

# Sygnia Skeleton Balanced 40 Fund

Minimum Disclosure Document (MDD)

Class A

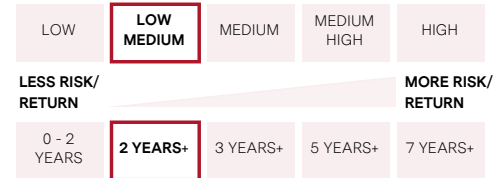
South African - Multi-Asset - Low Equity

28 February 2026

Portfolio Managers	Anton Swanepoel, Bashaarit Khan
Regulation 28	Compliant
Fund launch date	15 January 2014
Class Launch Date	31 March 2014
Fund Size	R 2 354.00 Million
Unit Price	169.54
Units in Issue	1,384,551,456.00

Investment Objective

**LOW MANAGEMENT FEES AT 0.40%**



The fund aims to maximise returns by investing in multiple asset classes while maintaining a low level of risk

Income Distribution

Bi-annually (September and March)  
 Payment: 1 Oct 2025 - 4.33 cents per unit  
 Payment: 1 Apr 2025 - 4.24 cents per unit

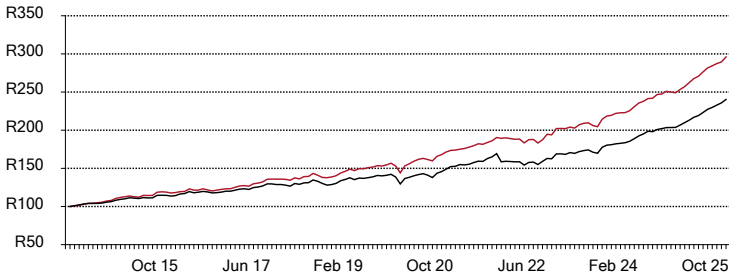
Trustees

Standard Bank Trustees (021 441 4100)

## Cumulative Investment Performance

Growth of R100 invested on 31 March 2014

Investment: R296.01  
 Benchmark: R240.27



■ Sygnia Skeleton Balanced 40 Fund ■ Median of South African - MA - Low EQ Category

## Performance Analysis

Periodic Performance	Fund	*BM	Difference
1 Month	2.3%	1.9%	0.4%
3 Months	4.1%	4.5%	-0.5%
6 Months	9.3%	9.6%	-0.3%
Year to Date	3.0%	3.2%	-0.2%
1 Year	18.4%	18.0%	0.4%
**3 Years	13.5%	12.4%	1.1%
**5 Years	11.3%	9.5%	1.7%
**Since Inception	9.5%	7.6%	1.9%

Performance as calculated by Sygnia Asset Management as at reporting date

\*Median of South African - Multi-Asset - Low Equity Category

\*\*Annualised performance figures

## Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	0.5%	1.2%	0.3%	0.1%	1.1%	2.3%	2.1%	1.0%	1.5%	0.2%	2.0%	0.3%	13.3%
2025	1.4%	-0.4%	-0.4%	1.7%	1.5%	2.0%	2.0%	1.1%	2.1%	1.9%	1.0%	1.0%	16.1%
2026	0.7%	2.3%											3.0%

## Risk Statistics

	Fund	BM
% Negative Months	21.7%	21.7%
Avg Negative Return	-0.9%	-1.2%
Maximum Drawdown	-3.7%	-8.9%
Standard Deviation	4.8%	5.4%
Downside Deviation	2.9%	6.0%
Highest Annual Return: Mar 2025 - Feb 2026	18.4%	18.0%
Lowest Annual Return: Oct 2021 - Sep 2022	1.0%	-2.5%

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

## Asset Allocation as at 31 December 2025

Asset Class	Percentage	Allocation
Domestic Equities	14.5%	
Domestic Property	1.2%	
Domestic Bonds	24.9%	
Domestic Income	20.0%	
Domestic Money Market	8.3%	
International Equities	23.0%	
International Fixed Interest	4.6%	
International Cash	3.4%	

## Manager Allocation as at 31 December 2025

Manager	Percentage
Sygnia Asset Management	74.0%
BlackRock Investment Management	14.7%
Ashburton Investments	1.6%
Other	9.7%

## Fees

Initial Fee	0.00% **
Management Fee	0.35% **
Performance Fee	N/A
Other costs	0.02% **
VAT	0.06%
Total Expense Ratio (TER)	0.42% (Dec 2025)
Transaction Costs (TC)	0.03% (Dec 2025)
Total Investment Charge (TIC)	0.46% (Dec 2025)

\*\*Fees are exclusive of VAT

# Sygnia Skeleton Balanced 40 Fund

## Fund commentary

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South African - Multi-Asset - Low Equity

4th Quarter 2025

### RISK PROFILE



### TIME HORIZON



### 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 Skeleton Balanced 40 Fund returned 3.9% for the quarter, with its strategic benchmark which returning 4.3%.

Global markets closed out the fourth quarter of 2025 against a backdrop of diverging growth dynamics and a notably weaker US dollar. President Trump's punitive tariff regime disrupted global trade flows, while the resulting 4% decline in the US dollar over the quarter provided a significant tailwind for non-USD assets. The MSCI World Index returned -1% in rand terms, while Emerging markets benefited from the weaker US dollar, with the MSCI Emerging Markets Index rising 0.6% over the quarter. These developments resulted in a -0.8% return (in ZAR) for the MSCI All Country World Index over the quarter. Global bonds—measured by the Bloomberg Barclays Global Aggregate Bond Index—declined by 5% in rand terms.

Gold and silver recorded their strongest annual gains since 1979, while copper rose by the most in a decade. This commodity-led momentum propelled the FTSE/JSE Capped SWIX Index, generating a return of 8.9% for the quarter, bringing the 12-month return to 42.6%.

The fund's positioning is in line with its investment objective of maximising long-term returns managing the risk of short-term capital losses and maintaining a low level of overall risk

### 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 and Strategy

The Sygnia Skeleton Balanced 40 Fund is a South African - Multi Asset Low Equity portfolio and shall comprise of investments in multiple asset classes, which may also include international assets. The effective equity exposure (including foreign equities but excluding listed property shares) will always be below 40%. The Portfolio will not exceed a combined foreign and domestic equity exposure of 40% (excluding listed property). The Portfolio will not exceed listed property exposure of 25%. The Portfolio will not exceed a combined equity and property exposure of 65%.

### Balancing Risk and Reward

The Fund has an overall 40% allocation to South African and global equities and has a low to medium risk profile. It is a highly suitable vehicle for long-term retirement funds seeking conservative strategies. It is also suited to individual investors seeking to maximise their long-term returns in a risk-controlled manner. The strategy complies with Regulation 28 of the Pension Funds Act, so is suitable for investors in retirement annuities, preservation, pension and provident funds.

The recommended investment term for investors in the Fund is a minimum of two years. The risk is managed by spreading investments across asset classes, which deliver uncorrelated returns over time. This ensures diversification of sources of returns over market cycles. Tactical asset allocation is used to take advantage of short-term mispricing opportunities in the market in an efficient and cost-effective manner and as a risk management tool in times of market downturns. 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. This may impact on liquidity and in the case of foreign securities, the repatriation of funds. The Fund may also be exposed to credit risk where an issuer of a non-equity security may not be able to make interest payments or repay the capital. This will impact the value of the Fund. Regulations also limit the amount a unit trust may be exposed to each issuer, thereby spreading the risk across various 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. 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.

### 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.

### 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](http://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 (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](mailto: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](http://www.sygnia.co.za) | [info@sygnia.co.za](mailto:info@sygnia.co.za)

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