

# Sygnia Life Income Maximiser Fund

28 February 2025

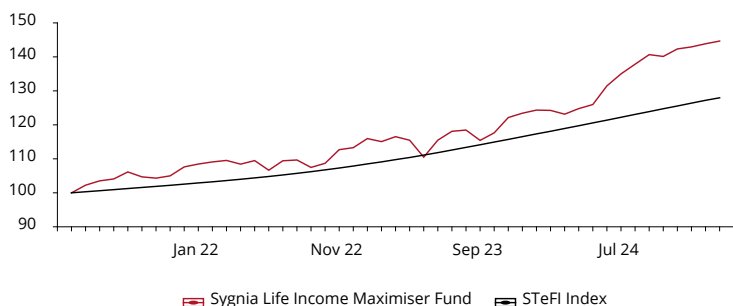
Portfolio Manager  
Regulation 28  
Fund Launch Date

**Sygnia Life Limited**  
**Compliant**  
**29 April 2021**

Investment Objective  
Legal Structure

To provide maximum yield while avoiding the use of capital to fund drawdowns  
Life Fund

## Cumulative Investment Performance



Cumulative investment performance is for illustrative purposes only and is calculated using the NAV before any distributable income and management fee.

## Performance Analysis

Periodic Performance	Fund	*BM	Difference
1 Month	0.6%	0.6%	0.0%
3 Months	1.6%	1.9%	-0.3%
6 Months	4.9%	4.0%	1.0%
Year to Date	1.2%	1.2%	0.0%
1 Year	16.4%	8.3%	8.1%
3 Years	9.9%	7.4%	2.4%
Since Inception	10.1%	6.6%	3.5%
Gross Current Yield	10.1%		

\*STeFI Index  
Performance figures greater than 1 year are annualised

## Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021					2.2%	1.2%	0.5%	2.0%	-1.4%	-0.4%	0.6%	2.5%	7.6%
2022	0.8%	0.6%	0.4%	-1.0%	1.0%	-2.6%	2.6%	0.2%	-2.0%	1.1%	3.7%	0.5%	5.3%
2023	2.4%	-0.8%	1.3%	-0.9%	-4.3%	4.5%	2.3%	0.3%	-2.6%	1.9%	3.8%	1.0%	8.9%
2024	0.7%	-0.1%	-0.9%	1.3%	1.0%	4.4%	2.7%	2.1%	2.0%	-0.4%	1.6%	0.4%	15.8%
2025	0.6%	0.6%											1.2%

## Risk Statistics

	Fund	BM
% Positive Months	73.9%	100.0%
% Negative Months	26.1%	0.0%
Best Month	4.5%	0.7%
Worst Month	-4.3%	0.3%
Avg Negative Return	-1.4%	0.0%
Maximum Drawdown	-5.2%	0.0%
Standard Deviation	6.2%	0.5%
Downside Deviation	4.2%	0.0%

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

LOW	LOW MEDIUM	MEDIUM	MEDIUM HIGH	HIGH
LESS RISK/ RETURN				MORE RISK/ RETURN
0 - 2 YEARS	2 YEARS+	3 YEARS+	5 YEARS+	7 YEARS+

## Asset Allocation

Model	Weight	Allocation
Domestic Bonds	50.7%	
Domestic Income	49.2%	
Cash	0.1%	

## Manager Allocation

Manager	Percentage
Sygnia Asset Management	100.0%

## Total Return

	1 year	2 years	3 years	Since Inception
Income Return	10.5%	10.6%	10.3%	9.9%
Price Return	5.9%	1.5%	-0.4%	0.2%
Total Return	16.4%	12.1 %	9.9%	10.1%

## Fees

Advisory Fee	N/A
Initial Fee	0.00% (Dec 2024)
Management Fee	per annum (inclusive of VAT) 0.50% (Dec 2024)
Performance Fee	N/A

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# Sygnia Life Income Maximiser Fund

## Fund commentary

Minimum disclosure document (MDD)

4th Quarter 2024

### 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.

LESS RISK/  
RETURN

MORE RISK/  
RETURN

### TIME HORIZON

0-2 YEARS	2 YEARS+	3 YEARS+	5 YEARS+	7 YEARS+
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### Fund performance

The Sygnia Life Income Maximiser Fund returned 1.6% for the quarter, underperforming its benchmark, the Short-Term Fixed Interest Index, which returned 2.0%. However, over 12 months, the fund delivered 15.8% against the benchmark's return of 8.5%.

