

# Sygnia Life Income Maximiser Fund

30 April 2025

Portfolio Manager  
Regulation 28  
Fund Launch Date

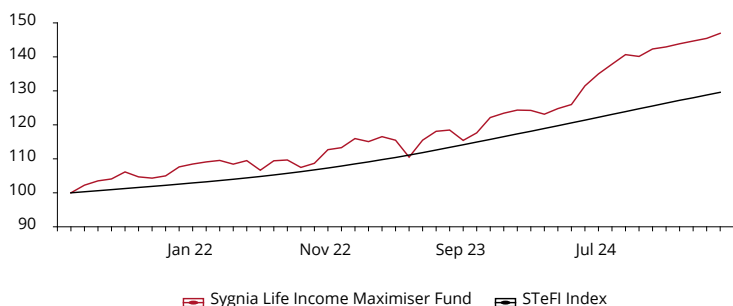
**Sygnia Life Limited**  
**Compliant**  
**29 April 2021**

Investment Objective  
Legal Structure

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

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

## Cumulative Investment Performance



## Performance Analysis

Periodic Performance	Fund	*BM	Difference
1 Month	1.0%	0.6%	0.4%
3 Months	2.1%	1.9%	0.3%
6 Months	4.9%	3.9%	1.0%
Year to Date	2.8%	2.5%	0.3%
1 Year	17.8%	8.2%	9.5%
3 Years	10.7%	7.6%	3.1%
Since Inception	10.1%	6.7%	3.4%
Gross Current Yield	10.2%		

\*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%	0.5%	1.0%									2.8%

## Risk Statistics

	Fund	BM
% Positive Months	75.0%	100.0%
% Negative Months	25.0%	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	6.1%	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.

## Asset Allocation

Model	Weight	Allocation
Domestic Bonds	55.6%	
Domestic Income	44.1%	
Cash	0.3%	

## 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%	10.0%
Price Return	7.3%	2.3%	0.3%	0.1%
Total Return	17.8%	12.8 %	10.7%	10.1%

## Fees

Advisory Fee	N/A
Initial Fee	0.00% (Mar 2025)
Management Fee	per annum (inclusive of VAT) 0.50% (Mar 2025)
Performance Fee	N/A

# Sygnia Life Income Maximiser Fund

## Fund commentary

Minimum disclosure document (MDD)

1st Quarter 2025

LESS RISK/  
RETURN

MORE RISK/  
RETURN

### TIME HORIZON

0-2 YEARS

2 YEARS+

3 YEARS+

5 YEARS+

7 YEARS+

### 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.

### Fund performance

The Sygnia Life Income Maximiser Fund returned 1.8% for the quarter, underperforming its benchmark, the Short-Term Fixed Interest Index, which returned 1.9%. However, the fund delivered 18.1% over 12 months against the benchmark's return of 8.3%.

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 being overweight floating rate credit.

The three-month Jibar floating reference rate ended the quarter lower at 7.56%. Long-dated (twelve-month) treasury bills and negotiable certificates of deposit were mostly unchanged, yielding 8.0% and 8.1% respectively (on a twelve-month forward-looking basis).

In the US, the Fed kept the policy rate unchanged during the quarter, at 4.25%–4.5%. US bond yields were lower, with the 10-year US Treasury yield down approximately 25 bps to 4.25% as investors preferred safe haven assets in a highly volatile and uncertain market environment. Core PCE for February was relatively unchanged at 2.8%, versus 2.9% in December 2024.

On the domestic front, the South African Reserve Bank (SARB) cut the repo rate by 25 bps to 7.5% in January, a cumulative decline of 75 bps since September 2024. Headline CPI for February accelerated to 3.2%, within the SARB's target range but still well below the 4.5% midpoint. South African bond yields moved higher alongside other emerging markets on the back of global risk-off sentiment, with the R2035 yielding around 10.6% at quarter end.

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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.

#### SYGNIA LIFE LIMITED

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