

# Succession 3% Real Income

October 2021



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

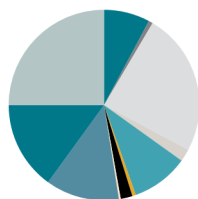
## FUND DETAILS

<b>Fund Category</b>	SA Multi Asset Low Equity
<b>Benchmark</b>	CPI+3%, Avg SA Multi Asset Low Equity
<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 2 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, 7.8%	International Cash, 2.0%
Property, 0.7%	International Property, 0.3%
Bonds, 24.3%	Hedged, 12.5%
Cash, 2.1%	Alternatives, 15.0%
International Equity, 9.7%	Smoothing Portfolio, 25.0%
International Bonds, 0.6%	

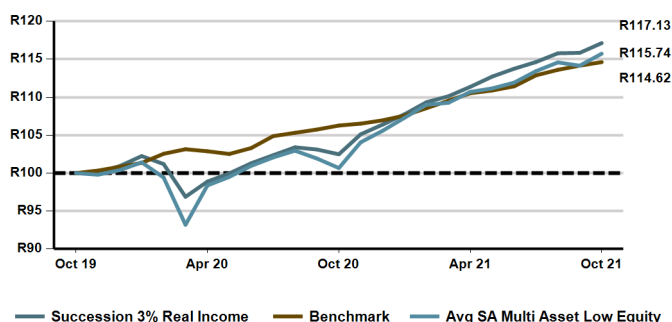
## INVESTOR PROFILE

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\*

Growth of R100 investment



Performance (%)	Fund*	Benchmark	Avg SA Multi Asset Low Equity
1 Month	1.11	0.41	1.38
3 Months	2.18	1.55	2.03
6 Months	5.18	3.71	4.55
1 Year	14.30	7.87	14.98
2 Years (annualised)	8.23	7.06	7.58
YTD	10.10	7.17	9.62
Since Launch	11.39	7.38	10.59

## RISK STATISTICS (2 YEARS)

	FUND*
Returns (annualised)	8.23%
Standard deviation (annualised)	4.54%
% Positive months	83.33%
Maximum drawdown	-5.25%
Sharpe ratio	0.74

## MANAGER SELECTION (%)

Amplify SCI Defensive Balanced	3.82	Sanlam Alternative Rho Retail Hedge (Marble Rock)	2.50
Amplify SCI Flexible Equity	1.92	Sanlam Alternative Vega Retail Hedge (Matrix)	2.50
Amplify SCI Wealth Protector	6.50	Sanlam Alternative Veta Retail Hedge (Terebinth)	2.50
Coronation Optimum Growth	1.52	Sanlam Alternative Zeta Retail Hedge (Acumen)	2.50
Coronation Strategic Income	0.91	Sanlam Multi-Managed Smooth Growth	25.00
Multi-Strategy Alternative	15.00	Satrix Bond Index	10.00
Ninety One Global Franchise Feeder	4.56	Satrix Low Equity Balanced	0.78
Ninety One Opportunity	7.30	SIM Active Income	1.04
PSG Flexible	1.92	SIM Inflation Plus	2.29
Sanlam Alternative Lambda Retail Hedge (Peregrine)	2.50	SMM Inflation Linked Bonds	4.94

MONTHLY FUND PERFORMANCE* (%)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Fund 2021	1.28	1.48	0.71	1.13	1.21	0.92	0.78	1.01	0.05	1.11			10.10
Fund 2020	1.30	-1.03	-4.26	2.07	1.09	1.34	1.05	1.02	-0.28	-0.61	2.58	1.21	5.42
Fund 2019											0.10	0.83	N/A

## FEE'S (% INCL. VAT)

Annual Solution Fee	0.29	Underlying Manager TER'S	1.36
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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

October saw markets trend higher after a weaker September, as a broad market rally saw most major global indices ending the month higher, including South Africa. Despite a stronger month for markets, there remain some ongoing concerns. The inflation debate remained in the spotlight, weighing on investor sentiment, especially due to concerns that inflation will not be transitory after all. The COVID-19 Delta Plus (another variant of COVID-19) encouraged fear, especially in the UK which recorded a large increase in COVID-19 cases despite a relatively high vaccination level, with the Delta Plus variant blamed for the spread. Finally, there is a concern that increased regulations by Chinese authorities will see the country's economy deteriorate and bring the global economy down with it.

Global equity markets got back to winning ways in October, as developed equity markets recorded their best month since November last year. The MSCI World Index closed 5.59% up month-on-month (m/m) in USD and 6.68% in ZAR. US stocks were supported by a strong start to the 3Q21 earnings season, with more than 80% of companies exceeding earnings expectations, driving the S&P 500 (USD) to a new peak, closing the month 7.01% up. US energy stocks were once again standout performers in October, supported by a rally in the price of Brent crude oil. European equities also closed the month on a strong note, with the Euro Stoxx 50 (€) up 5.19%.

Emerging equity markets lagged developed market peers, as the MSCI Emerging Market Index returned 0.93% m/m in USD and 1.97% in ZAR. US-listed Chinese stocks, which lost one-third of their value in the first nine months of the year, bounced back, supported by Chinese tech giants' recovery including Tencent (around 11% m/m). Unfortunately, the strong performance was offset by a poor month from Brazilian and Turkish shares.

The South African equity market followed global markets and bounced back from September losses, closing the month with strong gains. The FTSE/JSE All Share Index closed at 5.15% m/m, with mining shares the best performers for the month, particularly metal stocks.

All major sectors finished the month in positive territory for October. Resources led the pack at 8.44% m/m, on the back of stronger commodity prices driving the share price of miners. Industrials and financials closed at 6.80% and 3.49% m/m respectively. The Industrials sector was given a boost with Naspers and Prosus delivering a solid performance (around 7.5% m/m in aggregate), following Chinese tech stocks. SA listed property lost some ground in October, closing the month at -1.69%, while cash (STeFI) delivered a moderate return of 0.32%. South African growth managers (5.81% m/m) outperformed value managers (3.64% m/m).

The ZAR continued to lose ground against the USD, closing 1.02% down m/m, in yet another rollercoaster month. Furthermore, the ZAR lost as much as 2.64% and 0.87% against the euro and sterling but managed to finish the month stronger against the Japanese yen at 2.20%.

## 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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