The fund continues to maximise income by dynamically managing allocations based on the shape of the yield curve.

Nominal bond exposure was unchanged over the quarter, with the fund remaining underweight while overweight floating rate credit. A small allocation to inflation-linked bonds was added.

The three-month Jibar floating reference rate ended the quarter lower at 7.75%. Long-dated treasury bills and negotiable certificates of deposit were mostly unchanged, yielding 8.4% and 8.1% respectively (on a twelve-month forward-looking basis).

After kicking off the rate-cutting cycle with 50 bps in September, the US Federal Open Market Committee delivered additional 25 bps cuts at its next two meetings, bringing the policy rate down to 4.5% at the end of the year as core personal consumption expenditure (PCE) for November printed at 2.8%. However, the rates market sold off on expectations of a shallower cutting cycle for 2025, with the US 10-year yield ending the quarter higher by almost 80 bps at 4.6%.

On the domestic front, the South African Reserve Bank cut the repo rate by 25 bps to 7.75% in November. Headline consumer price index (CPI) for November ticked up slightly from October and printed at 2.9%, below the central bank's target band of 3–6%. However, core inflation continued its downward trend, coming in at 3.7% for November. South African bond yields diverged from global developed markets, with the generic SA 10-year yield only up 28 bps over the quarter. The All Bond Index ended the year 17.2% higher.

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**Sygnia** 

Important information to consider before investing

Investment Objective & Strategy

The Sygnia Life Income Maximiser is designed for Living Annuity clients seeking maximum yield while avoiding the use of capital to fund drawdowns. The fund dynamically switches between SA Enhanced Income and SA Bonds, depending on the shape of the yield curve: when the yield curve is flat, the fund invests in SA Income, and when the yield curve is steep, the fund switches into SA Bonds. Thus, the fund maximises yield and minimises risk dependent on the economic environment. A small allocation to property diversifies the overall fund.

Balancing Risk and Reward

The Sygnia Life Income Maximiser is a low to medium risk investment. The fund targets high income to fund living annuity drawdowns and is designed for investors seeking high yield, who can tolerate moderate capital fluctuations.

Fees

Sygnia charges an annual management fee comprised of applicable basic fees paid to underlying managers and Sygnia’s annual service fee.

Fees charged by underlying managers are treated as an expense of the account.

Sygnia does not provide advice and therefore does not charge advice fees. If a financial planner is appointed, initial and ongoing advice fees may be payable as agreed upon between you and your financial advisor. The payments of these fees are facilitated by the Linked Investment Service Provider (LISP) where the fund is made available and not directly by Sygnia.

Disclaimer

Product provider and manager:  
The Sygnia Group is a member of the Association for Savings and Investment SA. Sygnia Life Limited is an authorised financial services provider (FSP 2935) and licensed linked insurer (1197). Sygnia Asset Management (Pty) Limited is an authorised financial services provider (FSP 873) and is the appointed investment manager of the Fund.

Linked policies:  
The policy benefits of the linked policies are determined solely on the value of the assets or categories of assets to which the policies are linked. The value of investments may go down as well as up.

Performance:  
Past performance is not necessarily a guide to future performance. Performance is based on NAV-to-NAV calculations, with income reinvestments done on the ex-div date. Performance is calculated for the portfolio, and individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax.

Guarantee:  
The Manager does not provide any guarantee with respect to either the capital or the return of the portfolio.

Other risks:  
The fund may from time to time invest in foreign countries and may therefore have risks regarding liquidity, the repatriation of funds, political and macro-economic situations, foreign exchange, tax, settlement and the availability of information.

General:  
The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates.

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