Succession 5% Real Income

February 2022

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

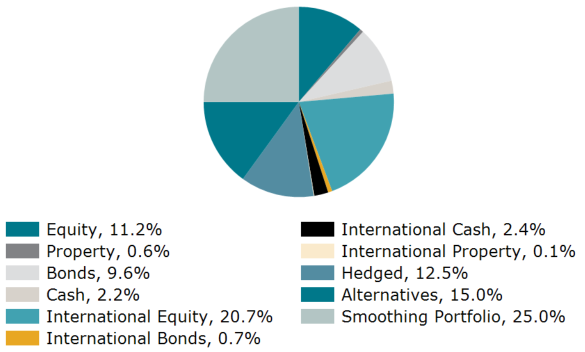
FUND DETAILS

Fund Category	SA Multi Asset High Equity
Benchmark	CPI+5%, Avg SA Multi Asset High Equity
Risk Profile	Moderate Aggressive
Investment period	5 years or longer
Launch Date	01 August 2020
Fund Size	R 52 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 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



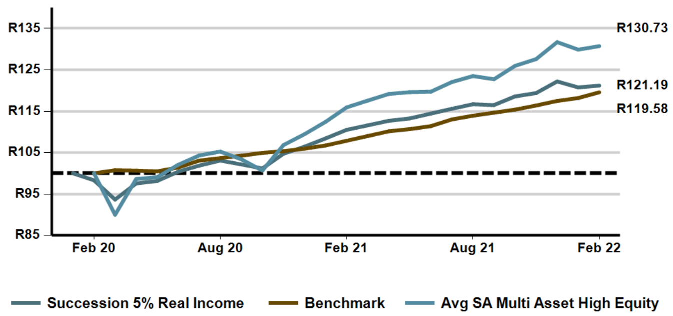
INVESTOR PROFILE

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	0.36	1.17	0.65
3 Months	1.51	2.74	2.46
6 Months	3.85	4.96	5.85
1 Year	9.67	10.86	12.76
2 Years (annualised)	11.03	9.35	14.34
YTD	-0.82	1.78	-0.73
Since Launch	11.60	9.83	15.32

RISK STATISTICS (2 YEARS)	FUND*
Returns (annualised)	11.03%
Standard deviation (annualised)	6.03%
% Positive months	79.17%
Maximum drawdown	-4.74%
Sharpe ratio	1.11

MANAGER SELECTION (%)

ABAX Balanced Prescient	1.92	Sanlam Alternative Rho Retail Hedge (Marble Rock)	2.50
Amplify SCI Balanced	5.15	Sanlam Alternative Theta Retail Hedge (Oyster Catcher)	2.50
Amplify SCI Strategic Income	0.55	Sanlam Alternative Vega Retail Hedge (Matrix)	2.50
Bateleur Flexible Prescient	3.20	Sanlam Alternative Veta Retail Hedge (Terebinth)	2.50
Coronation Optimum Growth	8.06	Sanlam Alternative Zeta Retail Hedge (Acumen)	2.50
Multi-Strategy Alternative	15.00	Sanlam Multi-Managed Smooth Growth	25.00
Nedgroup Global Equity Feeder	4.00	Satrix Balanced Index	0.66
Ninety One Global Franchise Feeder	7.22	Satrix Bond Index	6.00
Prescient Income Provider	0.76	Truffle SCI Flexible	7.30
PSG Flexible	2.68		

MONTHLY FUND PERFORMANCE* (%)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Fund 2022	-1.17	0.36											-0.82
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
Fund 2020			-4.74	4.16	0.62	2.28	1.46	1.20	-0.92	-0.94	3.51	1.63	N/A

FEES (% INCL. VAT)

Annual Solution Fee	0.29	Underlying Manager TER's	1.37

**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 difficult start to the year for global markets, the month of February did no favours in easing such difficulty. Most nations ended the month in negative territory, but once again South African markets showed resilience and advanced. The prospects of tightening monetary policy continue to weigh on investor sentiment, with expectations on the number of interest rate hikes increasing significantly in the US and Europe in their efforts to get inflation under control. Furthermore, global markets declined initially because of Russia's troop buildup along the Ukraine border and then the eventual invasion of Ukraine, delivering a further hit to growth expectations.

Global equity markets were relatively flat during the first half of the month but retreated as soon as the Russian invasion of Ukraine took hold. Headlines suggesting, Vladimir Putin placed his nuclear deterrent forces on high alert, raising fears of the conflict escalating beyond Ukraine and leaving investors exiting risky assets. Developed equity markets experienced its second consecutive month in negative territory, as the MSCI World Index returned -2.65% m/m in USD and -2.76% in ZAR. Despite most S&P 500 companies reporting strong earnings in 4Q21, the S&P 500 (US$) closed the month at -3.00%, as the new developments of Russia's invasion of Ukraine weighed on US stocks. European equities were hurt even more during the month, with the Euro Stoxx 50 (€) returning -5.89% m/m.

As expected, the current environment hurt emerging markets more than developed market peers, the MSCI Emerging Market Index returned -3.06% m/m in USD and – 3.17% in ZAR. Russian assets bore the brunt of the sell-off, with the MSCI Russia Index down around 53% m/m. Some emerging markets fared better, particularly those with significant commodity exports such as Brazil and South Africa, which ended the month higher.

The South African equity market continued its strong start to the year, as the FTSE/JSE All Share Index closed the month at 2.95%. The local bourse was amongst only a few major global markets to end the month in positive territory and year-to-date is only second to the Brazilian stock market. Mining shares once again pushed the JSE higher, as well as financial counters.

On a sector basis, Resources led the pack by some distance, returning 16.07% m/m, with gold and platinum miners the best performers in the sector. Financials lagged at -4.66% m/m, but banks released better-than-expected trading updates, showing strong earnings momentum (Nedbank, Standard Bank and FirstRand delivered strong returns). Industrials returned -7.73% m/m, noticeably Naspers (around -22% m/m) and Prosus (around -26% m/m) weighing on the sector. Bonds continued to gain slightly, as the All Bond Index (ALBI) closed at 0.54% m/m. SA listed property lost more ground for the second month, returning -3.26% m/m. Cash (STeFI) delivered a moderate return of 0.32% m/m. South African value managers (8.40% m/m) outperformed growth managers (0.54% m/m), consistent with what occurred globally.

The ZAR managed to end the month relatively unchanged m/m against major currencies. The ZAR won as much as 0.11% against the USD and sterling, losing as much as 0.04% and 0.08% against the Japanese yen and euro respectively.

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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