

Sygnia Life Enhanced Income Fund

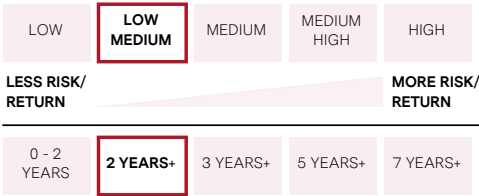
31 August 2025

Portfolio Manager
Regulation 28
Fund Launch Date

Sygnia Life Limited
Non-compliant
27 December 2018

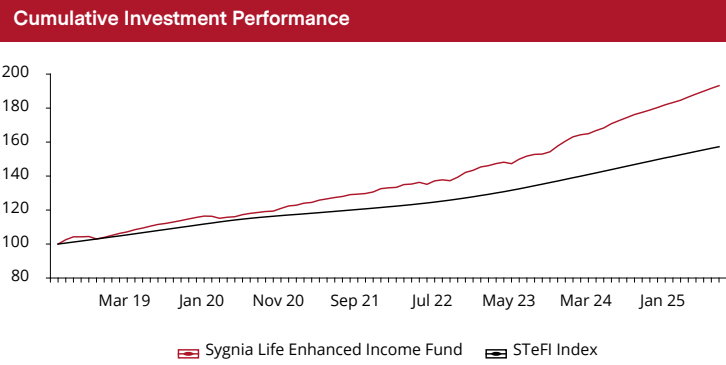
Investment Objective

Legal Structure



To maximize interest income, preserve capital and provide immediate liquidity

Linked life investment fund available via Sygnia life policies



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	0.8%	0.6%	0.3%
3 Months	2.6%	1.8%	0.8%
6 Months	5.4%	3.7%	1.7%
Year to Date	7.1%	5.0%	2.1%
1 Year	10.8%	7.8%	2.9%
3 Years	11.9%	7.9%	4.0%
5 Years	10.3%	6.4%	3.9%
Since Inception	9.6%	6.5%	3.1%

Performance as calculated by Sygnia Asset Management as at reporting date
*STeFI Index
Performance figures greater than 1 year have been annualised

Historical Performance													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	0.7%	-0.1%	-1.0%	0.5%	0.3%	1.0%	0.6%	0.5%	0.5%	0.2%	1.3%	1.2%	5.8%
2021	0.4%	1.0%	0.4%	1.1%	0.6%	0.6%	0.5%	0.9%	0.2%	0.3%	0.7%	1.5%	8.3%
2022	0.4%	0.2%	1.2%	0.2%	0.7%	-0.9%	1.5%	0.4%	-0.4%	1.5%	2.0%	0.9%	8.2%
2023	1.4%	0.5%	0.8%	0.5%	-0.6%	1.8%	1.2%	0.7%	0.1%	0.9%	2.2%	1.8%	11.9%
2024	1.6%	0.8%	0.4%	1.1%	0.9%	1.5%	1.1%	1.0%	1.0%	0.7%	0.8%	0.8%	12.3%
2025	0.9%	0.7%	0.7%	1.0%	0.9%	0.9%	0.9%	0.8%					7.1%

Since inception performance figures are available on request.

Risk Statistics		
	Fund	*BM
% Positive Months	95.0%	100.0%
% Negative Months	5.0%	0.0%
Best Month	2.2%	0.7%
Worst Month	-0.9%	0.3%
Avg Negative Return	-0.6%	0.0%
Maximum Drawdown	-0.9%	0.0%
Standard Deviation	2.0%	0.5%
Downside Deviation	0.8%	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	3.7%	
Domestic Income	94.5%	
Domestic Absolute	1.4%	
Domestic Money Market	0.3%	

Manager Allocation	
Manager	Percentage
Sygnia Asset Management	28.4%
Ninety One	27.4%
Aluwani Capital Partners	17.5%
Ashburton Investments	16.5%
Taquanta	10.1%

Fees	
Advisory Fee	N/A
Initial Fee	0.00% (Jun 2025)
Management Fee	0.50% (Jun 2025)
Performance Fee	N/A

Sygnia Life Enhanced Income Fund

Fund commentary

Minimum disclosure document (MDD)

2nd Quarter 2025

LESS RISK/
RETURN

MORE RISK/
RETURN

TIME HORIZON

0-2 YEARS

2 YEARS+

3 YEARS+

5 YEARS+

7 YEARS+

Market performance

Global markets rose strongly in June despite a cocktail of geopolitical tensions and policy risk and the potential for simultaneous supply shocks from tariffs, migration constraints and rising oil prices. Iran and Israel agreed to a ceasefire after 12 days of intense missile and drone strikes between Iran and Israel, and just one day after US operation “Midnight Hammer”, which “obliterated” Iran’s three uranium nuclear sites, including Fordow, a uranium-enrichment facility buried deep in a mountain. The ceasefire brought relief to the oil markets. While the conflict in the Middle East increases geopolitical risk, the ceasefire renders the impact of tariffs on US growth and inflation the greater uncertainty, with the 90-day tariff pause granted by the US expiring on 9 July. Trump has warned that countries will receive a “take-it-or-leave-it” letter detailing tariff terms, though the 15 countries already engaged in negotiations with the US may see this an extension to the deadline. Tariff pass-through inflation in the US was minimal in May, but corporates are likely to begin passing costs on to consumers, with inflationary consequences over the coming quarters reinforcing expectations of “higher for longer” interest rates and reduced growth. The World Bank concurred in its June outlook, downgrading its 2025 global growth forecast by 0.5 percentage points to 2.3%, projecting the weakest non-recessionary growth since 2008. Looking further ahead, average global growth in the 2020s is expected to settle around 2.5% – its slowest pace since the 1960s. Developed markets will bear the brunt of the growth downgrade and inflation increase, while emerging markets (EMs) will continue to offer a relatively resilient inflation–growth trade-off.

