

# Succession 5% Real Income

January 2023



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

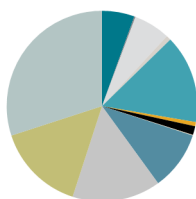
## FUND DETAILS

<b>Fund Category</b>	SA Multi Asset High Equity
<b>Benchmark</b>	CPI+5%
<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 73 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, 5.5%	International Cash, 1.5%
Property, 0.2%	International Property, 0.1%
Bonds, 6.2%	Hedged, 10.0%
Cash, 0.8%	Global Smoothing Portfolio, 15.0%
International Equity, 15.0%	Alternatives, 15.0%
International Bonds, 0.7%	Smoothing Portfolio, 30.0%

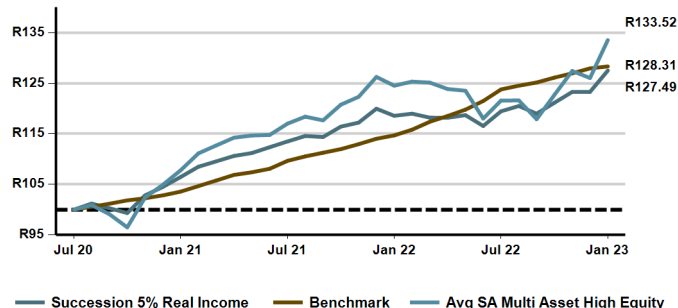
## INVESTOR PROFILE

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 SINCE LAUNCH

### Growth of R100 investment



Performance (%)	Fund*	Benchmark	Avg SA Multi Asset High Equity
1 Month	3.42	0.30	5.94
3 Months	5.25	1.75	8.83
6 Months	6.74	3.67	9.84
1 Year	7.54	11.89	7.24
2 Years (annualised)	9.44	11.31	11.30
YTD	3.42	0.30	5.94
Since Launch	10.20	10.49	12.26

## RISK STATISTICS (2 YEARS)

	FUND*
Returns (annualised)	9.44%
Standard deviation (annualised)	4.35%
% Positive months	75.00%
Maximum drawdown	-2.85%
Sharpe ratio	1.10

## MANAGER SELECTION (%)

Amplify SCI Absolute Income Retail Hedge (Acumen)	2.50	Nedgroup Global Equity Feeder	3.63
Amplify SCI Diversified Income Retail Hedge (Terebinth)	2.50	Ninety One Global Franchise Feeder	3.63
Amplify SCI Flexible Equity	3.00	Prescient Flexible Bond	4.00
Amplify SCI Income Plus Retail Hedge (Matrix)	2.50	PSG Flexible	2.68
Amplify SCI Managed Equity Retail Hedge (Oyster Catcher)	2.50	Sanlam Multi-Managed Smooth Global Growth	15.00
Centaur BCI Flexible	3.00	Sanlam Multi-Managed Smooth Growth	30.00
Coronation Global Optimum Growth	7.06	Truffle SCI Flexible	3.00
Multi-Strategy Alternative	15.00		

MONTHLY FUND PERFORMANCE* (%)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Fund 2023	3.42												3.42
Fund 2022	-1.17	0.36	-0.65	-0.03	0.44	-1.81	2.49	0.88	-1.26	1.82	1.77	0.00	2.76
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

## FEES (% INCL. VAT)

Annual Solution Fee	0.40	Underlying Manager TER's	1.42
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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

Following a dreadful 2022, most global markets kicked off 2023 strongly as equity markets rallied, including locally. Investor sentiment was boosted by better-than-expected GDP data, inflation slowing for the third consecutive month, the hope that interest rates are close to their peak and the belief that the US will avoid a recession. Furthermore, optimism around China's economic recovery was another positive headline during the month.

Developed equity markets started the year strongly, the first positive start to the year since 2019. The MSCI World Index returned 7.0% m/m in USD and 9.6% m/m in ZAR. The laggards of 2022 managed to start the year as the best performers, with technology stocks bouncing back after a horrid sell-off in 2023. The tech-heavy Nasdaq rose by around 11.0% m/m. The S&P 500 closed at 6.28% m/m. Despite the poor economic data coming out of the UK, the UK's blue-chip FTSE (£) rose by 4.5% m/m. The surprising resilience of the Eurozone economy reflected through the latest economic data and prospects of a mild winter helped push the Euro Stoxx 50 (€) 9.93% higher m/m.

Emerging equity markets outperformed their developed counterparts for the third consecutive month, the MSCI Emerging Markets Index closed at 7.85% m/m in USD and 10.47% in ZAR. The result primarily driven by Chinese stocks, which continue to benefit from the optimism around the prospects that the world's second largest economic activity will normalize as the country emerges from its zero-Covid restrictions. As a result, foreign listed Chinese stocks were the biggest emerging market winners.

The South African equity market followed world markets higher, mainly due to renewed optimism around China's economic growth prospects. The FTSE/JSE All Share Index closed at 8.89% m/m, breaking through the psychological 8000 index level for the first time and reaching new record highs.

All major sectors finished the month in the "green". Industrials led the pack, closing at 13.37% m/m, with gains from its biggest constituents, Prosus (around 17.00% up m/m) and Naspers (around 18.00% up m/m). Financials returned 10.85% m/m, while Resources lagged closing at 7.10% m/m. SA Listed Property's three-month winning streak ended, closing 1.00% down. Local bonds continued to gain in the high interest rate environment, with the All Bond Index (ALBI) returning 2.94% m/m. Cash (STeFI) delivered a moderate return of 0.58% m/m. South African growth managers (11.48% m/m) outperformed value managers (5.88% m/m) once again, consistent with what occurred globally.

The ZAR weakened against the USD, despite a generally soft month for the greenback against most currency pairs. The ZAR was one of three major currencies to weaken against the USD, closing -2.10% m/m. Sentiment towards the ZAR was not helped by the impact that one of the most severe bouts of power outages is expected to have on the local economy. The ZAR lost 4.60% and 4.06% m/m against the sterling and euro, but managed to eke out an 1.46% m/m gain 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

Sanlam Multi Manager International (SMMI) (Pty) Ltd

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