

# Succession 6% Real Income

January 2024



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

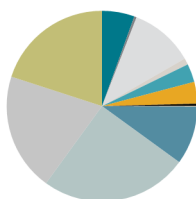
## FUND DETAILS

|                          |                                |
|--------------------------|--------------------------------|
| <b>Fund Category</b>     | Worldwide Multi Asset Flexible |
| <b>Benchmark</b>         | CPI+6%                         |
| <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 126 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 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, 5.5%               | International Cash, 0.4%          |
| Property, 0.4%             | International Property, 0.1%      |
| Bonds, 10.8%               | Hedged, 9.9%                      |
| Cash, 1.1%                 | Smoothing Portfolio, 25.0%        |
| International Equity, 3.1% | Global Smoothing Portfolio, 20.0% |
| International Bonds, 3.7%  | Alternatives, 20.0%               |

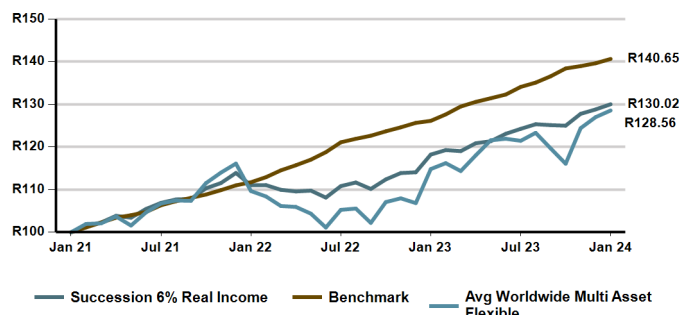
## INVESTOR PROFILE

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 - 3 YEARS \*

Growth of R100 investment



| Performance (%)      | Fund* | Benchmark | Avg Worldwide Multi Asset Flexible |
|----------------------|-------|-----------|------------------------------------|
| 1 Month              | 0.94  | 0.72      | 1.22                               |
| 3 Months             | 4.02  | 1.61      | 10.75                              |
| 6 Months             | 4.64  | 4.89      | 5.85                               |
| 1 Year               | 9.98  | 11.51     | 11.97                              |
| 2 Years (annualised) | 8.22  | 12.20     | 8.27                               |
| 3 Years (annualised) | 9.15  | 12.04     | 8.73                               |
| YTD                  | 0.94  | 0.72      | 1.22                               |
| Since Launch         | 9.38  | 11.49     | 8.71                               |

## RISK STATISTICS (3 YEARS)

|                                 | FUND*  |
|---------------------------------|--------|
| Returns (annualised)            | 9.15%  |
| Standard deviation (annualised) | 4.32%  |
| % Positive months               | 75.00% |
| Maximum drawdown                | -5.07% |
| Sharpe ratio                    | 0.77   |

## MANAGER SELECTION (%)

|  |       |   |       |
|--|-------|---|-------|
| Amplify SCI Absolute Income Retail Hedge (Acumen)        | 1.50  | Prescient Flexible Bond                   | 3.10  |
| Amplify SCI Diversified Income Retail Hedge (Terebinth)  | 1.60  | PSG Flexible                              | 2.00  |
| Amplify SCI Flexible Equity (Abax)                       | 4.00  | Saffron SCI Active Bond Fund              | 3.05  |
| Amplify SCI Income Plus Retail Hedge (Matrix)            | 1.50  | Sanlam Multi-Managed Smooth Global Growth | 20.00 |
| Amplify SCI Managed Equity Retail Hedge (Oyster Catcher) | 5.35  | Sanlam Multi-Managed Smooth Growth        | 25.00 |
| Centaur BCI Flexible                                     | 1.00  | Satrix Bond Index                         | 2.90  |
| Multi-Strategy Alternative                               | 20.00 | Truffle SCI Flexible                      | 6.00  |
| Ninety One Global Multi-Asset Income FF                  | 3.00  |   |       |

| MONTHLY FUND PERFORMANCE* (%) | JAN   | FEB  | MAR   | APR   | MAY  | JUN   | JUL  | AUG  | SEP   | OCT   | NOV  | DEC  | YTD   |
|-------------------------------|-------|------|-------|-------|------|-------|------|------|-------|-------|------|------|-------|
| Fund 2024                     | 0.94  |      |       |       |      |       |      |      |       |       |      |      | 0.94  |
| Fund 2023                     | 3.64  | 0.89 | -0.21 | 1.55  | 0.39 | 1.44  | 0.94 | 0.87 | -0.17 | -0.10 | 2.22 | 0.81 | 12.92 |
| Fund 2022                     | -2.54 | 0.04 | -1.00 | -0.34 | 0.17 | -1.49 | 2.49 | 0.77 | -1.35 | 2.02  | 1.33 | 0.16 | 0.14  |

## FEES (% INCL. VAT)

|                     |      |                          |      |
|---------------------|------|--------------------------|------|
| Annual Solution Fee | 0.29 | Underlying Manager TER's | 1.26 |
|---------------------|------|--------------------------|------|

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

At the start of 2024, the recovery in the global economy continued to be evident, although it was generally uneven across different regions. The International Monetary Fund (IMF) has projected a soft landing, reiterating the lagged effects of monetary policy tightening and a strong disinflation trend. The US economy performed strongly in the fourth quarter of 2023: Gross Domestic Product (GDP) increased at an annualised rate of 3.3% compared with an increase of 4.9% in the third quarter of 2023.

In January, five of the central banks overseeing the 10 most heavily-traded currencies - the US Federal Reserve (US Fed), the European Central Bank (ECB), the Bank of Japan, Bank of Canada and Norges Bank - held rate setting meetings. None of them changed rates. In SA, the Reserve Bank's Monetary Policy Committee (MPC), in its first meeting for the year, unanimously voted for an interest rate pause. Although South African consumers are feeling the impact of "higher-for-longer" interest rates, economists expect rates to be on hold until the second half of the year, and then cuts will begin.

The year started on a generally positive note for investors, with the MSCI World Index ending the month up 1.2% in dollar terms. Although there was some optimism, global bonds ended negatively at -1.38% m/m and global property was also in negative territory at 3.99% m/m (both in dollars). Emerging markets were negative for the month: the MSCI Emerging Markets Index ended at -4.64% (in dollars). The Dow Jones was in positive territory at 1.31% m/m and the S&P 500 at 1.68% m/m (both in dollars), the EuroStoxx Index ended at 2.97% m/m in euros and the Nikkei at 8.44% m/m in yen. The FTSE 100 Index ended the month at -1.32% in pounds but the DAX gained 0.91% in euros.

South African stocks experienced a tough start of the year, with the All Share Index ending the month at -2.93% in rands. The derivatives market underperformed for the month, with Resources ending at -6.31% m/m, Industrials at -4.32% m/m and Financials at -3.17% m/m. Cash was positive, with the STeFI ending at 0.7% m/m in rands. Bonds ended in positive territory for the month, boosting the credit market. The All-Bond Index ended at 0.71% m/m in rands, with bonds of 1-3 years at 0.78% m/m, bonds of 3-7 years at 0.83% m/m, bonds of 7-12 years at 0.69% m/m and bonds of over 12 years at 0.65% m/m. The rand weakened against several currencies: against the US dollar by -1.67% m/m, the euro by -0.01% m/m, and the pound at -1.57% m/m. However, it strengthened by 3.68% against the 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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