

# Succession 5% Real Income

February 2023



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

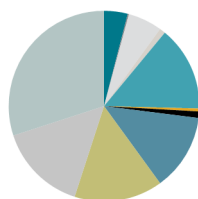
## FUND DETAILS

|                          |                            |
|--------------------------|----------------------------|
| <b>Fund Category</b>     | SA Multi Asset High Equity |
| <b>Benchmark</b>         | CPI+5%                     |
| <b>Risk Profile</b>      | Moderate Aggressive        |
| <b>Investment period</b> | 5 years or longer          |
| <b>Launch Date</b>       | 01 August 2020             |
| <b>Fund Size</b>         | R 73 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 long-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 as the same seeking to share in upside returns. However, the benchmark of the portfolio translates to significant exposure to more risky strategies that could lead to some capital losses in the short term. 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 five years or longer. The solution is not compliant with Regulation 28 of the Pension Funds Act, 1956.

## ASSET ALLOCATION



|                             |                                   |
|-----------------------------|-----------------------------------|
| Equity, 4.0%                | International Cash, 1.1%          |
| Property, 0.2%              | Hedged, 13.0%                     |
| Bonds, 5.8%                 | Alternatives, 15.0%               |
| Cash, 1.0%                  | Global Smoothing Portfolio, 15.0% |
| International Equity, 14.4% | Smoothing Portfolio, 30.0%        |
| International Bonds, 0.5%   |                                   |

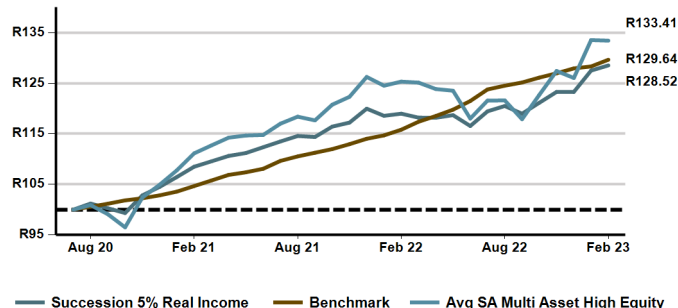
## INVESTOR PROFILE

This fund is suitable for investors looking for:

- Moderate to high levels of income withdrawals from their living annuity
- Capital preservation over the medium term
- A minimum investment horizon of 5 years or longer

## CUMULATIVE PERFORMANCE SINCE LAUNCH

### Growth of R100 investment



| Performance (%)      | Fund* | Benchmark | Avg SA Multi Asset High Equity |
|----------------------|-------|-----------|--------------------------------|
| 1 Month              | 0.80  | 1.03      | -0.08                          |
| 3 Months             | 4.25  | 2.11      | 4.71                           |
| 6 Months             | 6.67  | 4.12      | 9.72                           |
| 1 Year               | 8.02  | 11.94     | 6.47                           |
| 2 Years (annualised) | 8.84  | 11.29     | 9.57                           |
| YTD                  | 4.25  | 1.34      | 5.86                           |
| Since Launch         | 10.20 | 10.57     | 11.81                          |

## RISK STATISTICS (2 YEARS)

|                                 | FUND*  |
|---------------------------------|--------|
| Returns (annualised)            | 8.84%  |
| Standard deviation (annualised) | 4.27%  |
| % Positive months               | 75.00% |
| Maximum drawdown                | -2.85% |
| Sharpe ratio                    | 0.95   |

