

# Sygnia CPI + 2% Fund

## Minimum Disclosure Document (MDD)

### Class D

South African - Multi-Asset - Low Equity

31 May 2025

Portfolio Managers  
Regulation 28  
Fund Launch Date  
Class Launch Date  
Fund Size  
Unit Price  
Units in Issue

**Iain Anderson, Kyle Hulett**  
**Compliant**  
**20 June 2012**  
**27 January 2015**  
**R 2 324 Million**  
**167.79**  
**36,793,184**

Investment Objective

Income Distribution

Trustees

The objective of this strategy is to target an annual return of CPI plus 2% over a rolling 24-month period and not to lose capital over a rolling 12-month period.

Bi-annually (September and March)

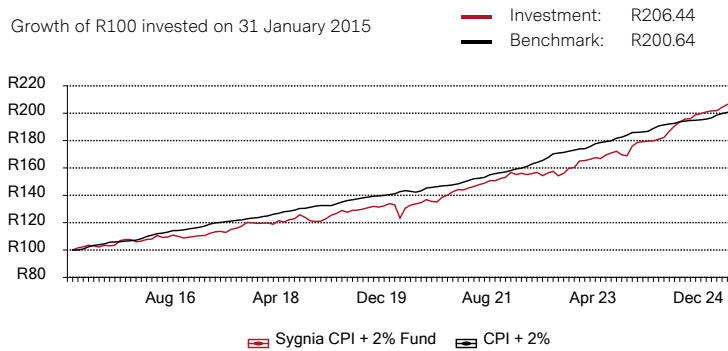
Payment: 1 Oct 2024 - 4.48 cents per unit

Payment: 1 Apr 2025 - 4.41 cents per unit

Standard Bank Trustees (021 441 4100)

## Cumulative Investment Performance

Growth of R100 invested on 31 January 2015



## Performance Analysis

Periodic Performance	Fund	*BM	Difference
1 Month	1.1%	0.5%	0.6%
3 Months	2.3%	2.1%	0.3%
6 Months	3.8%	3.0%	0.8%
Year to Date	3.4%	2.8%	0.6%
1 Year	13.3%	4.8%	8.5%
**3 Years	9.6%	6.9%	2.7%
**5 Years	9.2%	7.0%	2.2%
**Since Inception	7.3%	7.0%	0.3%

Performance as calculated by Sygnia Asset Management as at reporting date

\*Headline Consumer Price Index + 2%

\*\*Annualised performance figures

## Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	1.2%	-0.6%	-7.4%	6.0%	1.7%	0.7%	0.7%	1.6%	-1.0%	-0.3%	2.6%	1.1%	5.9%
2021	1.7%	1.1%	-0.2%	1.0%	0.8%	0.9%	0.7%	1.2%	0.0%	1.0%	0.7%	2.3%	11.9%
2022	-1.0%	0.6%	-0.6%	0.5%	0.6%	-1.5%	1.3%	0.8%	-2.1%	1.2%	2.4%	0.3%	2.2%
2023	3.0%	0.2%	0.5%	0.8%	-0.4%	1.6%	0.9%	0.7%	-1.5%	-0.4%	4.2%	1.5%	11.5%
2024	0.3%	0.2%	0.1%	0.7%	0.7%	2.5%	2.0%	1.6%	1.0%	0.2%	1.5%	0.4%	11.7%
2025	0.7%	0.4%	0.1%	1.2%	1.1%								3.4%

## Risk Statistics

	Fund	*BM
% Negative Months	18.3%	25.0%
Avg Negative Return	-0.8%	-1.3%
Maximum Drawdown	-2.1%	-8.9%
Standard Deviation	3.8%	5.8%
Downside Deviation	2.3%	5.6%
Highest Annual Return: Nov 2023 - Oct 2024	16.1%	16.7%
Lowest Annual Return: Jan 2022 - Dec 2022	2.2%	-4.0%

The risk statistics reflected above are calculated on a 60-month or since-inception basis, depending on which period is shorter. \*SA Multi-Asset Low Equity Avg

## Asset Allocation

Asset Class	Percentage	Allocation
Domestic Equities	11.6%	
Domestic Property	0.2%	
Domestic Bonds	21.8%	
Domestic Inflation-Linked Bonds	15.0%	
Domestic Income	26.4%	
Domestic Money Market	7.0%	
International Equities	10.8%	
International Fixed Interest	4.4%	
International Property	0.0%	
International Cash	2.8%	

