

# Succession 6% Real Income

January 2022



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

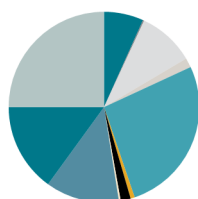
## FUND DETAILS

<b>Fund Category</b>	Worldwide Multi Asset Flexible
<b>Benchmark</b>	CPI+6%, Avg Worldwide Multi Asset Flexible
<b>Risk Profile</b>	Aggressive
<b>Investment period</b>	7 years or longer
<b>Launch Date</b>	01 August 2020
<b>Fund Size</b>	R 69 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 at the same time seeking to share in upside returns. However, the benchmark used by this portfolio has significant exposure to riskier strategies that can lead to 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 seven years or longer. The solution is not compliant with Regulation 28 of the Pension Funds Act, 1956.

## ASSET ALLOCATION



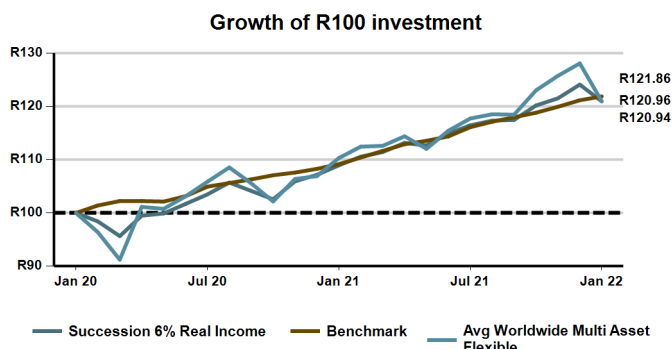
Equity, 6.7%	International Cash, 1.7%
Property, 0.2%	International Property, 0.3%
Bonds, 9.6%	Hedged, 12.5%
Cash, 1.6%	Alternatives, 15.0%
International Equity, 26.7%	Smoothing Portfolio, 25.0%
International Bonds, 0.7%	

## INVESTOR PROFILE

This fund is suitable for investors looking for:

- High levels of income withdrawals from their living annuity
- Capital preservation over the medium term
- A minimum investment horizon of 7 years or longer

## CUMULATIVE PERFORMANCE - 2 YEARS \*



Performance (%)	Fund*	Benchmark	Avg Worldwide Multi Asset Flexible
1 Month	-2.54	0.60	-5.55
3 Months	0.64	2.57	-1.66
6 Months	3.86	4.97	2.75
1 Year	11.02	11.64	9.67
2 Years (annualised)	9.97	10.39	9.98
YTD	-2.54	0.60	-5.55
Since Launch	10.95	10.49	9.30

## RISK STATISTICS (2 YEARS)

	FUND*
Returns (annualised)	9.97%
Standard deviation (annualised)	6.06%
% Positive months	75.00%
Maximum drawdown	-4.34%
Sharpe ratio	0.91

## MANAGER SELECTION (%)

Amplify SCI Flexible Equity	1.85	Sanlam Alternative Theta Retail Hedge (Oyster Catcher)	2.50
BCI Income Plus	0.82	Sanlam Alternative Vega Retail Hedge (Matrix)	2.50
Centaur BCI Flexible	5.46	Sanlam Alternative Veta Retail Hedge (Terebinth)	2.50
Coronation Optimum Growth	10.30	Sanlam Alternative Zeta Retail Hedge (Acumen)	2.50
Multi-Strategy Alternative	15.00	Sanlam Multi-Managed Smooth Growth	25.00
Ninety One Global Franchise Feeder	9.53	Satrix Bond Index	8.02
Ninety One Global Multi-Asset Income FF	0.75	Satrix MSCI World Equity Index Feeder	7.07
PSG Flexible	1.85	Truffle SCI Flexible	1.85
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 2022	-2.54												-2.54
Fund 2021	1.66	1.49	0.78	1.55	-0.44	1.99	1.36	0.75	0.11	2.31	1.12	2.12	15.79
Fund 2020		-1.59	-2.80	4.01	0.41	1.79	1.77	2.14	-1.48	-1.51	3.29	1.15	N/A

## FEES (% INCL. VAT)

Annual Solution Fee	0.29	Underlying Manager TER's	1.39
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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).

\* The simulated analysis before launch date was created using Morningstar and is for illustrative purposes only. It provides an indication of hypothetical past performance given historic asset and manager allocation, and cannot be construed as providing an indication of expected future performance. The investor is liable for CGT on any transactions in the units of the underlying unit trusts 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 2021 for global markets, January was a volatile and shaky month, except for South African markets which continued to advance. Concerns over spiraling inflation, higher interest rates, the shift towards tightening monetary policy by many central banks, and the geopolitical tensions in Eastern Europe weighed on risk sentiment. This resulted in many global stocks retreating from their highs of last year. Despite the US markets recovering slightly during the final trading days of the month, Wall Street suffered its worst start to the year since the Global Financial Crisis (GFC).

Global equity markets started the year on a negative note, as the prospect of tightening monetary policy conditions weighed on stocks, particularly growth stocks, which recorded their biggest monthly underperformance relative to value stocks since 1999. Developed equity markets experienced their worst start to the year since 2016 as the MSCI World Index closed 5.34% down m/m in USD and 8.25% down in ZAR. The increasingly hawkish stance by the Fed and inflation concerns weighed on US stocks, with the S&P 500 (US\$) closing the month 5.17% down. European equities also ended the month poorly, with the Euro Stoxx 50(€) returning -2.75% m/m.

Emerging equity markets also had a tough start to 2022, but fared significantly better than their developed market peers as they started to retrieve some of the underperformance suffered to developed markets in 2021. The MSCI Emerging Market Index returned -1.93% m/m in USD and -4.94% in ZAR. Chinese equities, which have been amongst the worst performing global equities for the past year, managed to start the year among the best performing. Unfortunately, geopolitical tension prevented Russian markets from contributing to the emerging market rally.

The South African equity market started the year in the "green", as the FTSE/JSE All Share Index closed the month 0.86% up. The local bourse benefitted from improved sentiment towards emerging markets and a rally in commodity prices. Mining shares were once again amongst the best performers.

Resources led the pack at 3.92% m/m, followed by Financials and Industrials which closed the month 0.48% and 1.89% down respectively. Bonds continued to gain slightly, as the All Bond Index (ALBI) closed with a return of 0.85% m/m. SA listed property had a tough start and was down 2.85% m/m. Cash (STeFI) delivered a moderate return of 0.34% m/m. South African value managers (4.40% m/m) outperformed growth managers (-0.63% m/m), consistent with what occurred globally.

The ZAR experienced strong gains against most major currencies, as the market continued to price in more rate hikes in 2022, which in turn makes South African assets more attractive globally. The ZAR gained as much as 4.66%, 4.15%, 3.17% and 0.06% against the euro, sterling, USD, and 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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