

# Succession 5% Real Income

September 2021



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

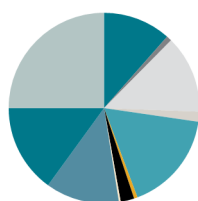
## FUND DETAILS

<b>Fund Category</b>	SA Multi Asset High Equity
<b>Benchmark</b>	CPI+5%, Avg SA Multi Asset High Equity
<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 22 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, 11.5%	International Cash, 2.3%
Property, 0.9%	International Property, 0.3%
Bonds, 13.2%	Hedged, 12.5%
Cash, 1.7%	Alternatives, 15.0%
International Equity, 17.0%	Smoothing Portfolio, 25.0%
International Bonds, 0.6%	

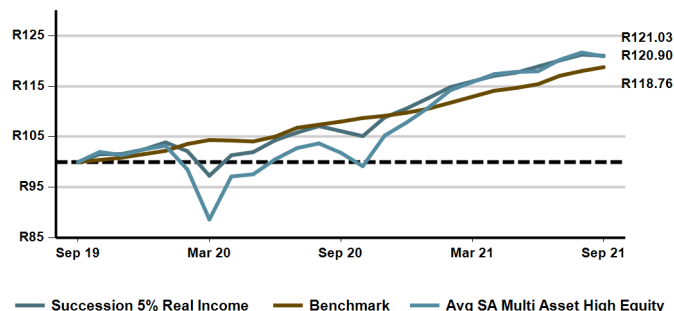
## INVESTOR PROFILE

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 - 2 YEARS\*

Growth of R100 investment



Performance (%)	Fund*	Benchmark	Avg SA Multi Asset High Equity
1 Month	-0.17	0.64	-0.62
3 Months	1.80	2.92	2.51
6 Months	4.39	5.18	4.40
1 Year	14.04	9.97	18.72
2 Years (annualised)	10.01	8.98	9.96
YTD	9.44	8.21	12.13
Since Launch	12.19	9.55	14.95

## RISK STATISTICS (2 YEARS)

	FUND*
Returns (annualised)	10.01%
Standard deviation (annualised)	6.05%
% Positive months	79.17%
Maximum drawdown	-6.34%
Sharpe ratio	0.83

## MANAGER SELECTION (%)

ABAX Balanced Prescient	1.92	Sanlam Alternative Theta Retail Hedge (Oyster Catcher)	2.50
Amplify SCI Balanced	5.15	Sanlam Alternative Vega Retail Hedge (Matrix)	2.50
Amplify SCI Strategic Income	0.55	Sanlam Alternative Veta Retail Hedge (Terebinth)	2.50
Bateleur Flexible Prescient	2.68	Sanlam Alternative Zeta Retail Hedge (Acumen)	2.50
Coronation Optimum Growth	8.06	Sanlam Multi-Managed Smooth Growth	25.00
Multi-Strategy Alternative	15.00	Satrix Balanced Index	0.66
Ninety One Global Franchise Feeder	7.22	Satrix Bond Index	10.00
Prescient Income Provider	0.76	SIM Balanced	0.52
PSG Flexible	2.68	Truffle SCI Flexible	7.30
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	1.87	1.91	0.98	0.98	0.52	1.03	1.01	0.95	-0.17				9.44
Fund 2020	1.37	-1.69	-4.74	4.16	0.62	2.28	1.46	1.20	-0.92	-0.94	3.51	1.63	7.91
Fund 2019										1.55	0.04	0.87	N/A

## FEES (% INCL. VAT)

Annual Solution Fee	0.29	Underlying Manager TER's	1.41
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\*\*The annual wrap fee is only applicable to those funds within the wrap portion of the solution and excludes those portfolios within a policy or segregated portfolio (e.g.: Sanlam Multi-Managed Smooth Growth and Multi-Managed Alternative Fund).

## CONTACT DETAILS

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## MANAGER COMMENT

September was a noisy and brutal month for most global markets, including South Africa. Factors such as Chinese headwinds, less accommodative monetary policy, deepening inflation, concerns of slowing growth, the Covid-19 Delta variant and the possibility of a US government shutdown dampened risk appetite and weighed on investor sentiment for the month, resulting in most major equity markets closing the month in negative territory.

Global equity markets experienced their poorest month in some time, as developed equity markets recorded their worst month since March 2020, when the pandemic effect took place. The MSCI World Index closed -4.29% month-on-month (m/m) in USD and -0.45% in ZAR. Announcements from the US Federal Open Market Committee weighed on US equities for the month, with the S&P 500 (US\$) down 4.65% m/m. The only S&P 500 sector to end the month higher was the energy sector due to a global shortage of natural gas, which saw natural gas prices spike. US 10-year government bonds gained slightly m/m, with the Fed members seemingly ready to begin tapering quantitative easing before the close of 2021. European equities also closed the month on a negative note, with the Euro Stoxx 50 (€) down 3.37%.

In China, one of the world's largest property developers, Evergrande, saw its share price fall around 33% m/m, weighing on Chinese equities performance and further dragging emerging markets lower for the month. The MSCI Emerging Market Index returned -4.25% m/m in USD and -0.41% in ZAR. This is despite a positive performance from Indian and Russian stock markets, which benefitted from outsized exposure to energy companies.

The South African equity market experienced its second negative month of 2021, as the FTSE/JSE All Share Index closed at -3.14% m/m, with the best performers of the month coming in the form of energy companies, benefitting from the global shortage in energy materials. The domestically focussed shares delivered a small positive contribution for the month, despite the poor performance from the retailers.

All major sectors were in negative territory for September. Resources are down 9.55% m/m, with particularly the mining industry contributing to the significant downfall. Industrials and Financials closed the month at -1.17% and 1.66% respectively. South African government bonds struggled in September amidst a higher global yield environment, returning -2.12% m/m. The SA Reserve Bank (SARB) left repo rates unchanged in its monthly meeting, as anticipated. Cash (STeFI) delivered a moderate return of 0.31% m/m, as expected in the low interest rate environment. South African value managers (-2.67% m/m) outperformed growth managers (-3.38% m/m).

The ZAR continued to lose ground against the strong USD, closing at -3.86% m/m, hitting a new low in September. Furthermore, the ZAR lost as much as 2.07% and 1.87% against the euro and sterling but managed to finish stronger against the Japanese yen at 1.56%.

## 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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