

# Sygnia Top 40 Index Fund

## Minimum Disclosure Document (MDD)

### Class A

South African - Equity - SA Equity

31 December 2025

Portfolio Managers	Steven Empedocles, Wynand Kok
Regulation 28	Non-Compliant
Fund Launch Date	30 May 2013
Class Launch Date	14 November 2013
Fund Size	R 627.00 Million
Unit Price	261.31
Units in Issue	218,355,745.00

#### Investment Objective

#### Income Distribution

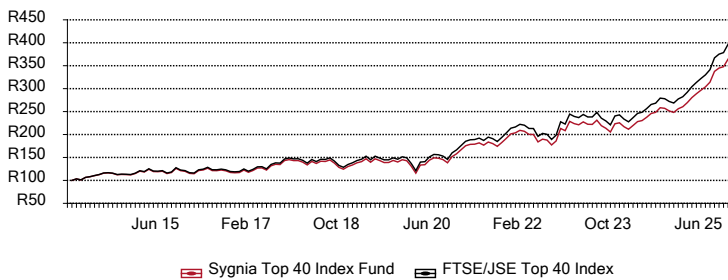
#### Trustees

The fund aims to deliver performance in line with the returns of the FTSE/JSE Top 40 Index Bi-annually (September and March)  
Payment: 1 Apr 2025 - 1.53 cents per unit  
Payment: 1 Oct 2025 - 3.82 cents per unit  
Standard Bank Trustees (021 441 4100)

### Cumulative Investment Performance

Growth of R100 invested on 30 November 2013

Investment: R364.31  
Benchmark: R396.70



### Performance Analysis

Periodic Performance	Fund	*BM	Difference
1 Month	4.7%	4.8%	0.0%
3 Months	7.9%	8.1%	-0.1%
6 Months	22.9%	23.2%	-0.3%
Year to Date	46.8%	47.7%	-0.9%
1 Year	46.8%	47.7%	-0.9%
**3 Years	20.5%	21.2%	-0.7%
**5 Years	18.2%	19.0%	-0.8%
**Since Inception	11.3%	12.1%	-0.8%

Performance as calculated by Sygnia Asset Management as at reporting date

\*FTSE/JSE Top 40 Index

\*\*Annualised performance figures

### Sector Allocation as at Dec 2025

Sector	Percent	Allocation
Financials	33.0%	
Industrials	32.3%	
Resources	30.2%	
Liquidity	0.0%	

### Top 10 Holdings as at Dec 2025

Asset	Percentage
Naspers Limited Ord Shs Class N	11.2%
Gold Fields Ord Shs	8.6%
AngloGold Ashanti Ord Shs	6.7%
Firststrand Ord Shs	6.2%
Standard Bank Group Ord Shs	5.1%
Capitec Ord Shs	4.8%
Valterra Platinum Ord Shs	4.4%
MTN Group Ord Shs	4.0%
Prosus Ord Shs Class N	3.2%
Impala Platinum Ord Shs	2.8%

### Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	5.6%	5.2%	1.7%	0.2%	1.6%	-2.7%	3.8%	-1.9%	-3.3%	4.8%	5.0%	5.0%	27.4%
2022	1.2%	2.7%	-1.0%	-3.3%	-0.1%	-8.1%	3.3%	-1.1%	-5.6%	4.9%	14.6%	-2.2%	3.5%
2023	9.7%	-2.1%	-1.1%	2.9%	-2.3%	-0.1%	4.1%	-5.2%	-2.6%	-3.8%	8.7%	0.9%	8.2%
2024	-3.8%	-2.6%	3.9%	3.9%	1.0%	3.1%	3.5%	1.0%	4.0%	-0.5%	-2.2%	-1.3%	10.0%
2025	3.2%	1.7%	3.5%	4.0%	3.0%	2.7%	2.5%	3.4%	7.5%	2.2%	0.9%	4.7%	46.8%

### Risk Statistics

	Fund	BM
% Negative Months	36.7%	35.0%
Avg Negative Return	-2.6%	-2.6%
Maximum Drawdown	-15.2%	-14.8%
Standard Deviation	13.7%	13.7%
Downside Deviation	6.6%	6.5%
Highest Annual Return: Jan 2025 - Dec 2025	46.8%	47.7%
Lowest Annual Return: Mar 2023 - Feb 2024	-5.5%	-4.9%

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

### Fees

Management Fee	0.37% **
Other costs	0.03% **
VAT	0.06%
Total Expense Ratio (TER)	0.47% (Dec 2025)
Transaction Costs (TC)	0.15% (Dec 2025)
Total Investment Charge (TIC)	0.61% (Dec 2025)

\*\*Fees are exclusive of VAT

# Sygnia Top 40 Index Fund

## Fund commentary

Minimum disclosure document (MDD)  
Class A  
South African - Equity - SA General

4th Quarter 2025

### 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.

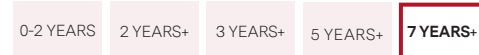
Despite a constructive outlook, significant risks warrant monitoring. Geopolitical tensions are escalating between the US and Venezuela and between China and Japan, while prospects for a Russia-Ukraine peace deal remain uncertain. Tariff-driven inflation could force markets to reprice Federal Reserve 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.

### RISK PROFILE



### TIME HORIZON



### Fund performance

The Sygnia Top 40 Index Fund delivered 7.9% for the quarter, marginally below its benchmark, the FTSE/JSE Top 40 Index. The fund benefitted from exposure to AngloGold Ashanti PLC, Standard Bank Group Ltd and FirstRand Ltd, while its exposure to Naspers Ltd, Prosus NV and Mr Price Group Ltd detracted from performance.

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

The fund remains true to its investment objective of delivering returns that mirror those of the FTSE/JSE Top 40 Index.

### Disclaimer

Sygnia Collective Investments RF (Pty) Ltd is incorporated and registered under the law of South Africa and is registered under the Collective Investment Schemes Control Act, 2002 (Act No 45 of 2002). The company does not provide any guarantee with respect to the capital or return of the portfolio. Nothing in this document will be considered to state or imply that the collective investment scheme or portfolio is suitable for a particular type of investor.

# Important information to consider before investing

## Investment Objective & Strategy

The Sygnia Top 40 Index Fund aims to replicate the performance achieved by the FTSE/JSE Top 40 Index (J200T) by buying constituent securities at the same weighting as they are included in the Index. This passively managed general equity fund is managed with the objective of delivering returns in line with its benchmark and constructed so as to match the constituents of the index as closely as possible. The fund will be managed with prudential guidelines and invest in a minimum of 80% of equities at all times. Only derivative Futures will be allowed for efficient portfolio management.

## Balancing Risk and Reward

The Sygnia Top 40 Index 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. 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.

The recommended investment term for investors in the Sygnia Top 40 Index Fund is a minimum of five years. The Fund has a 100% strategic allocation to South African equities. The risk is managed by spreading investments across sectors and individual shares. However, the structure of the Fund is dictated by the composition of the FTSE/JSE Top 40 Index. Equity markets are volatile and the price of equities fluctuate based on a number of factors such as changes in the economic climate, general movements in interest rates and the political and social environment which will also affect the value of the securities held in the unit trust, thereby affecting the overall value of the unit trust. There are regulations in place which limit the amount that a unit trust may invest in securities, thereby spreading the risk across securities, asset classes and companies. The fund may also be exposed to 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.

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.

## 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](http://www.sygnia.co.za).

## 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](mailto:admin@sfs.sygnia.co.za) or 0860 794 642 (0860 SYGNIA).