

# Succession 3% Real Income

December 2022



**SUCCESSION FINANCIAL PLANNING**  
Advisory Services (PTY) Ltd  
Licensed Financial Services Provider FSP 41158

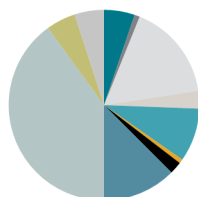
## FUND DETAILS

<b>Fund Category</b>	SA Multi Asset Low Equity
<b>Benchmark</b>	CPI+3%, Avg SA Multi Asset Low Equity
<b>Risk Profile</b>	Cautious
<b>Investment period</b>	3 years or longer
<b>Launch Date</b>	01 August 2020
<b>Fund Size</b>	R 7 million
<b>Platform</b>	Glacier

## FUND OBJECTIVE

The Real Income Solution aims to provide investors with a level of income that is consistent with the associated risk of a medium-term investment. The preservation of capital is extremely important to ensure continued income security. The solution will use strategies that increase overall downside protection while at the same time seeking to share in upside returns. The solution may also be exposed to Retail Investment Hedge Funds, a multi-strategy alternative fund, and a smoothed bonus fund. Smoothed bonus funds declare monthly bonuses in a way that helps reduce short-term volatility. Investors in this solution should have an investment horizon of three years or longer. The solution is not compliant with Regulation 28 of the Pension Funds Act, 1956.

## ASSET ALLOCATION



Equity, 5.2%	International Cash, 2.1%
Property, 0.9%	Hedged, 12.5%
Bonds, 16.5%	Smoothing Portfolio, 40.0%
Cash, 3.0%	Alternatives, 5.0%
International Equity, 9.1%	Global Smoothing Portfolio, 5.0%
International Bonds, 0.7%	

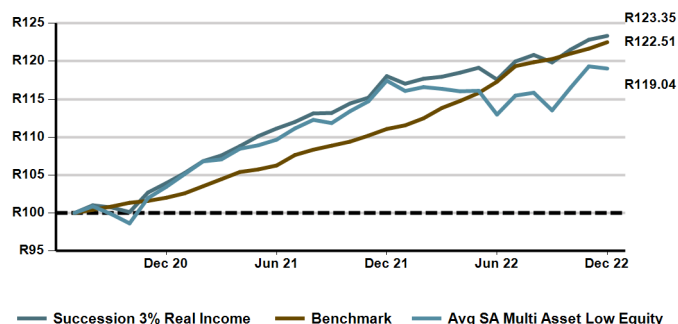
## INVESTOR PROFILE

This fund is suitable for investors looking for:

- Low to moderate levels of income withdrawals from their living annuity
- Capital preservation over the short to medium term
- A minimum investment horizon of 3 years or longer

## CUMULATIVE PERFORMANCE SINCE LAUNCH

Growth of R100 investment



Performance (%)	Fund*	Benchmark	Avg SA Multi Asset Low Equity
1 Month	0.42	0.70	-0.24
3 Months	2.92	1.85	4.85
6 Months	4.90	4.44	5.37
1 Year	4.50	10.30	1.36
2 Years (annualised)	8.94	9.59	7.27
YTD	4.50	10.30	1.36
Since Launch	9.07	8.76	7.48

## RISK STATISTICS (2 YEARS)

	FUND*
Returns (annualised)	8.94%
Standard deviation (annualised)	2.96%
% Positive months	87.50%
Maximum drawdown	-1.31%
Sharpe ratio	1.50

## MANAGER SELECTION (%)

Amplify SCI Absolute Income Retail Hedge (Acumen)	2.50	Bateleur Flexible Prescient	4.00
Amplify SCI Defensive Balanced	5.00	Coronation Global Optimum Growth	1.50
Amplify SCI Diversified Income Retail Hedge (Terebinth)	2.50	Multi-Strategy Alternative	5.00
Amplify SCI Enhanced Equity Retail Hedge (Peregrine)	2.50	Nedgroup Global Equity Feeder	3.00
Amplify SCI Flexible Equity	2.00	Ninety One Global Franchise Feeder	3.00
Amplify SCI Income Plus Retail Hedge (Matrix)	2.50	Prescient Flexible Bond	3.00
Amplify SCI Real Income Retail Hedge (Marble Rock)	2.50	Sanlam Multi-Managed Smooth Global Growth	5.00
Amplify SCI Strategic Income	7.50	Sanlam Multi-Managed Smooth Growth	40.00
Amplify SCI Wealth Protector	5.00	SMM Inflation Linked Bonds	2.00
Aylett Balanced Prescient	1.50		

MONTHLY FUND PERFORMANCE* (%)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Fund 2022	-0.85	0.56	0.22	0.47	0.54	-1.31	2.03	0.71	-0.81	1.40	1.08	0.42	4.50
Fund 2021	1.28	1.48	0.71	1.13	1.21	0.92	0.78	1.01	0.05	1.11	0.67	2.47	13.56
Fund 2020								1.02	-0.28	-0.61	2.58	1.21	N/A