US inflation data for May offered a reprieve, rising by less than expected for the fourth consecutive month. While US firms have passed on some of the recent tariff costs – particularly on goods heavily exposed to China, such as appliances, electronics and household equipment – the full effect will take two to three months to unfold. In addition, CPI surprised to the downside due to price declines in recreational services and durable goods which signal growing consumer caution. Subdued inflation offers breathing room, but it is ultimately a function of softer economic activity. Weak May retail sales, falling consumer confidence and continued softness in manufacturing data indicate slowing demand. The Yale Budget Lab estimates that the current 15%+ effective tariff rate could reduce year-end employment by 375 000 jobs. Jobless claims have risen to a three-and-a-half-year high, while non-farm payroll growth outside two core categories has stalled.

The European Central Bank expects GDP growth of just 0.9% in 2025, but even that may be optimistic. Exports are weakening sharply, particularly as frontloading of US trade to avoid tariffs normalises, and the Russia-Ukraine war is continuing, sustaining geopolitical and energy-related pressures. Trump-era tariff risks are also escalating, with the US indicating that trade negotiations with the EU may not be resolved by the 9 July deadline. The EU’s slow pace of trade negotiation – seen clearly during Brexit – exacerbates the risk that the bloc may bear a disproportionate burden of any new US tariffs.

China’s economy is gaining traction, with early signs that policy stimulus is finally filtering through to the real economy: money growth is accelerating and May retail sales rose to a 17-month high. Beyond China, EMs are capitalising on trans-shipment opportunities, firm commodity prices, a weakening US dollar, low inflation and resilient earnings growth.

The gazetting in South Africa of new information technology (IT) procurement rules in June means that government departments can finally access IT services without having to use the State Information Technology Agency (SITA). In other good news, the Financial Action Task Force (FATF) has made an initial determination that SA’s 22-point action plan is complete, granting SA an on-site assessment and paving the way for SA to be removed from the so-called grey list at the FATF’s October plenary. However, the Organisation for Economic Co-operation and Development note that Transnet and a general lack of reforms are causing SA to miss out on the commodity rally (“Q1.25 growth stalled at 0.1% qqsa as the ongoing incapacity at Transnet severely limits growth”). This was confirmed as mining production declined by a marked -7.7% y/y in April, following March’s -2.5% y/y contraction. Production faces a myriad of challenges, including heightened input costs, labour challenges, the effects of illegal mining and logistical bottlenecks. The pace of reforms will affect SA’s ability to break out of the 1% growth range.

The dollar is usually the beneficiary in times of fear, but it has not rallied with current geopolitical tensions. Rate cuts in Europe may end soon even as the Fed starts to cut, so the euro may find further short-term cyclical support relative to the dollar. Despite dollar weakness and global appetite for currency diversification, however, the euro is unlikely to deliver on its “reserve currency moment” for some time.

Overall, the global consumer remains in good shape, financial conditions have eased and US long-term inflation expectations are stable, so we still expect the US to avoid a recession. In addition, we expect the near-term fiscal thrust in Germany and China to be around 2% of GDP. However, markets are entering a precarious period in which geopolitical risk, trade fragmentation and supply shocks intersect.

A combination of domestic tailwinds, global supply chain realignment and policy flexibility is positioning EMs for stronger near-term performance. China’s cyclical rebound, coupled with opportunities in EM debt and equity, present a compelling case for diversified exposure in multi-asset portfolios. Global industrial metal prices are also benefiting from the rise in global defence spending, a further tailwind for commodities and emerging markets. We have switched some of our South African exposure to EMs given the better valuations, higher growth and greater diversification.

Fund performance

The Sygnia Life Enhanced Income Fund returned 2.9% for the quarter, outperforming its benchmark, the Short-Term Fixed Interest Index, which returned 1.9%.

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 7.3%, following the repo rate lower. Long-dated (twelve-month) treasury bills and negotiable certificates of deposit were also lower, yielding 7.8% and 7.7% respectively (on a twelve-month forward-looking basis).

The Fed kept their policy rate unchanged at 4.25–4.5% for the fourth consecutive meeting. Core personal consumption expenditure for May came in at 2.7%, slightly higher than April’s 2.5% print. The market still anticipates two additional cuts before the end of the year. Despite heightened volatility, the US 10-year treasury yield ended the quarter flat at 4.2%.

In a unanimous decision, the South African Reserve Bank (SARB) Monetary Policy Committee voted to cut the repo rate by 25 bps to 7.25% at its May meeting. South African inflation remains subdued and well below the SARB’s midpoint target, with headline CPI printing at 2.8% in May, unchanged from April. South African nominal bonds had a strong quarter, with the benchmark R2035 yield rallying from 10.6% to just under 10% by the end of June.

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Sygnia 

Important information to consider before investing

Investment Objective & Strategy

The Sygnia Life Enhanced Income Fund is designed to outperform the returns on cash at a low level of volatility. This is 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 a term premium without having to take on interest rate risk. The fund is multi-managed and 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.

Balancing Risk and Reward

The Sygnia Life Enhanced Income Fund is a low to medium risk investment. The fund targets high income 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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