

# Sygnia Skeleton Balanced 60 Fund

## Minimum Disclosure Document (MDD)

### Class A

South African - Multi-Asset - Medium Equity

28 February 2025

Portfolio Managers **Iain Anderson; Kyle Hulett**  
Regulation 28 **Compliant**  
Fund launch date **15 January 2014**  
Class Launch Date **29 May 2014**  
Fund Size **R 2 203.00 Million**  
Unit Price **164.86**  
Units in Issue **1,332,853,225.00**

Investment Objective

Income Distribution

Trustees

## LOW MANAGEMENT FEES AT 0.40%



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

Bi-annually (September and March)

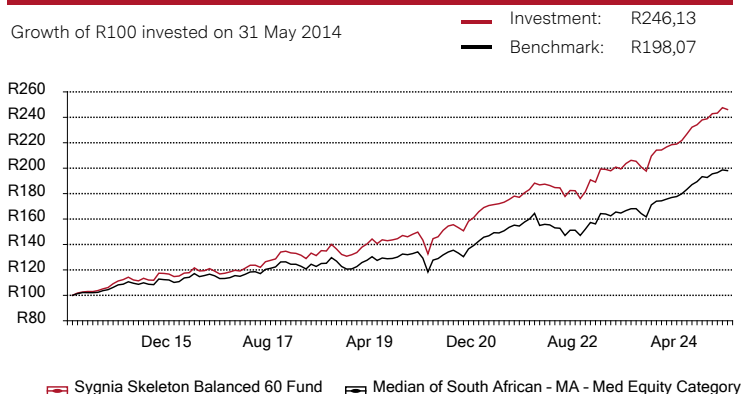
Payment: 1 Oct 2024 - 3.99 cents per unit

Payment: 1 Apr 2024 - 3.14 cents per unit

Standard Bank Trustees (021 441 4100)

### Cumulative Investment Performance

Growth of R100 invested on 31 May 2014



### Performance Analysis

Periodic Performance	Fund	*BM	Difference
1 Month	-0.6%	-0.3%	-0.3%
3 Months	1.3%	1.3%	0.1%
6 Months	5.1%	4.6%	0.5%
Year to Date	1.2%	0.8%	0.3%
1 Year	13.6%	12.7%	0.9%
**3 Years	9.5%	8.3%	1.2%
**5 Years	11.4%	8.9%	2.5%
**Since Inception	8.7%	6.6%	2.2%

Performance as calculated by Sygnia Asset Management as at reporting date

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

\*\*Annualised performance figures

### Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	2.8%	2.0%	1.0%	0.4%	0.4%	0.7%	1.2%	1.5%	-0.5%	2.0%	1.4%	2.7%	16.8%
2022	-0.7%	0.3%	-0.6%	-0.9%	-0.1%	-3.7%	2.6%	-0.1%	-3.4%	3.0%	5.1%	-0.9%	0.4%
2023	5.4%	-0.2%	-0.6%	1.5%	-0.7%	2.1%	1.2%	-0.4%	-2.2%	-1.6%	6.0%	2.2%	13.3%
2024	0.0%	1.1%	0.8%	0.2%	1.3%	2.3%	2.3%	0.8%	1.6%	0.4%	1.7%	0.2%	13.6%
2025	1.8%	-0.6%											1.2%

### Risk Statistics

	Fund	BM
% Negative Months	31.7%	31.7%
Avg Negative Return	-1.5%	-1.8%
Maximum Drawdown	-7.6%	-10.6%
Standard Deviation	8.5%	8.6%
Downside Deviation	6.2%	7.5%
Highest Annual Return: Apr 2020 - Mar 2021	28.7%	24.1%
Lowest Annual Return: Oct 2021 - Sep 2022	-0.6%	-4.8%

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

### Asset Allocation

Asset Class	Percentage	Allocation
Domestic Equities	29.8%	
Domestic Property	1.3%	
Domestic Bonds	15.5%	
Domestic Income	11.6%	
Domestic Money Market	12.3%	
International Equities	22.2%	
International Fixed Interest	3.0%	
International Property	1.6%	
International Cash	2.7%	

