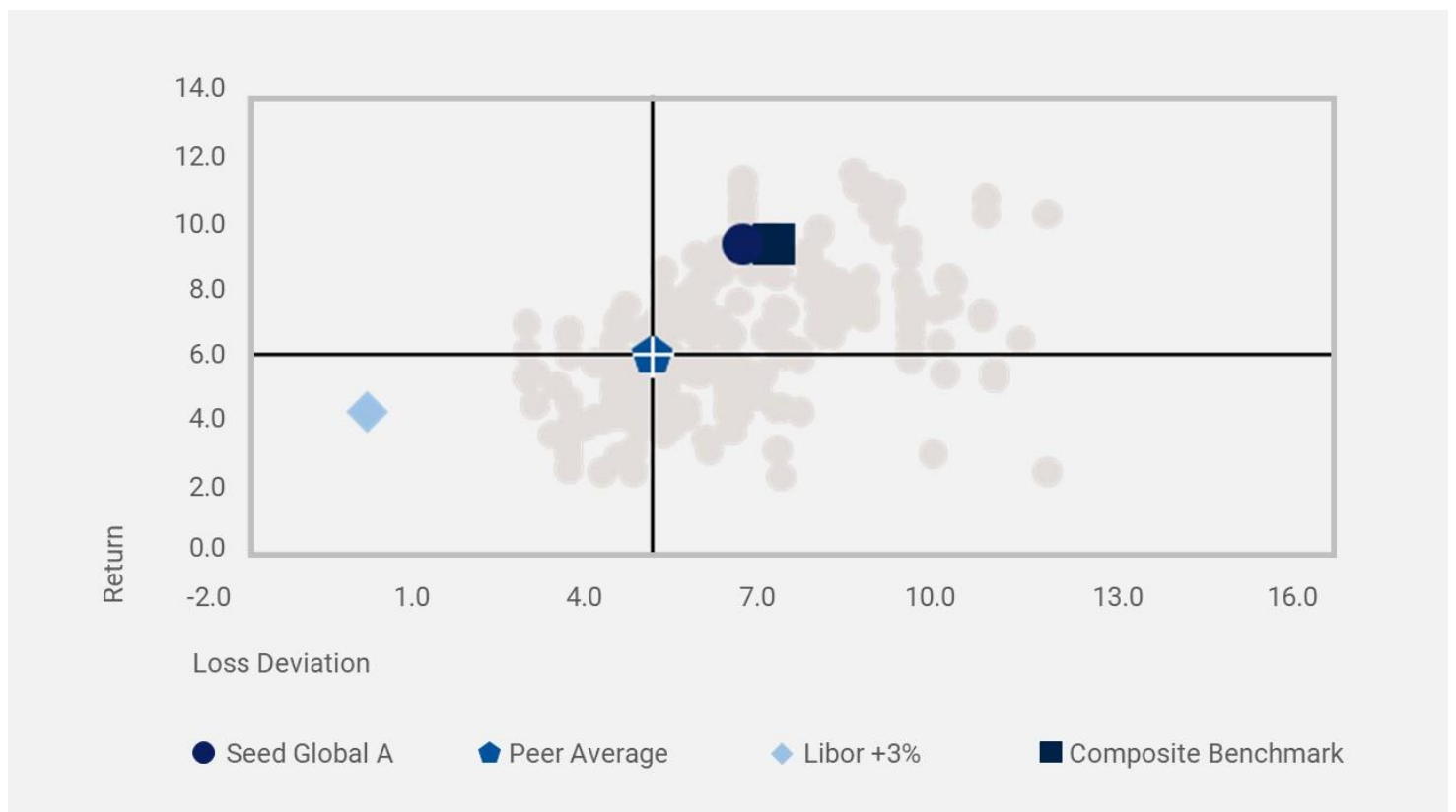


The Seed Global Fund celebrated its 5th anniversary in December 2021. Over this period, it has comfortably delivered top quartile performance. Global investing should be an important part of any investor's overall investment plan, given that South Africa accounts for less than 0.5% of world GDP. The Seed Global Fund has been designed to cater for those investors that require hard currency real returns.