## Manager Allocation

Manager	Percentage
Sygnia Asset Management	45.2%
Ninety One	13.6%
Domestic Index Trackers	12.9%
Coronation Fund Managers	8.8%
BlackRock Investment Management	4.4%
Ashburton Investments	4.2%
Taquanta Asset Management	3.7%
Standard Bank Ltd	2.1%
Rand Merchant Bank	1.6%
Other	3.4%

## Fees

Initial Fee	0.00% **
Management Fee	1.00% **
Performance Fee	N/A
Other costs	0.03% **
VAT	0.15%
Total Expense Ratio (TER)	1.18% (Mar 2025)
Transaction Costs (TC)	0.03% (Mar 2025)
Total Investment Charge (TIC)	1.21% (Mar 2025)

\*\* Fees are exclusive of VAT

# Sygnia CPI + 2% Fund

## Fund commentary

Minimum disclosure document (MDD)

Class D

South African - Multi-Asset - Low Equity

1st Quarter 2025

### Market performance

US markets experienced a sharp sell-off in March, driven by slowing US growth, the uncertainty of President Trump's trade war plans and US technology concerns. The S&P 500 was down 10% from its February highs at one point, but European, Japanese and emerging markets (EMs) posted gains during the same period. In Europe, a historic shift in fiscal policy emerged as Germany announced significant infrastructure and defence spending – a surprising move for a traditionally conservative economy. In China, the government introduced an expanded budget and the Enhanced Consumption Plan. While the US remains exceptional in terms of growth potential, its relative advantage has diminished. That said, the European Union (EU) has only outlined EUR150bn of defence spend so far, and in its best-case scenario Alpine Macro estimate that the EU will spend USD1tn over the next decade on German infrastructure and EU-wide defence. This against the nearly USD1.8tn in onshoring capex commitments that US companies have announced they will spend over the next four years – on top of the USD329bn capex for Amazon, Microsoft, Google and Meta in 2025 – alone a 45% increase. All told, that is more than double the EU spend in less than half the time.

In its March outlook, the Organisation for Economic Co-operation and Development (OECD) downgraded EU and US growth marginally by similar amounts over the next two years and upgraded China's growth. The OECD downgraded global growth by only 20 bp for 2025 on the back of tariff uncertainty and did not forecast a recession for 2025 or 2026. Markets concurred with the OECD outlook as commodities rallied – copper is up 30% this year, reaching an all-time high – credit spreads are stable and the dollar weakened, all indicators inconsistent with recessionary conditions. We do not expect a recession looking forward, assuming manageable tariff announcements on Liberation Day, but non-US markets are unlikely to be able to rally in absolute terms if US markets fall further, and the risk that trade wars could push the world into recession is certainly rising.

While risks are rising, the US economy remains strong. Household balance sheets remain robust and strong real final sales (above 3%) provide a cushion against policy shocks. The labour market is robust – January's job openings exceeded expectations and reflected broad hiring across sectors. While the Fed lowered growth from 2.1% to 1.7% for 2025, Federal Reserve Chair Jerome Powell stated that the chances of a recession are low. US financial conditions remain easy.

European shares surged after Germany announced a historic fiscal expansion under incoming Chancellor Friedrich Merz, who said the country will do “whatever it takes” to bolster defence spending. Standard Chartered estimate it could boost German GDP by 1.3% per annum over the next decade, which would boost eurozone GDP by 0.35%. While Germany has room to increase spending, other countries in the EU do not have that luxury – France's budget deficit is close to 6%, double the EU limit. Despite the positive market sentiment after the announcement, risks remain from escalating trade tensions between the US and EU. Chartered estimate that trade tensions could reduce EU GDP growth by 0.75%. In addition, German growth will require not only increased spending but structural supply side reforms and deregulation to ensure improved productivity, as lower productivity has caused Germany's GDP to slip by 1% per year over the last 25 years relative to the US.

Investors are now talking about the Xi Put instead of the Fed Put. The National People's Congress set its highest fiscal deficit level in over three decades, a broad deficit of 9% of GDP, and doubled the consumer subsidy scheme to RMB300bn to stimulate domestic spending. The government also unveiled its Special Action Plan to Enhance Consumption, focused on increasing household incomes. Liquidity injections at local government levels have unblocked frozen payments, reducing loss-making enterprises and improving business confidence. Earnings momentum for Chinese companies is solidly positive, outperforming emerging market peers. Chinese tech continues to rally on advancements in AI, with Baidu launching its new AI model, “Ernie X1”, and Alibaba also unveiling its latest AI model. Reciprocal tariffs remain a major threat to EMs.