### Manager Allocation

Manager	Percentage
Sygnia Asset Management	69.8%
Taquanta Asset Management	13.2%
BlackRock Investment Management	11.0%
Ashburton Investments	1.7%
Other	4.2%

### Fees

Initial Fee	0.00% **
Management Fee	0.35% **
Performance Fee	N/A
Other costs	0.04% **
VAT	0.06%
Total Expense Ratio (TER)	0.45% (Dec 2024)
Transaction Costs (TC)	0.04% (Dec 2024)
Total Investment Charge (TIC)	0.49% (Dec 2024)

\*\* Fees are exclusive of VAT

# Sygnia Skeleton Balanced 60 Fund

## Fund commentary

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4th Quarter 2024

### RISK PROFILE



### TIME HORIZON



### Market performance

The final quarter of 2024 was largely shaped by the election of Donald Trump as US president for a second term, triggering a rally in US risk assets. Both the S&P 500 and Nasdaq indices reached all-time highs in early December, while robust economic data allowed Federal Reserve Chairman Jerome Powell to cut interest rates by 25 basis points (bps) for the third time in 2024. However, Powell's hawkish comments on inflation unsettled markets, leading the tech-heavy Nasdaq Composite to fall 3.6% following the announcement – its worst performance on a Fed decision day since March 2001. Meanwhile, the small-cap Russell 2000 Index dropped 4.4%, marking its worst-ever performance on a Fed decision day. Bond yields responded negatively to the comments, with the yield on the 10-year US Treasury bond rising above 4.6%. The market is now only pricing 50 bps of cuts over the next year, down from earlier expectations of 175 bps.

Despite this volatility, the S&P 500 Index gained 12.4% in ZAR terms for the quarter and 27.2% for the full year, following a 26.3% return in 2023, underscoring the resilience of US equities. The MSCI All Country World Index increased by 8.4% in the quarter and finished 21.2% higher in ZAR terms for the full calendar year. As measured by the Barclays Capital Global Aggregate Bond Index, global bonds returned 2.4% for the quarter but ended the year down 2.3%, reflecting investor concerns over the potential for resurgent global inflation.

The US continues to be the powerhouse of the global economy, with gross domestic product (GDP) growth expected to reach 2.7% for the full calendar year despite widespread predictions of an imminent recession throughout 2024. The strength of US consumer spending has been a key driver of this growth, supported by low unemployment rates and rising wages. Retail sales increased by 3.8% for the year, while inflation is expected to remain in the 3–3.5% range, indicating a stable economic environment.

In South Africa, local equities rose by 13.4% in 2024, underperforming both local bonds (up 17.2%) and local property (up 29%) for the second consecutive year. The absence of load shedding in the second half of the year supported industrial production and retail sales growth, contributing to a modest GDP recovery. However, below-trend growth remains a challenge for the Government of National Unity, which has so far successfully navigated early political hurdles. The ZAR weakened significantly in the final quarter, primarily due to dollar strength, falling from R17.20 in September to R18.85 by year end.

Inflation expectations in South Africa have remained well contained and are projected to be 3% for the full calendar year. This provided South African Reserve Bank Governor Lesetja Kganyago with the flexibility to follow the lead of his global counterparts and cut interest rates for the first time in four years. The central bank reduced rates by 25 bps at both its September and November meetings, and markets are pricing in one more 25 bps cut in 2025. With the prime lending rate now at 11.25%, interest rates remain above pre-global pandemic levels, when they peaked at 10.50%. High interest rates continue to be a challenge for growth in the domestic economy, which expanded by less than 1.0% in 2024. However, global inflation uncertainty limits the Governor's ability to make more aggressive rate cuts.

In Europe, the UK economy faces several challenges, including the potential for a contraction in the fourth quarter of 2024 and a weak long-term outlook. Pessimism among business leaders has grown, partly due to a series of new tax increases introduced by the Labour government. Yields on ten-year government bonds have risen to their highest levels since 2008, and the pound has steadily weakened against the US dollar. Germany, Europe's largest economy, is entering its third year in recession, while the ongoing war in Ukraine continues to weigh heavily on economic output across Europe. Despite Ukraine's central bank forecasting GDP growth of 4% in 2024 and 4.3% in 2025, the economy remains about 25% smaller than in 2021, highlighting the severe long-term impact of the conflict.

