months	70.4%	74.1%
% Negative Months	29.6%	25.9%
Best Month	10.5%	8.6%
Worst Month	-5.0%	-3.4%
Avg Negative Return	-2.5%	-1.6%
Maximum Drawdown	-6.4%	-5.3%
Standard Deviation	11.8%	9.6%
Downside Deviation	6.0%	4.7%

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

Fees

Initial Fee	0.00% (Sep 2025)
Management Fee	0.43% (Sep 2025)

Sygnia Life Transnational Equity Fund

Fund commentary

Minimum disclosure document (MDD)

4th 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

Global markets delivered impressive returns in 2025, with the dramatic 10% decline in the US dollar emerging as the defining force across asset classes. The greenback's weakest annual performance since 2017, driven largely by President Trump's punitive tariff regime, reshaped investment outcomes and created significant divergence between dollar-based and local currency returns.

The S&P 500 posted a 16% gain in dollar terms, supported by three additional Federal Reserve rate cuts totalling 75 basis points and by ongoing enthusiasm around artificial intelligence (AI) investments. While market leadership broadened modestly beyond mega-cap technology stocks, companies at the forefront of the AI revolution remained the primary drivers of performance.

Currency movements told a different story for domestic investors, however. The rand's 14% appreciation against the dollar significantly reduced US equity returns to just 2.2% in South African currency terms, highlighting the material impact of foreign exchange fluctuations on investment outcomes.

The real winners in 2025 were commodity-linked and emerging market (EM) assets. Gold and silver recorded their strongest annual gains since 1979, while copper surged by the most in a decade. This commodity rally propelled the FTSE/JSE Capped All Share Index to an exceptional 43% return, marking a standout year of domestic asset outperformance. The JSE All Bond Index gained 24.2%, the second consecutive year of strong double-digit returns for South African bonds.

EMs broadly benefitted from dollar weakness, with the MSCI Emerging Markets Index returning 17.3% in rand terms, outperforming the MSCI World Index by 11 percentage points.

The Federal Reserve cut rates by 25 basis points in December 2025, bringing the federal funds rate to 3.5–3.75%. While equity markets responded positively, reaching new all-time highs, Chair Jerome Powell's accompanying statement suggested limited additional easing ahead. The Fed's language describing policy as "appropriately positioned" mirrors the phrasing that preceded a nine-month pause in 2024. With inflation still running near 3% and Powell's term extending through May 2026, the central bank appears set to hold rates steady until at least mid-year. Markets are currently pricing in a potential cut in April or June, followed by another in September, while the Fed's own projections suggest just one cut for the entire year.

However, a significant wildcard is Powell's anticipated replacement by Kevin Hassett, who is viewed as more aligned with the Trump administration. Hassett has indicated he sees no tariff-related threat to the Fed's 2% inflation target, potentially opening the door to more aggressive rate cuts than currently anticipated.

This environment is expected to support a stronger dollar in the first half of 2026 before it weakens again and equity volatility increases as expectations adjust. Fixed income yields are likely to remain attractive at the front end of the curve, while longer-dated bonds may face pressure as tariff-driven inflation concerns filter through the market.

A further wildcard is Trump's proposed signature "Freedom Cheque" initiative, which represents approximately $300 billion in annual direct payments to working-class households, equivalent to 1% of GDP. Pending Congressional approval for a first-quarter 2026 rollout, this stimulus could push economic growth to 3.0–3.5%, well above the consensus estimate of 2.4%. With consumer spending being 70% of GDP, the program represents substantial demand stimulus. The fiscal implications are considerable. The US budget deficit could expand to 7.5% of GDP, and inflation may accelerate by 0.5–1 percentage point. With debt-to-GDP approaching 100%, concerns about fiscal sustainability are intensifying. Powell has already signalled that the Fed will not accommodate excessive fiscal stimulus, setting up potential policy tension later in the year.

US growth equities have reached extraordinary valuation levels by historical standards. The Shiller CAPE ratio, which adjusts for economic cycles, is at record highs and now exceeds levels seen in the dot-com bubble. Historical data suggest that after such valuation peaks, 10-year returns typically average just 0–3%. These elevated valuations increase the likelihood of heightened volatility and suggest the need for diversification and tempered return expectations.

While US markets trade at stretched valuations, EMs offer compelling alternatives. Trading at a CAPE ratio of just 13, EMs present the most attractive global valuations. Several factors support the case for EM exposure: many countries serve as critical links in the semiconductor supply chain benefitting from AI deployment; Chinese companies continue capturing global market share, particularly from European competitors; and commodity producers stand to benefit from AI data centre infrastructure buildouts and increased global defence spending.

