

Sygnia Enhanced All Bond Fund

Minimum Disclosure Document (MDD)

Class A

South African - Interest Bearing - Variable Term

28 February 2026



Portfolio Managers	Nikita Hadskins, Anrich de Jager
Regulation 28	Non-Compliant
Fund launch date	17 July 2019
Class Launch Date	26 August 2019
Fund Size	R 3 053.00 Million
Unit Price	110.95
Units in Issue	666 772 260

Investment Objective

The fund aims to outperform the JSE All Bond Composite Index

Income Distribution

Bi-annually (September and March)

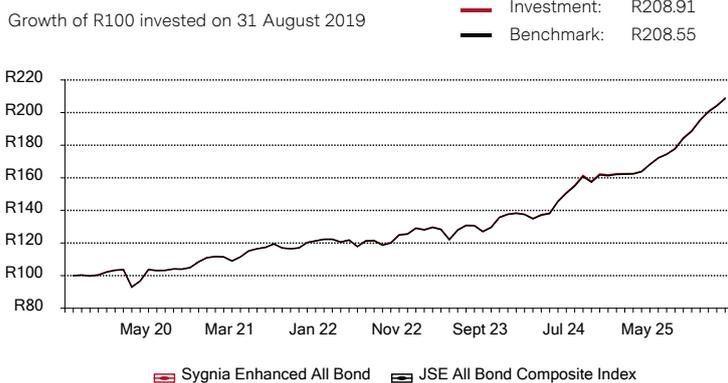
Payment: 1 Apr 2025 - 4.38 cents per unit

Payment: 1 Oct 2025 - 4.38 cents per unit

Trustees

Standard Bank Trustees (021 441 4100)

Cumulative Investment Performance



Maturity Profile

Maturity Band	Percentage	Allocation
1-3 Years	4.3%	
3-7 Years	25.2%	
7-12 Years	27.3%	
> 12 Years	43.2%	

Performance Analysis

Periodic Performance	Fund	*BM	Difference
1 Month	2.2%	2.2%	0.0%
3 Months	6.8%	6.9%	0.0%
6 Months	17.4%	17.4%	0.1%
Year to Date	4.0%	4.0%	0.0%
1 Year	28.5%	28.6%	-0.1%
3 Years	17.7%	17.7%	0.0%
5 Years	13.4%	13.4%	0.0%
Since Inception	12.0%	12.0%	0.0%
Gross Current Yield	8.4%		

Performance as calculated by Sygnia Asset Management as at reporting date

*JSE All Bond Composite

**Annualised performance figures

Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2022	0.8%	0.9%	0.0%	-1.4%	1.0%	-3.2%	3.0%	0.2%	-2.3%	1.2%	4.0%	0.4%	4.5%
2023	2.8%	-0.7%	1.2%	-1.0%	-4.9%	4.8%	2.2%	-0.1%	-2.8%	2.1%	4.7%	1.4%	9.6%
2024	0.5%	-0.5%	-1.9%	1.8%	0.6%	5.3%	3.5%	3.0%	3.9%	-2.2%	2.8%	-0.3%	17.5%
2025	0.4%	0.1%	0.0%	0.8%	2.7%	2.4%	1.3%	1.9%	3.7%	2.4%	3.5%	2.7%	24.1%
2026	1.8%	2.2%											4.0%

Risk Statistics

	Fund	BM
% Negative Months	25.0%	26.7%
Avg Negative Return	-1.7%	-1.6%
Maximum Drawdown	-5.8%	-5.8%
Standard Deviation	7.4%	7.4%
Downside Deviation	4.5%	4.6%
Highest Annual Return: Mar 2025 - Feb 2026	28.5%	28.6%
Lowest Annual Return: Jun 2022 - May 2023	0.3%	0.2%

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% **
Management Fee	0.35% **
Performance Fee	N/A
Other costs	0.01% **
VAT	0.05%
Total Expense Ratio (TER)	0.41% (Dec 2025)
Transaction Costs (TC)	0.02% (Dec 2025)
Total Investment Charge (TIC)	0.43% (Dec 2025)

** Fees are exclusive of VAT

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Fund commentary

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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 Enhanced All Bond Fund delivered 8.8% over the quarter, in line with the JSE All Bond Composite Index (ALBI), while remaining duration-neutral relative to the index.

The modified duration of the fund was higher at 6.4 years, in line with the modified duration of the ALBI.

During the quarter, the R186 (RSA) was replaced with the R188 (RSA). The short end (1–3-year bucket) significantly underperformed the long end of the curve (12+ year bucket) in 2025, returning 10% and 31.2% respectively as the yield curve flattened. The R2053 was the best-performing government bond during the year, producing an incredible 34.7% return over twelve months.

Global bond markets enjoyed a strong rebound in 2025 as monetary policy continued to ease across developed and emerging market countries. The Federal Reserve's December rate cut to 3.75% brought total easing for the year to 75 bps as inflation settled lower and no recession occurred. Despite heightened volatility, US Treasury yields ended the year lower at 4.2%, down from 4.6% in January, as investors embraced the prospect of easier financial conditions. The World Government Bond Index surged 7.5% in US dollar terms over 12 months. Although the US government shutdown led to delays in several data prints, US headline inflation came in at 2.7% for November, still well above the Fed's target but lower than earlier in the year.

Domestically, South African bonds delivered a standout performance, supported by a friendlier domestic policy backdrop and improving sentiment to emerging markets. The South African Reserve Bank cut the repo rate to 6.75% in November, driving SA rates lower. The benchmark R2035 yield dropped sharply in 2025 to 8.2% (from 10.3% in January), with the All Bond Index delivering a remarkable 24.3% return for the year. Inflation-linked bonds also performed well, with the CILI rising 15.4%, while cash returns were comparatively muted at 7.4%, with investors rewarded for taking on duration risk. The rand also strengthened 12.2% against the US dollar, signalling renewed optimism in South Africa's and other emerging markets' macro stability heading into 2026.

Disclaimer

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Important information to consider before investing

Investment Objective & Strategy

The investment objective of the Sygnia Enhanced All Bond Fund is to outperform the JSE All Bond Composite Index (ALBI). This actively managed fixed income portfolio will aim to offer investors access to a selection of South African fixed rate bonds. The underlying investments are selected based on yield offered by South African corporates, banks, government, and State-Owned Enterprises. Consideration is given to the composition of the JSE All Bond Composite Index. Derivatives are allowed for efficient portfolio management.

Balancing Risk and Reward

The Sygnia Enhanced 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 Enhanced 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 (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).

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