Succession 3% Real Income

June 2022

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

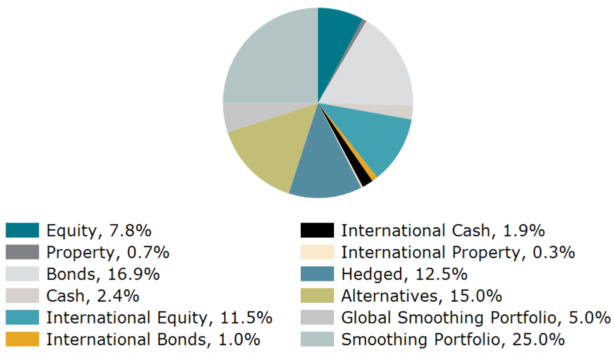
FUND DETAILS

Fund Category	SA Multi Asset Low Equity
Benchmark	CPI+3%, Avg SA Multi Asset Low Equity
Risk Profile	Cautious
Investment period	3 years or longer
Launch Date	01 August 2020
Fund Size	R 5 million
Platform	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

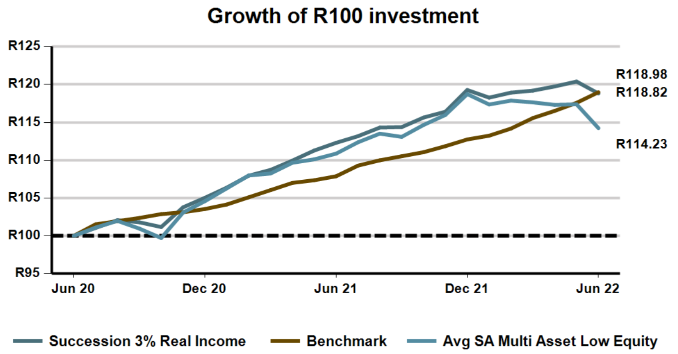


INVESTOR PROFILE

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 *



Performance (%)	Fund*	Benchmark	Avg SA Multi Asset Low Equity
1 Month	-1.31	1.19	-2.68
3 Months	-0.31	2.96	-2.90
6 Months	-0.38	5.54	-3.79
1 Year	5.81	10.30	3.04
2 Years (annualised)	9.00	9.08	6.88
YTD	-0.38	5.54	-3.79
Since Launch	8.82	8.63	6.58

RISK STATISTICS (2 YEARS)	FUND*
Returns (annualised)	9.00%
Standard deviation (annualised)	3.12%
% Positive months	83.33%
Maximum drawdown	-1.31%
Sharpe ratio	1.57

MANAGER SELECTION (%)

Amplify SCI* Absolute Income Retail Hedge (Acumen)	2.50	Nedgroup Global Equity Feeder	3.44
Amplify SCI* Defensive Balanced	3.82	Ninety One Global Franchise Feeder	3.06
Amplify SCI* Diversified Income Retail Hedge (Terebinth)	2.50	Ninety One Opportunity	7.30
Amplify SCI* Enhanced Equity Retail Hedge (Peregrine)	2.50	Prescient Flexible Bond	5.00
Amplify SCI* Flexible Equity	1.92	PSG Flexible	1.92
Amplify SCI* Income Plus Retail Hedge (Matrix)	2.50	Sanlam Multi-Managed Smooth Global Growth	5.00
Amplify SCI* Real Income Retail Hedge (Marble Rock)	2.50	Sanlam Multi-Managed Smooth Growth	25.00
Amplify SCI* Wealth Protector	6.50	Satrix Bond Index	3.00
Coronation Global Optimum Growth	1.52	Satrix Low Equity Balanced	0.78
Coronation Strategic Income	0.91	SIM Flexible Income	1.04
Multi-Strategy Alternative	15.00	SIM Inflation Plus	2.29

MONTHLY FUND PERFORMANCE* (%)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Fund 2022	-0.85	0.56	0.22	0.47	0.54	-1.31							-0.38
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
Fund 2020							1.05	1.02	-0.28	-0.61	2.58	1.21	N/A

FEES (% INCL. VAT)

Annual Solution Fee	0.29	Underlying Manager TER's	1.33

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 month of June brought no relief for investors, as most global markets ended the month in negative territory, including South Africa. June further exacerbated the poor first half of the year experienced by most global markets. Global inflation data results continued to raise expectations of rate hikes by central banks, increasing concerns of a possible recession. In addition, the ongoing Russian invasion of Ukraine seems to have no resolution in sight, serving to only exacerbate bleak investor sentiment. Chinese markets were a positive exception for the month as the country emerged from lockdowns.

June was the worst month of an already tough year for developed equity markets, falling enough to push them into a bear market for the year. The MSCI World Index closed -8.77% m/m in USD and -4.10% m/m in ZAR, giving the index the worst first-half performance since 1970. US inflation data was a catalyst for investor pessimism, sinking the S&P 500 down 8.26% m/m and 19.97% year-to-date (YTD). The US blue-chip index posted its worst first-half of the year in more than 50 years, and technology equities were still amongst the biggest losers, with the tech-heavy Nasdaq 100 index losing around 9% m/m and around 29% YTD. After surprising to the upside in April and May, the UK's blue-chip FTSE (£) ended June 5.98% in the red. The Euro Stoxx 50 (€) returned -8.75% m/m.

Emerging equity markets outperformed their developed counterparts for the third consecutive month. Despite its worst month of the year, the MSCI Emerging Markets Index closed -7.14% m/m in USD and -2.39% m/m in ZAR. The Emerging Market outperformance was predominantly due to a strong performance by Chinese equities, the Shanghai Composite finishing higher m/m. The drop in commodity prices weighed on the Brazilian equity market, this year's best performing global market.

The South African equity market recorded its biggest monthly fall since the start of the pandemic in March 2020, as the FTSE/JSE All Share Index followed global markets lower, closing 8.01% down for the third consecutive month. Miners were amongst the worst performers, falling with commodity prices.

On a sector level, Industrials was the only sector to finish in positive territory, closing 1.60% m/m, supported by a strong performance from market heavyweights, Naspers and Prosus ending the month around 38% and 30% up respectively. Financials lagged, closing the month 3.72% down, Resources fell significantly lower, -17.15% m/m, and local bonds lost ground, with the All Bond Index (ALBI) returning -3.06% m/m. SA listed property fell 10.33% m/m and Cash (STeFI) delivered a moderate return of 0.40% m/m. South African growth managers (-4.26% m/m) outperformed value managers (-11.47% m/m) for the first time this year; however, YTD value managers remain ahead.

The rate hike by the US Fed and the safe-haven status of the US dollar lifted demand for the greenback. This, along with the ongoing load shedding, caused the rand to lose as much as 4.88% m/m against the US dollar. The rand further lost 2.53% and 1.28% m/m against the euro and pound. On a positive note, the rand gained 5.60% m/m 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

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