

Succession 6% Real Income

November 2022



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

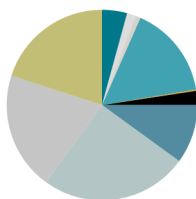
FUND DETAILS

| | |
|--------------------------|--|
| Fund Category | Worldwide Multi Asset Flexible |
| Benchmark | CPI+6%, Avg Worldwide Multi Asset Flexible |
| Risk Profile | Aggressive |
| Investment period | 7 years or longer |
| Launch Date | 01 August 2020 |
| Fund Size | R 94 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 at the same time 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 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 seven years or longer. The solution is not compliant with Regulation 28 of the Pension Funds Act, 1956.

ASSET ALLOCATION



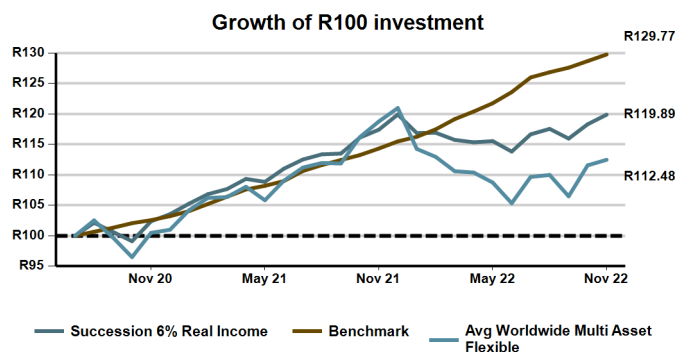
| | |
|-----------------------------|-----------------------------------|
| Equity, 4.2% | International Cash, 2.4% |
| Property, 0.1% | Hedged, 10.0% |
| Bonds, 1.4% | Smoothing Portfolio, 25.0% |
| Cash, 0.9% | Global Smoothing Portfolio, 20.0% |
| International Equity, 15.8% | Alternatives, 20.0% |
| International Bonds, 0.2% | |

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 SINCE LAUNCH



| Performance (%) | Fund* | Benchmark | Avg Worldwide Multi Asset Flexible |
|----------------------|-------|-----------|------------------------------------|
| 1 Month | 1.33 | 0.84 | 0.82 |
| 3 Months | 1.98 | 2.30 | 2.27 |
| 6 Months | 3.76 | 6.57 | 3.44 |
| 1 Year | 2.10 | 13.51 | -5.29 |
| 2 Years (annualised) | 8.22 | 12.48 | 5.80 |
| YTD | -0.02 | 12.36 | -7.02 |
| Since Launch | 8.08 | 11.81 | 5.17 |

RISK STATISTICS (2 YEARS)

| | FUND* |
|---------------------------------|--------|
| Returns (annualised) | 8.22% |
| Standard deviation (annualised) | 4.59% |
| % Positive months | 75.00% |
| Maximum drawdown | -5.07% |
| Sharpe ratio | 0.83 |

MANAGER SELECTION (%)

| | | | |
|--|------|---|-------|
| Amplify SCI Absolute Income Retail Hedge (Acumen) | 2.50 | Multi-Strategy Alternative | 20.00 |
| Amplify SCI Diversified Income Retail Hedge (Terebinth) | 2.50 | Nedgroup Global Equity Feeder | 4.00 |
| Amplify SCI Flexible Equity | 1.00 | Ninety One Global Franchise Feeder | 4.00 |
| Amplify SCI Income Plus Retail Hedge (Matrix) | 2.50 | PSG Flexible | 1.85 |
| Amplify SCI Managed Equity Retail Hedge (Oyster Catcher) | 2.50 | Sanlam Multi-Managed Smooth Global Growth | 20.00 |
| Centaur BCI Flexible | 3.00 | Sanlam Multi-Managed Smooth Growth | 25.00 |
| Coronation Global Optimum Growth | 9.30 | Truffle SCI Flexible | 1.85 |

| MONTHLY FUND PERFORMANCE* (%) | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | YTD |
|-------------------------------|-------|------|-------|-------|-------|-------|------|------|-------|-------|------|------|-------|
| Fund 2022 | -2.54 | 0.04 | -1.00 | -0.34 | 0.17 | -1.49 | 2.49 | 0.77 | -1.35 | 2.02 | 1.33 | | -0.02 |
| Fund 2021 | 1.66 | 1.49 | 0.78 | 1.55 | -0.44 | 1.99 | 1.36 | 0.75 | 0.11 | 2.31 | 1.12 | 2.12 | 15.79 |
| Fund 2020 | | | | | | | | 2.14 | -1.48 | -1.51 | 3.29 | 1.15 | N/A |

FEES (% INCL. VAT)

| | | | |
|---------------------|------|--------------------------|------|
| Annual Solution Fee | 0.40 | Underlying Manager TER's | 1.40 |
|---------------------|------|--------------------------|------|

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

For two consecutive months, global and local markets managed to recover some of the steep losses that we saw during the year. As we move to the last month of the year, the 2023 outlook remains gloomy and the coming year expects recession for both the developed and emerging market economies. Goldman Sachs' Global Investment Research (GIR) forecasts a slowdown in the pace of interest rate hikes as moderate inflation hits and supply chain pressures continue to ease.

For two consecutive months, global markets have managed to recover some of the steep losses that we saw during the year. The month started with a much anticipated fourth consecutive rate hike from the Fed. Mortgage rates have risen sharply in response to aggressive interest rate hikes, however, the US appears to be better insulated from mortgage payments shocks in 2023 when compared to other countries. Fed Chair Jerome Powell signalled that the Fed would slow down the pace of the interest rate hikes in December following a softer US inflation print for the month. The MSCI World Index closed 6.95% up m/m in USD and 1.08% down in ZAR. The Nasdaq 100 Index, which was impacted by previous central bank tightening recovered massively to end the month positive at 7.50%. The US 10-year government bond yields decreased by 0.30% to 3.80%.

Emerging market stocks rebounded to end higher than their developed market peers. The MSCI EM Index came in at 14.85% m/m in USD and 6.22% m/m in ZAR. The Chinese Hang Seng Index led the gains by ending 29.10% for the month. The positive gains were followed by constructive talks between President Xi Jinping and US President Joe Biden at the G20 summit, an announcement of some bailouts for China's poverty sector, and initial signs that the Chinese government will start to ease strict Covid-19 lockdown restrictions.

The local stock market had its best month in November in over two years. The FTSE/All Share Index came in at 12.33% m/m and 5.98% YTD. A significant contribution came from Naspers and Prosus, both up by 39% m/m, as they benefitted from a massive rally from Chinese tech company Tencent. The resources sector came in at 16.02%, the only disappointment came from Sasol, which came in lower at 3.00% down m/m as it tracked the oil price lower. The South African CPI print eased further to 7.50%. As anticipated, the SARB delivered a third consecutive 75 basis point rate hike during the month following global peers and pushing rates to 7% for the first time since mid-2017. Despite the SARB hike, the local 10-year government bond yields followed global yield lower, ending the month 0.50% down at 10.80%.

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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