Oil fell on the surprise decision by OPEC+ to restart production despite faltering Chinese demand and plentiful American supplies. This will help keep inflation stable.

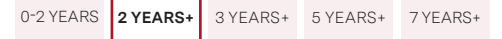
The South African budget saw expenditure increase R233bn from the MTBPS, pushing up the budget deficit and debt-to-GDP ratios, and debt-servicing costs are now estimated at 22c on every rand of tax. After the strong SA equity rally, Goldman Sachs cut SA equities from overweight to equal weight. We remain underweight SA bonds and have subsequently gone underweight SA equities after the recent rally, preferring broader EMs. EM inflation is falling and earnings are accelerating, while China may be best placed to respond to tariffs. The Budget deadline is 2 April.

Prolonged policy uncertainty could undermine consumer confidence and corporate sentiment and push the world into recession. 2 April is “Liberation Day”, when new tariffs will be announced by the US, and impacted countries will doubtless announce retaliatory measures thereafter. JPMorgan estimates the average tariff rate on imports could rise to 11% if reciprocal tariffs are introduced – and this before the latest 25% automotive import tariffs. Trump's trade policies are spurring fiscal expansion in the rest of the world, but it remains to be seen whether fiscal spend can outweigh the tariffs. We remain cautious overall but do not expect a recession this year. US S&P global composite PMIs for March rose above expectations to 53.5. We remain neutral equities and underweight bonds, noting the heightened risk of the US slipping into a recession purely on the back of a loss of consumer and corporate confidence. The dollar should strengthen if US growth recovers and as tariffs come into effect. We will be watching the April tariffs closely.

### RISK PROFILE



### TIME HORIZON



### Fund performance

The Sygnia CPI + 2% Fund returned 1.2% for the quarter, while its long-term target, CPI + 2% per annum, returned 1.8%.

The first quarter of 2025 was marked by heightened global uncertainty following a series of announcements from US President Donald Trump regarding new tariffs and trade penalties targeting several international partners, initially focused on Canada and Mexico. These actions triggered a spike in market volatility, resulting in a -3.8% ZAR return for the MSCI All Country World Index. Investor sentiment shifted notably from the optimism seen at the end of 2024 – when markets welcomed President Trump's perceived pro-market stance – to growing concern about a US-led global economic slowdown. This shift also altered interest rate expectations, with anticipated cuts from Federal Reserve Chair Jerome Powell no longer a certainty as rising inflationary concerns further constrained the Fed's flexibility. As a result, global bonds, as measured by the Bloomberg Barclays Global Aggregate Bond Index, declined by 0.6% during the quarter in rand terms.

By contrast, South African equities had a strong quarter relative to their global counterparts, with the FTSE/JSE Capped SWIX Index gaining 5.8% for the quarter, assisted by the 2.5% appreciation of the rand. This outperformance occurred despite political instability at home, particularly around the February budget presentation, where coalition partners within the Government of National Unity were unable to reach consensus on proposed VAT increases and social spending allocations.

The fund's positioning is in line with its investment objective of providing an annual return of inflation + 2% over a rolling 24-month period and protecting capital over a rolling 12-month period.

### 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 & Strategy

The Sygnia CPI + 2% Fund is a portfolio that targets an annual return of CPI plus 2% over a rolling 24-month period and not to lose capital over a rolling 12-month period. The multi-asset-class fund is managed with a low exposure to equities in order to seek a low volatility of returns while still seeking to achieve long-term returns of at least 2% per annum above inflation. The fund will have exposure to both domestic and foreign assets, which will include equities, fixed interest and money market assets and will be comprised of a number of underlying portfolios managed by different managers selected by Sygnia. The fund will be managed with prudential guidelines and maintain a max 40% equity exposure. Derivatives are allowed for efficient portfolio management.

### Balancing Risk and Reward

The fund is a suitable investment for investors seeking to outperform inflation with low volatility of monthly returns and investors who aim to preserve accumulated capital while still enjoying the benefits of real positive returns over the short term. 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 to four years. The risk is managed by spreading investments across asset classes, as well as among a number of asset management houses. The former ensures diversification of sources of returns over market cycles, while the latter ensures diversification of investment styles and philosophies. 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. There are regulations in place which 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, STT, 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 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).

### 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](mailto:admin@sfs.sygnia.co.za) or 0860 794 642 (0860 SYGNIA).

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