Geopolitical tensions and the volatility of oil prices continue to shape the economic outlook in the Middle East. While the price of oil steadily declined through 2024 on the back of slowing economic activity, the price began to climb again at the end of December on renewed investor optimism.

In emerging markets, China signalled a significant policy shift aimed at stabilising its economy and mitigating the impact of prolonged US trade tensions. The government introduced plans for "moderately loose" monetary policies to support businesses and stimulate domestic consumption, including interest rate adjustments and increased liquidity injections. This marks China's first major shift in economic strategy in over a decade, reflecting a proactive approach to countering external pressures and fostering growth. Concerns around another trade war with the US has also pushed China to increase trade with the rest of the world – China's share of exports to the US has already declined from a peak of 22% six years ago to its current level of 13.5%. China's announcement to ban exports to the US of several critical metals used in high-tech and military applications was also a retaliatory shot across the bow against any perceived threat of sanctions.

Across the broader market, emerging market equities returned 10.7% for the full year in ZAR terms, underperforming developed equity markets for the fourth consecutive year and for the seventh time in the past ten years. Sentiment to emerging markets remains challenging, as the policies proposed by President Trump in the US are likely to further strain economies already under pressure. Any further delay in rate cuts in the US will also translate into weakness for emerging market currencies and bond yields.

As we head into 2025, the need for diversification and proactive risk management is more critical than ever. Investors must be prepared for a year of heightened volatility, driven by lingering geopolitical risks, shifting monetary policies and potential economic disruptions. While opportunities abound, particularly in the US and select emerging markets that could benefit from policy shifts, the environment will require a cautious, strategic approach to investing. As always, staying informed on macroeconomic trends, regional developments and policy shifts will be key to navigating the complexities of the global economy in 2025.

### Fund performance

The Sygnia Skeleton Balanced 60 Fund returned 2.2% for the quarter, slightly underperforming its strategic benchmark, which returned 1.3%.

The final quarter of 2024 was marked by Donald Trump's election as president of the United States for a second term, which sparked a surge in US risk assets. Emerging markets, including South Africa, faced headwinds, with the rand depreciating 9.5% against the US dollar for the quarter. The S&P 500 and Nasdaq indices both reached all-time highs in early December, supported by robust economic data. This environment allowed Federal Reserve Chairman Jerome Powell to cut interest rates by 25 basis points for the third time in 2024. However, his hawkish remarks on inflation unsettled markets, triggering a sharp selloff to close the year. The MSCI All Country World Index delivered an 8.4% return in rand terms, while global bonds, as measured by the Barclays Capital Global Aggregate Bond Index, returned 2.4% for the quarter.

South African markets lagged behind their global peers during the quarter. The FTSE/JSE Capped SWIX Index declined by 2.1%, while the JSE All Bond Index posted a modest gain of 0.4%. Domestic equities returned 13.4% for the full year, underperforming both domestic bonds (17.2%) and domestic property (29.0%) for the second consecutive year. Cash returns for the quarter, as reflected by the STeFI Index, remained steady at 2.0%.

The fund's positioning is in line with its investment objective of maximising long-term returns, with some focus on managing the risk of short-term capital losses while maintaining a medium 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 60 Fund is a South African - Multi Asset Medium 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 60%. The Portfolio will not exceed a combined foreign and domestic equity exposure of 60% (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 85%.

### Balancing Risk and Reward

The Fund has an overall 60% allocation to South African and global equities and has a medium risk profile. It is a highly suitable vehicle for long-term retirement funds seeking medium risk 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 three to five 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 deductions from the portfolio, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 17:00 each business day. Purchases and redemption requests must be received by Sygnia 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 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](mailto:admin@sfs.sygnia.co.za) or 0860 794 642 (0860 SYGNIA).

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