## MANAGER SELECTION (%)

|  |      |   |       |
|--|------|---|-------|
| Amplify SCI Absolute Income Retail Hedge (Acumen)        | 2.50 | Multi-Strategy Alternative                | 15.00 |
| Amplify SCI Diversified Income Retail Hedge (Terebinth)  | 2.50 | Nedgroup Global Equity Feeder             | 3.63  |
| Amplify SCI Flexible Equity                              | 3.00 | Ninety One Global Franchise Feeder        | 3.63  |
| Amplify SCI Income Plus Retail Hedge (Matrix)            | 2.50 | Prescient Flexible Bond                   | 4.00  |
| Amplify SCI Managed Equity Retail Hedge (Oyster Catcher) | 5.50 | PSG Flexible                              | 2.68  |
| Centaur BCI Flexible                                     | 3.00 | Sanlam Multi-Managed Smooth Global Growth | 15.00 |
| Coronation Global Optimum Growth                         | 7.06 | Sanlam Multi-Managed Smooth Growth        | 30.00 |

| MONTHLY FUND PERFORMANCE* (%) | JAN   | FEB  | MAR   | APR   | MAY  | JUN   | JUL  | AUG  | SEP   | OCT  | NOV  | DEC  | YTD   |
|-------------------------------|-------|------|-------|-------|------|-------|------|------|-------|------|------|------|-------|
| Fund 2023                     | 3.42  | 0.80 |       |       |      |       |      |      |       |      |      |      | 4.25  |
| Fund 2022                     | -1.17 | 0.36 | -0.65 | -0.03 | 0.44 | -1.81 | 2.49 | 0.88 | -1.26 | 1.82 | 1.77 | 0.00 | 2.76  |
| Fund 2021                     | 1.87  | 1.91 | 0.98  | 0.98  | 0.52 | 1.03  | 1.01 | 0.95 | -0.17 | 1.80 | 0.68 | 2.35 | 14.80 |

## FEES (% INCL. VAT)

|                     |      |                          |      |
|---------------------|------|--------------------------|------|
| Annual Solution Fee | 0.40 | Underlying Manager TER's | 1.46 |
|---------------------|------|--------------------------|------|

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

Following a strong start to the year, most global markets came under pressure in February, including locally. With the US economy showing resilient data and inflationary pressures lingering, investors are now pricing in higher rates for longer. Concerns around US and China relations over Russia weighed on investor sentiment, with the Russian invasion of Ukraine surpassing the one-year anniversary during the month.

Developed equity markets lost momentum in February, with the US unemployment and inflation data weighing on investor sentiment. The MSCI World Index returned -2.40% m/m in USD and 2.67 m/m in ZAR. US large-cap tech stocks were amongst the few winners in February, however, there were mixed results for individual stocks. The S&P 500 closed at -2.45% m/m. With risks of a deep recession decreasing significantly in Europe, the Euro Stoxx 50 (€) pushed 1.94% higher m/m. The surprising resilience of some data coming out of the UK resulted in the UK's blue-chip FTSE (£) increasing by 1.52% m/m.

Emerging markets fared worse than their developed counterparts for the first time in four months, the MSCI Emerging Markets Index closed at -6.54% m/m in USD and 1.56% m/m in ZAR. Chinese stocks were amongst the worst performing, particularly foreign-listed Chinese corporates. China's escalating geopolitical tensions seemingly resulted in investors taking some profit after rallying the past three months from October lows.

The South African equity market followed world markets lower, despite a generally positive month for stocks geared to the domestic economy, with the notable exception of the retailers. The FTSE/JSE All Share Index closed at -2.19% m/m, with the biggest drag on the local bourse stemming from the miners, weighed down by generally weaker commodity prices.

On a sector level, Resources was the only sector to finish in negative territory, closing at -13.23% m/m. Financials led the pack, closing at 1.96% m/m, while Industrials lagged slightly closing at 1.66% m/m. SA Listed Property fell for the second consecutive month, -0.72% m/m. Local Bonds lost some ground, with the All Bond Index (ALBI) returning -0.87% m/m. Cash (STeFI) delivered a moderate return of 0.54% m/m. South African growth managers (-1.96% m/m) outperformed value managers (-2.48% m/m) once again, consistent with global occurrence.

The rand continued to weaken against the dollar, falling 5.06% m/m. Among the major currencies, only the Argentine peso fared worse year-to-date (YTD) against the dollar. The rand lost as much as 3.46% and 2.77% m/m against the sterling and euro respectively. However, the rand managed to gain against the Japanese yen, closing at 4.74% m/m.

## 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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