

# Succession 3% Real Income

May 2021



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

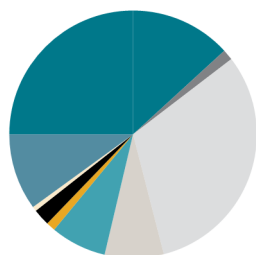
## FUND DETAILS

<b>Fund Category</b>	SA Multi Asset Low Equity
<b>Benchmark</b>	CPI+3% over a 3-year rolling period
<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 1 million
<b>Platform</b>	Glacier

## FUND OBJECTIVE

The wrap fund 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 fund will use strategies that increase overall downside protection while at the same seeking to share in upside returns. 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 3 years or longer. The fund is not compliant with Regulation 28 of the Pension Funds Act, 1956.

## ASSET ALLOCATION



Equity, 13.2%	International Bonds, 1.2%
Property, 1.4%	International Cash, 2.2%
Bonds, 31.4%	International Property, 0.6%
Cash, 7.7%	Hedged, 10.0%
International Equity, 7.3%	Smoothing Portfolio, 25.0%

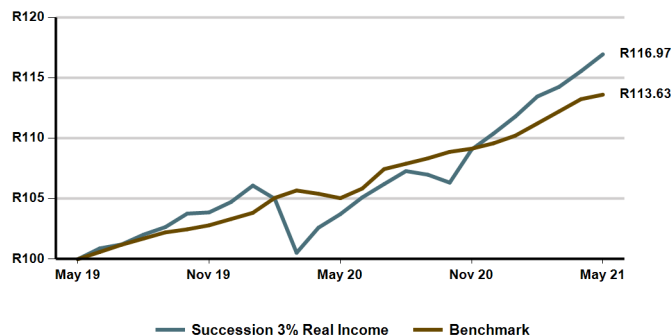
## INVESTOR PROFILE

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
1 Month	1.21	0.33
3 Months	3.08	2.15
6 Months	7.23	4.10
1 Year	12.77	8.16
2 Years (annualised)	8.15	6.60
Since Launch	10.12	5.74

## RISK STATISTICS (2 YEARS)

	FUND*
Returns (annualised)	8.15%
Standard deviation (annualised)	4.52%
% Positive months	83.33%
Maximum drawdown	-5.25%
Sharpe ratio	0.57

## MANAGER SELECTION (%)

Amplify SCI Defensive Balanced	6.03	Sanlam Alternative Veta Retail Hedge (Terebinth)	2.50
Amplify SCI Flexible Equity	3.53	Sanlam Alternative Zeta Retail Hedge (Acumen)	2.50
Amplify SCI Wealth Protector	9.54	Sanlam Multi-Managed Smooth Growth	25.00
Coronation Strategic Income	4.20	Satrix Bond Index	6.50
Ninety One Opportunity	10.60	Satrix Low Equity Balanced	1.03
PSG Flexible	3.53	SIM Active Income	4.00
Sanlam Alternative Rho Retail Hedge (Marble Rock)	2.50	SIM Inflation Plus	9.54
Sanlam Alternative Vega Retail Hedge (Matrix)	2.50	SMM Inflation Linked Bonds	6.50

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								5.95
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						0.89	0.32	0.80	0.61	1.09	0.10	0.83	N/A

## FEES (% INCL. VAT)

Annual Solution fee	0.30	Underlying Manager TER's	1.25
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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

As nations continued the restart of their economies during the month of May supported by vaccinations in the respective populations, the market showed concerns that upside data surprises may result in more persistent inflation. It would force central banks to bring about a premature end to the growth rebound. This emphasises that investors seem to be particularly worried about inflation in the long term and the varied effects it can have on the market. Despite these concerns, economic activity has been very strong over the month of May, due to the ongoing vaccine rollouts allowing economies to gradually re-open, as well as sizeable fiscal support, particularly in the UK and US.

Global equity markets recorded gains for a fourth consecutive month at the end of May. The MSCI World Index returned 1,26% month-on-month in US\$ and – 4,24% in ZAR. European equity and US equity markets obtained positive returns over the month. FTSE (£) up 1,11% month-on-month, Euro Stoxx 50 (€) up 2,53% and S&P 500 (US\$) up 0,70% month-on-month. European equities once again outperformed other regions. In May, the MSCI Emerging Market Index returned 2,12% month-on-month in US\$ and – 3,42% in ZAR. After a very strong run from the start of 2020 to February this year, Asian equities have given back some of their gains in the last quarter before rallying in the latter half of May. Growth stocks have led the decline in Asian equities, due to Chinese growth stocks being corrected (decline in the stock price) by over 20% since February this year. Despite this, emerging market equities outperformed developed market equities for the first time since January. In a trend that has been dominant for the past few quarters, equity markets were dominated by cyclical, value stocks.

Expectations of stronger economic growth and inflation led to a strong rise in global inflation-protected bonds backed by strong demand.

The South African equity market managed to produce another month in the "green", as the FTSE/JSE All Share Index closed the month at 1,56%.

On a sector basis for May, Financials led the pack at 9,17% month-on-month, Industrials closed at 0,90%, and Resources lagging somewhat at -1,39% month-on-month. Noticeable sectors that took a hit in the month of May, include the Technology (-7,89% month-on-month), Chemicals (-7,30% month-on-month) and Forestry (-11,57% month-on-month). SA Bonds outperformed Emerging Market peers, as the All Bond Index closed the month at 3,73%. Cash once again gave a mediocre performance, as expected in a low interest rate environment, with the STEFI returning 0,31%.

Our currency continued to show strength and continued its strong run, closing stronger against most major currencies in May. The ZAR gained as much as 5,74% against the US\$, followed by 4,11% and 2,99% against the euro and sterling respectively, and was relatively flat relative to the Japanese yen (0,08%).

## 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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