## FEES (% INCL. VAT)

Annual Solution Fee	0.40	Underlying Manager TER's	1.42
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The investor is liable for CGT on any transactions in the units of the underlying unit trust within the wrap funds. Compulsory investments are not subject to CGT. Performance is calculated using net returns (after fees) of the underlying unit trusts, and quoted excluding wrap fund fees. Performance quoted is pre-tax. Fund performance numbers shown are for a notional portfolio and do not reflect the actual performance of the client invested in the wrap fund due to timing differences of investments or disinvestments of the client. Benchmark returns for CPI are based on actual published returns and an estimated one month return for the month of the report date. ASISA Benchmark returns are the ASISA returns available as at the time of reporting.

## CONTACT DETAILS

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## MANAGER COMMENT

Investors were seeking a “Santa Claus rally” in the final month of the year, however, December proved to be no different with volatility and losses seen throughout 2022. Most major global markets ended in negative territory, including South Africa. This comes as no surprise as it was driven by global central banks’ aggressive interest rate hikes to curb inflation. Increasing recession fears, Russia’s invasion of Ukraine and increasing concerns over a surge in Covid-19 cases in China further contributed to the volatility.

The fourth quarter 2022 rally faded into year-end, with developed equity markets losing more ground in December but managed to deliver its first positive quarter of 2022. The MSCI World Index closed -4.34% m/m in USD and -4.25% m/m in ZAR. US tech stocks struggled once again, with the tech-heavy Nasdaq falling around 9% m/m, wiping out all its gains from 2022 and leaving itself comfortably in bear market territory for 2022 (around 32% down y/y). The S&P 500 returned -5.77% m/m. The Euro Stoxx 50 (€) returned -4.04% m/m. The UK’S blue-chip FTSE (£) fared better compared to counterparts, closing at -1.42% m/m.

Emerging equity markets outperformed their developed counterparts in the final month of the year, the MSCI Emerging Markets Index closed at -1.64% m/m in USD and -1.53% m/m in ZAR. China’s major market indices ended mixed, with Hong Kong’s Hang Seng Index rising, while the Shanghai Composite Index fell. This follows the country’s easing on Covid-19 restrictions and the unexpected surge in Covid-19 cases.

The South African equity market followed world markets lower, but ended the year in positive territory. The FTSE/JSE All Share Index closed at -2.26% m/m and 3.58% y/y. On a yearly basis, the country was one of the select few major global stock markets to eke out a gain in 2022. Stocks geared towards the domestic economy were amongst the worst-performing during the month.

All major sectors finished the month in the “red.” Resources took the biggest hit, closing at -3.58% m/m, followed by Financials closing at -1.71% m/m. Industrials fared slightly better, with the help of Naspers and Prosus closing at -0.07% m/m. SA Listed Property advanced for the third consecutive month, closing at 1.13% m/m. Local bonds continued to gain in the high interest rate environment, with the All Bond Index (ALBI) returning 0.62% m/m. Cash (STeFI) delivered a moderate return of 0.56% m/m. South African growth managers (-1.15% m/m) outperformed value managers (-3.52% m/m), while the opposite occurred globally.

The ZAR remained relatively unchanged against the safe-haven USD, closing at -0.10% m/m. Furthermore, the ZAR lost as much as 5.44%, 3.62% and 1.10% against the Japanese yen, euro, and sterling.

## PORTFOLIO MANAGER



**Paul Wilson**  
BSc (Hons) Actuarial Mathematics; CFA  
Charterholder

Paul joined Sanlam in 2011 as an investment analyst before being appointed to his current position of Chief Investment Officer in 2013. As CIO, Paul heads up a substantial team of experienced investment professionals in Sanlam’s Multi-Management team. As solutions architects, the team performs in-depth macro and manager research that informs the portfolio construction process, which is encompassed within a disciplined framework. Sanlam’s multi manager investment team has an exceptional tactical asset allocation track record, giving them a distinct competitive edge.

In his previous capacity as head of research, Paul ensured that the quality of data was high and appropriate for the investment process. His responsibilities included due diligence at a manager level, developing new analysis methods, writing articles and doing research. In his role as portfolio manager, Paul was responsible for client portfolios and making trading and investment decisions.

Before joining Sanlam, Paul fulfilled the roles of head of asset manager research and an investment consultant at Jacques Malan Consultants & Actuaries. He also gained experience as a business analyst at Monocle Solutions and a Quantitative Analyst at RisCura Solutions in 2004.

Paul is a certified Chartered Financial Analyst (CFA) and also has a BSc (Honours) in Actuarial Mathematics from the University of Pretoria.

## MANAGER INFORMATION

Sanlam Multi Manager International (SMMI) (Pty) Ltd

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