

# Succession 6% Real Income

March 2021



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

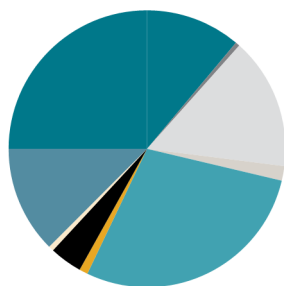
## FUND DETAILS

<b>Fund Category</b>	Worldwide Multi Asset Flexible
<b>Benchmark</b>	CPI+6% over a 7-year rolling period
<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 25 million

## FUND OBJECTIVE

The wrap fund 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 fund will use strategies that increase overall downside protection while at the same 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 fund may also be exposed to Retail Investment Hedge Funds as well as offered together with a smoothed bonus funds. Smoothed Bonus funds smooth investment returns by way of monthly bonus declarations, in order to help reduce short term volatility. Investors in this fund should have an investment horizon of 7 years or longer. The fund is not compliant with Regulation 28 of the Pension Funds Act, 1956.

## ASSET ALLOCATION



Equity, 11.1%	International Bonds, 1.0%
Property, 0.5%	International Cash, 3.8%
Bonds, 15.4%	International Property, 0.6%
Cash, 1.7%	Hedged, 12.5%
International Equity, 28.4%	Smoothing Portfolio, 25.0%

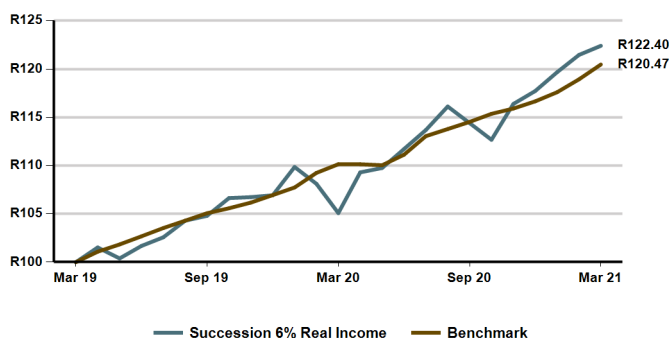
## INVESTOR PROFILE

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 \*

Growth of R100 investment



PERFORMANCE (%)	FUND*	BENCHMARK
1 Month	0.78	1.29
3 Months	3.97	3.27
6 Months	6.99	5.19
1 Year	16.48	9.37
2 Years (annualised)	10.64	9.76
Since Launch	7.67	6.56

RISK STATISTICS (2 YEARS)	FUND*
Returns (annualised)	10.64%
Standard deviation (annualised)	5.67%
% Positive months	79.17%
Maximum drawdown	-4.34%
Sharpe ratio	0.84

## MANAGER SELECTION (%)

Amplify SCI Flexible Equity	3.53	Sanlam Alternative Vega Retail Hedge (Matrix)	2.50
BCI Income Plus	1.13	Sanlam Alternative Veta Retail Hedge (Terebinth)	2.50
Centaur BCI Flexible	8.48	Sanlam Alternative Zeta Retail Hedge (Acumen)	2.50
Coronation Optimum Growth	14.13	Sanlam Multi-Managed Smooth Growth	25.00
Ninety One Global Franchise Feeder	7.07	Satrix Bond Index	6.50
Ninety One Global Multi-Asset Income FF	1.03	Satrix MSCI World Equity Index Feeder	7.07
PSG Flexible	3.53	SMM Inflation Linked Bonds	6.50
Sanlam Alternative Rho Retail Hedge (Marble Rock)	2.50	Truffle SCI Flexible	3.53
Sanlam Alternative Theta Retail Hedge (Oyster Catcher)	2.50		

MONTHLY FUND PERFORMANCE* (%)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Fund 2021	1.66	1.49	0.78										3.97
Fund 2020	2.74	-1.59	-2.80	4.01	0.41	1.79	1.77	2.14	-1.48	-1.51	3.29	1.15	10.10
Fund 2019				1.53	-1.12	1.29	0.88	1.68	0.48	1.75	0.10	0.18	N/A

## FEES (% INCL. VAT)

Annual Solution fee	0.30	Underlying Manager TER's	1.31
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\*\*The annual solution fee includes a wrap fee of 0.40% (incl. VAT) which is only applicable to those funds within the wrap portion of the solution and excludes those portfolios within a policy (e.g.: Sanlam Multi-Managed Smooth Growth). 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

During March global markets benefited from the positive outlook on global economic recovery gaining momentum. Even with the persistent rising US bond yields, new European COVID-19 restrictions and continued inflation fears, most major markets posted gains for the month. Vaccination programmes continued to be successfully rolled out in most major developed markets, with almost 600 million doses being administered worldwide.

The possibility of higher US inflation was reinforced when during its meeting in March, the US Fed confirmed that it would maintain the near-zero interest rate policy and monthly bond purchasing programme. US private sector payroll data posted its largest gains in six months and the Chicago PMI for March recorded its highest level in 30 months, coming in at 66.3 (where a level above 50 indicates expansion, while below 50 signals contraction). Business and consumer confidence data in Europe rose, as hopes of an end to the pandemic and a pickup in economic activity surfaced. Both German and Eurozone manufacturing PMIs hit record highs on the back of a demand rebound. In the UK economic data has been better than expected, despite the country being in its third COVID-19 lockdown. Markets in China continue to feel the pressure over the Chinese government's move to ratchet up regulation and anti-trust scrutiny on the largest Chinese corporates. China's official March manufacturing PMI came in at 51.9, slightly higher than February's 50.6.

In South Africa less than 0.5% of the population has been vaccinated, although it was recently announced that 11 million doses of the J&J COVID-19 vaccine had been secured, with an additional 20 million doses expected soon. The acquisition of the double-dose Pfizer vaccine is also being finalised.

The South African Reserve Bank (SARB) met during March. The outlook for the country's growth prospects remains cautious, due to an anticipated third wave of COVID-19 infections and continued Eskom issues. The SARB moderately increased its 2021 economic forecast by 0.2%. In February annual consumer price inflation (CPI) slowed to 2.9% YoY vs January's 3.2%. This marks the third time in the last year that annual inflation has moved below the SARB's 3-6% target range, making interest rate hikes within the next few months highly unlikely.

Global equity markets benefited from improving economic optimism, with the MSCI World returning 3.11% in US dollar. Emerging market equities lagged somewhat during the month and were down 1.70%, mainly held back by China. South African markets rose for the fifth consecutive month, as the All Share gained 1.58% for the month. On a sector basis, Industrials delivered a return of 1.59% for the month, marginally outpacing Financials and Resources, which closed the month at 1.13% and 1.35% respectively. The rand strengthened 2.57% against the US dollar and 5.93% against the euro. Due to the strong local currency, the MSCI World index returned a mere 0.53% and the MSCI Emerging Markets Index -4.17% in rand terms for the month. SA listed property (as measured by the SAPY) gave 1.23%. SA bonds (ALBI) lost 2.54% and cash (STeFI) returned 0.31%.

## 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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