

Sygnia Enhanced Income Fund

Minimum Disclosure Document (MDD)

Class A

South Africa - Multi-Asset - Income

28 February 2026

Portfolio Managers	Nikita Hadskins, Anrich de Jager
Regulation 28	Compliant
Fund Launch Date	27 December 2018
Class Launch Date	10 January 2019
Fund Size	R 5 410.00 Million
Unit Price	101.51
Units in Issue	4 385 329 035

Investment Objective

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

Income Distribution

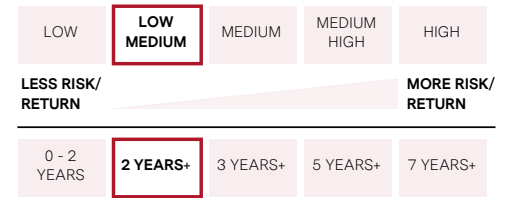
Monthly

Payment: 1 Feb 2026 - 1.22 cents per unit

Payment: 1 Jan 2026 - 0.42 cents per unit

Trustees

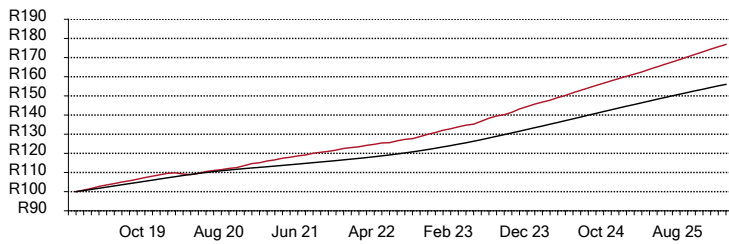
Standard Bank Trustees (021 441 4100)



Cumulative Investment Performance

Growth of R100 invested on 31 January 2019

Investment: R176.87
Benchmark: R156.01



■ Sygnia Enhanced Income Fund ■ STeFI Index

Performance Analysis

Periodic Performance	Fund	*BM	Difference
1 Month	0.7%	0.5%	0.2%
3 Months	2.2%	1.6%	0.6%
6 Months	4.6%	3.4%	1.2%
Year to Date	1.4%	1.1%	0.4%
1 Year	9.6%	7.2%	2.4%
**3 Years	10.0%	7.9%	2.1%
**5 Years	8.8%	6.7%	2.1%
**Since Inception	8.4%	6.5%	1.9%
***Gross Current Yield	8.8%		

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
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%	0.8%	0.8%	0.8%	0.8%	9.7%
2026	0.7%	0.7%											1.4%

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	0.7%	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%

Asset Allocation - as at 31 Dec 2025

Asset	Percent	Allocation
Domestic Bonds	74.2%	
Domestic Money Market	20.2%	
International Fixed Interest	4.8%	
International Cash	0.8%	

Manager Allocation - as at 31 Dec 2025

Manager	Percentage
Sygnia Asset Management	40.0%
Aluwani Capital Partners	20.0%
Matrix	20.0%
Ninety One	12.1%
Ashburton Investments	4.2%
Taquanta Asset Management	3.7%

Fees

Initial Fee	**
Management Fee	0.65% **
Performance Fee	N/A
Other costs	0.01% **
VAT	0.10%
Total Expense Ratio (TER)	0.76% (Dec 2025)
Transaction Costs (TC)	0.00% (Dec 2025)
Total Investment Charge (TIC)	0.76% (Dec 2025)

**Fees are exclusive of VAT

Sygnia Enhanced Income Fund

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 Income Fund returned 2.3% for the quarter, outperforming its benchmark, the Short-Term Fixed Interest Index, which returned 1.7%

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 6.75%, following the repo rate lower. Long-dated (twelve-month) treasury bills and negotiable certificates of deposit were also lower, yielding 7.2% and 7.1% respectively (on a twelve-month forward-looking basis).

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 slowly trickled 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, reflecting solid gains across major developed markets. Although the US government shutdown led to delays in several data prints, US headline inflation came in 2.7% for November, still well above the Fed's target but lower than earlier in the year.

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 during 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 CILl rising 15.4%, while cash returns were comparatively muted at 7.4% as investors were rewarded for taking on duration risk. The rand strengthened by 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 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 invest 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 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.

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

The fund may be closed to new investments at any time in order to be managed in accordance with its mandate. Sygnia Collective Investments RF (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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Registration No. 2009/003063/07

A member of the Association for Savings & Investments SA

Minimum Disclosure Document - Issue Date: 05 Mar 2026

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