European equities, trading at a CAPE ratio of 18, appear attractive on a relative basis but face structural challenges. Europe's productivity growth lags the US, Germany has continued to lose market share to China as infrastructure stimulus remains delayed, and France faces political gridlock. We generally prefer European bonds over equities given these headwinds.

We remain overweight equities through EM and South African equity exposure. We are underweight developed market bonds, particularly US Treasuries, offset by overweight positions in local currency EM bonds, which are expected to benefit from falling EM inflation and a weaker dollar environment.

Despite a constructive outlook, significant risks warrant monitoring. Geopolitical tensions are escalating between the US and Venezuela and between China and Japan, while prospects for a Russia-Ukraine peace deal remain uncertain. Tariff-driven inflation could force markets to reprice Federal Reserve rate cut expectations. Combined with elevated valuations and geopolitical uncertainty, we are bracing for heightened volatility throughout 2026.

The year ahead promises both opportunity and challenge as diverging growth dynamics, shifting monetary policy and stretched valuations create a complex environment for portfolio management. Geopolitics, fiscal stimulus and inflation expectations are likely to remain key themes as markets navigate this evolving landscape.

Fund performance

The Sygnia Life Transnational Equity Fund delivered 5.7% for the quarter, below its benchmark, the FTSE/JSE All Share. The fund benefitted from exposure to MTN Group Ltd, Compagnie Financiere Richemont SA and Glencore PLC, while its exposure to Prosus NV, Naspers Ltd and Mondi PLC detracted from performance.

There were no changes to the tracked index's constituents over the period.

Remaining committed to its core investment objective, the fund continues to pursue sustained long-term capital growth by strategically investing in stocks with substantial international revenue streams.

Important information to consider before investing

Investment Objective & Strategy

The Sygnia Life Transnational Equity Fund is a unique investment vehicle designed for South African investors who are limited by regulation from investing more than a specific amount offshore. The fund is actively managed and primarily invests in JSE-listed equities that have a predominantly offshore revenue exposure, providing investors with exposure to diversified global growth opportunities. This can be a valuable asset for investors who are concerned about the potential for South African growth to stagnate.

Balancing Risk and Reward

The Sygnia Life Transnational Equity Fund targets an overall 100% allocation to a concentrated selection of South African equities and has a high risk profile. It is a suitable investment for investors seeking higher returns who are willing to tolerate higher volatility and aim to maximise capital accumulation over a longer-term time horizon. Given the specialist nature of the fund, it should be used as part of a broadly diversified investment strategy rather than as a sole equity investment.

Fees

Sygnia charges an annual management fee comprised of applicable basic fees paid to underlying managers and Sygnia's annual service fee.

Sygnia Life has agreed performance fees with certain of the underlying managers. These performance fees are designed to encourage and reward performance by the investment manager in excess of agreed performance benchmarks with the objective of enhancing the overall portfolio returns and increasing the likelihood of the portfolio achieving its return objectives.

Fees are quoted exclusive of performance fees. To the extent that the fund is invested in underlying hedge funds or international fund of funds it may result in a higher fee structure. Fees charged by underlying managers are treated as an expense of the account.

Sygnia does not provide advice and therefore does not charge advice fees. If a financial planner is appointed, initial and ongoing advice fees may be payable as agreed upon between you and your financial advisor. The payments of these fees are facilitated by the Linked Investment Service Provider (LISP) and not directly by Sygnia.

Disclaimer

Product provider and manager:
The Sygnia Group is a member of the Association for Savings and Investment SA. Sygnia Life Limited is an authorised financial services provider (FSP 2935) and licensed linked insurer (I197). Sygnia Asset Management (Pty) Limited is an authorised financial services provider (FSP 873) and is the appointed investment manager of the Fund.

Linked policies:
The policy benefits of the linked policies are determined solely on the value of the assets or categories of assets to which the policies are linked. The value of investments may go down as well as up.

Performance:
Past performance is not necessarily a guide to future performance. Performance is based on NAV-to-NAV calculations, with income reinvestments done on the ex-div date. Performance is calculated for the portfolio, and individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax.

Guarantee:
The Manager does not provide any guarantee with respect to either the capital or the return of the portfolio.

Other risks:
The fund may from time to time invest in foreign countries and may therefore have risks regarding liquidity, the repatriation of funds, political and macro-economic situations, foreign exchange, tax, settlement and the availability of information.

General:
The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates.

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