

# Succession 3% Real Income

July 2021



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

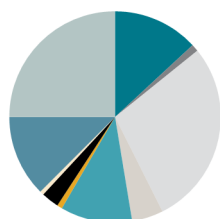
## FUND DETAILS

<b>Fund Category</b>	SA Multi Asset Low Equity
<b>Benchmark</b>	CPI+3% over a 3-year rolling period, 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 2 million
<b>Platform</b>	Glacier

## FUND OBJECTIVE

The wrap fund 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 fund will use strategies that increase overall downside protection while at the same seeking to share in upside returns. The fund may also be exposed to Retail Investment Hedge Funds as well as offered together with a smoothed bonus funds. Smoothed Bonus funds smooth investment returns by way of monthly bonus declarations, in order to help reduce short term volatility. Investors in this fund should have an investment horizon of 3 years or longer. The fund is not compliant with Regulation 28 of the Pension Funds Act, 1956.

## ASSET ALLOCATION



Equity, 13.1%	International Bonds, 0.8%
Property, 1.1%	International Cash, 2.7%
Bonds, 28.4%	International Property, 0.6%
Cash, 4.8%	Hedged, 12.5%
International Equity, 11.0%	Smoothing Portfolio, 25.0%

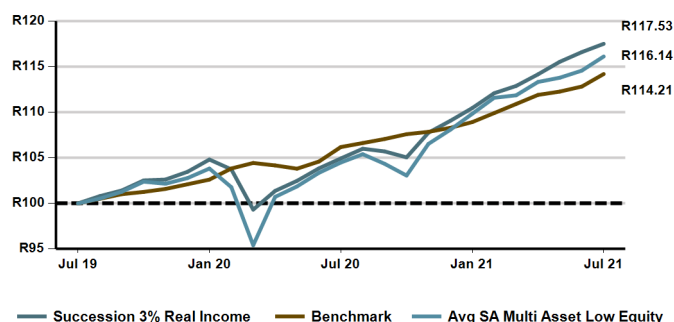
## INVESTOR PROFILE

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 - 2 YEARS \*

Growth of R100 investment



Performance (%)	Fund*	Benchmark	Avg SA Multi Asset Low Equity
1 Month	0.78	1.22	1.35
3 Months	2.94	2.05	2.47
6 Months	6.39	4.85	5.73
1 Year	12.00	7.55	11.14
2 Years (annualised)	8.41	6.87	7.77
YTD	7.75	5.46	7.44
Since Launch	12.00	7.55	11.14

## RISK STATISTICS (2 YEARS)

	FUND*
Returns (annualised)	8.41%
Standard deviation (annualised)	4.52%
% Positive months	83.33%
Maximum drawdown	-5.25%
Sharpe ratio	0.69

## MANAGER SELECTION (%)

Amplify SCI Defensive Balanced	6.03	Sanlam Alternative Vega Retail Hedge (Matrix)	2.50
Amplify SCI Flexible Equity	3.53	Sanlam Alternative Veta Retail Hedge (Terebinth)	2.50
Amplify SCI Wealth Protector	9.54	Sanlam Alternative Zeta Retail Hedge (Acumen)	2.50
Coronation Optimum Growth	2.00	Sanlam Multi-Managed Smooth Growth	25.00
Coronation Strategic Income	1.20	Satrix Bond Index	6.50
Ninety One Global Franchise Feeder	3.00	Satrix Low Equity Balanced	1.03
Ninety One Opportunity	10.60	SIM Active Income	4.00
PSG Flexible	3.53	SIM Inflation Plus	5.04
Sanlam Alternative Lambda Retail Hedge (Peregrine)	2.50	SMM Inflation Linked Bonds	6.50
Sanlam Alternative Rho Retail Hedge (Marble Rock)	2.50		

MONTHLY FUND PERFORMANCE* (%)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Fund 2021	1.28	1.48	0.71	1.13	1.21	0.92	0.78						7.75
Fund 2020	1.30	-1.03	-4.26	2.07	1.09	1.34	1.05	1.02	-0.28	-0.61	2.58	1.21	5.42
Fund 2019								0.80	0.61	1.09	0.10	0.83	N/A

## FEE'S (% INCL. VAT)

Annual Solution fee	0.30	Underlying Manager TER's	1.36
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\*\*The annual solution fee includes a wrap fee of 0.40% (incl. VAT) which is only applicable to those funds within the wrap portion of the solution and excludes those portfolios within a policy (e.g.: Sanlam Multi-Managed Smooth Growth).

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

During July, optimism over Covid-19 vaccinations and the reopening of economies was overshadowed by fears of the more contagious Delta variant, which in turn increased concerns that the path to 'normality' may be bumpier than previously expected. Despite this, most nations ended the month on a positive note, including South Africa, surprisingly.

China was an exception to this due to the stricter regulations imposed on its educational and technology sectors, which weighed on its results for the month. For developed and emerging markets, the emphasis continued to be on vaccinating their populations, hoping to protect people from new variants of the coronavirus.

Global equity markets notched up another positive month in July, recording gains for a sixth consecutive month. The MSCI World Index returned 1,72% month-on-month (m/m) in US dollar and 4,22% in rand. On a regional basis, US equities outperformed the rest of the market, European equities managed modest gains. In contrast, Japanese equities ended July at the bottom of its recent rage due to equity market sentiment dominated by increases in Covid-19 infections in Japan, which recently exceeded 10 000 daily infections for the first time. The S&P 500 (US\$) was up 2,38%, the FTSE (€) and Euro Stoxx 50 (€) were up 0,53% and 0,75% respectively, and lastly, the Nikkei 225 (¥) was down 5,23%.

Emerging equity markets continued to lag developed equity markets in July, with weakness in Chinese stock markets most notable. The MSCI Emerging Markets Index was down 7,04% m/m in US dollar and 4,77% in rand.

Despite being in the news headlines for the wrong reasons in July, the South African equity market managed to end the month higher, with the FTSE/JSE All Share Index closing at 4,18%, with mining companies driving the majority of returns.

Resources led the pack at 11,78% m/m, Industrials closed at 1,02% m/m, and Financials lagged somewhat at 0,38% m/m. Domestically exposed property stocks and insurers experienced the most direct impact from the unrest. They were unsurprisingly among the biggest losers for the month, contributing to the poor performance of the Financial sector. The SA Reserve Bank (SARB) left repo rates unchanged in its monthly meeting, as cash (STeFI) continues to give mediocre performances in a low-interest-rate environment (0,32% m/m). South African value managers (5,62% m/m) outperformed growth managers (2,74% m/m), while globally, the opposite outcome occurred.

The rand witnessed a rollercoaster month due to the social unrest experienced, which in turn did no favours to the risk sentiment of the local currency. As a result, it unsurprisingly closed weaker against most major currencies in July. The rand lost as much as 3,02% against the sterling, followed by 2,39% and 2,38% against the US dollar and euro, respectively. Furthermore, it weakened 1,12% against the Japanese yen.

## 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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