

# Succession 3% Real Income

October 2023



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

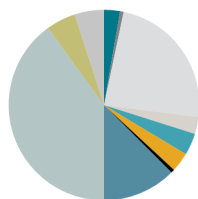
## FUND DETAILS

<b>Fund Category</b>	SA Multi Asset Low Equity
<b>Benchmark</b>	CPI+3%
<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 10 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, 2.7%	International Cash, 0.6%
Property, 0.6%	Hedged, 12.5%
Bonds, 23.7%	Smoothing Portfolio, 40.0%
Cash, 2.9%	Alternatives, 5.0%
International Equity, 3.7%	Global Smoothing Portfolio, 5.0%
International Bonds, 3.3%	

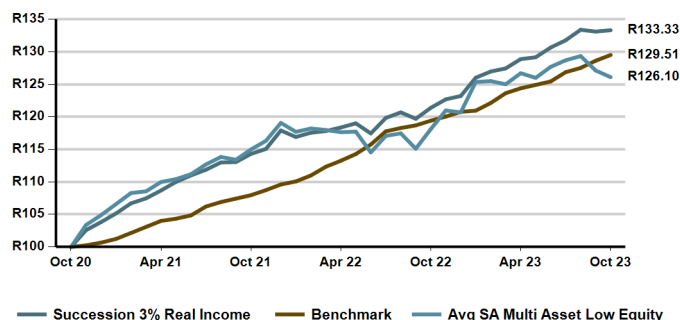
## INVESTOR PROFILE

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 - 3 YEARS \*

### Growth of R100 investment



## Performance (%)

	Fund*	Benchmark	Avg SA Multi Asset Low Equity
1 Month	0.16	0.68	-0.81
3 Months	1.18	2.08	-2.02
6 Months	3.45	4.12	-0.48
1 Year	9.84	8.46	6.76
2 Years (annualised)	8.00	9.53	4.72
3 Years (annualised)	10.06	9.00	8.04
YTD	8.22	7.23	4.49
Since Launch	9.29	8.73	6.94

## RISK STATISTICS (3 YEARS)

	FUND*
Returns (annualised)	10.06%
Standard deviation (annualised)	2.92%
% Positive months	88.89%
Maximum drawdown	-1.31%
Sharpe ratio	1.59%

## MANAGER SELECTION (%)

Amplify SCI Absolute Income Retail Hedge (Acumen)	2.50	Granate BCI Multi Income	6.50
Amplify SCI Diversified Income Retail Hedge (Terebinth)	2.50	Multi-Strategy Alternative	5.00
Amplify SCI Enhanced Equity Retail Hedge (All Weather)	2.50	Ninety One Global Franchise Feeder	1.00
Amplify SCI Flexible Equity (Abax)	2.00	Ninety One Global Multi-Asset Income FF	3.00
Amplify SCI Global Equity FF	1.00	Prescient Flexible Bond	2.00
Amplify SCI Income Plus Retail Hedge (Matrix)	2.50	SAFFRON BCI ACTIVE BND FD	2.00
Amplify SCI Real Income Retail Hedge (Marble Rock)	2.50	Sanlam Multi-Managed Smooth Global Growth	5.00
Amplify SCI Strategic Income (Terebinth)	9.00	Sanlam Multi-Managed Smooth Growth	40.00
Aylett Balanced Prescient	1.00	SMM Inflation Linked Bond (SIM)	6.00
Bateleur Flexible Prescient	2.00	Truffle SCI Flexible	2.00

MONTHLY FUND PERFORMANCE* (%)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Fund 2023	2.28	0.75	0.38	1.12	0.22	1.16	0.85	1.23	-0.21	0.16			8.22
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

## FEES (% INCL. VAT)

Annual Solution Fee	0.29	Underlying Manager TER's	1.30
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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

The US economy expanded at an annualised rate of 4.9% in the third quarter of 2023, mainly due to the expansion of job opportunities for the unemployed. The European Central Bank (ECB) kept interest rates unchanged at 4% at its October meeting, despite a weak economy. The decision to pause rates was taken after PMI data showed a slowdown in economic activity as well as a continued drop in inflation. Eurostat reported a euro zone economic contraction of 0.1%, which was below consensus estimates for GDP to remain unchanged from the previous quarter.

US Federal Reserve (Fed) Chair Jerome Powell indicated the Fed was taking a balanced approach to monetary policy and revealed a more dovish perspective ahead of the November meeting of the Federal Open Market Committee (FOMC). The International Monetary Fund (IMF) forecast that global growth would slow from 3% in 2023 to 2.9% in 2024. Hamas launched a major attack on Israel in early October: concerns that this would escalate into a regional conflict caused almost a 4% increase in Brent crude oil prices to around US\$88 per barrel and 1% rise in gold prices. The South African Reserve Bank (SARB) warned that strained public finances were obstructing economic growth. It said reducing public debt to sustainable levels could yield benefits, including a lower cost of capital, reduced debt-service costs, and lower inflation.

Global equity markets ended negatively for the third consecutive month, with the MSCI World Index at -2.9% in dollar terms, resulting in a decline of almost 10% since the end of July. Euro zone shares also underperformed, along with UK equities, in October. Short-term fixed interest rates were in positive territory, with the SteFI Composite Index ending at 1.2% month-on-month (m/m) in dollar terms. Global Bonds ended in negative territory at -1.2% m/m and Global Property was also negative at -4.75% m/m. Emerging markets underperformed, with the MSCI Emerging Markets Index ending the month at -3.88% m/m in dollar terms. The Dow Jones declined to end the month at -1.26% and the S&P 500 also ended the month negatively at -2.1%, both in dollar terms.

The South African equity market matched global equity markets in producing a third consecutive negative month in October. The FTSE/JSE All Share Index fell -3.44% m/m in rand terms, dragging the bourse further into negative territory at -1.33% year-to-date (YTD). The JSE Top 40 also underperformed, ending the month at -3.67%. Industrials ended the month at -4.58% but are in positive territory for the year to date, at 5.64%. Resources were also negative for the month, ending at -4.31%, and Property was -2.98%. Financials were down -2.15% m/m, but Cash ended positively at 0.7%. The rand gained by 0.49% m/m against the US dollar, 0.66% m/m against the euro, 1.08% m/m against the British pound, 0.54% against the Japanese yen and 0.003% against the Australian dollar. In the bond market, the FTSE/JSE All Bond Index ended in positive territory at 1.71%, with bonds of 1-3 years ending the month positively at 1.07%. Bonds of 3-7 years ended the month at 1.32%, with bonds of 7-12 years at 1.79% and bonds of over 12 years at 1.99%.

## 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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