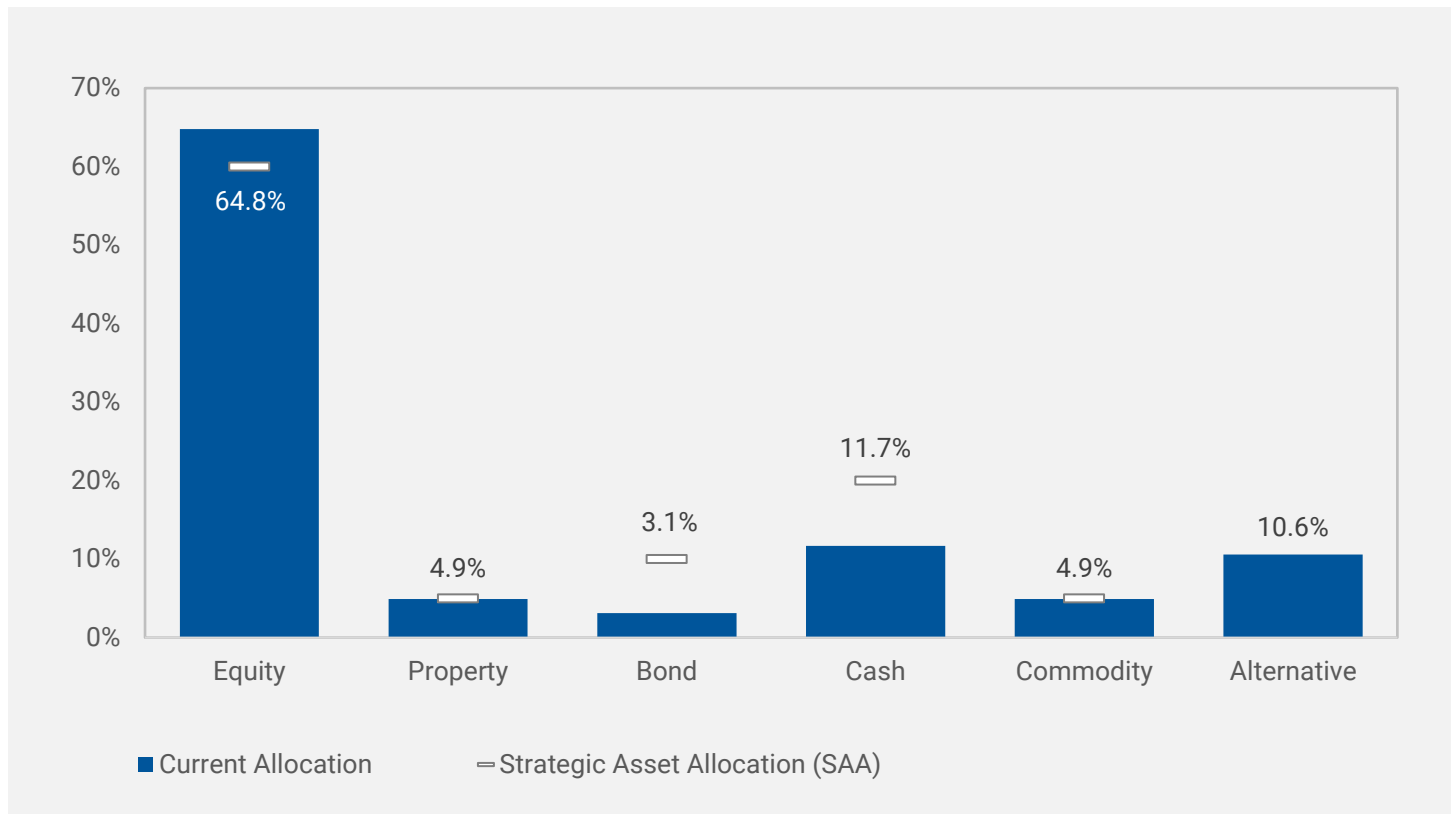
These returns are generated by investing around the globe and across a range of asset classes with a bias towards growth assets. Over the 5 years to the end of 2021, the Seed Global Fund generated a USD return of 9.4% pa. In a period of strong market returns (global equities have done 14.4% pa over the same period) it is not surprising that the Fund meaningfully outperformed its Libor (Cash) + 3% pa benchmark, but it is very pleasing that it has also outperformed its peer average (EAA Fund USD Flexible Allocation) by over 3% pa. **Chart 1** (below), shows how the Fund has done versus its benchmark, peers, and SAA (Composite Benchmark).

Chart 1: Annualised Performance Since Inception (USD)



The Fund has been able to generate these pleasing returns as a result of, on average, an above benchmark allocation to equities (the Fund's equity managers have also outperformed global markets) and an underweight bond and cash position (as they continue to offer investors sub-par yields). The Fund's current asset allocation versus its SAA is shown in **Chart 2** (below).

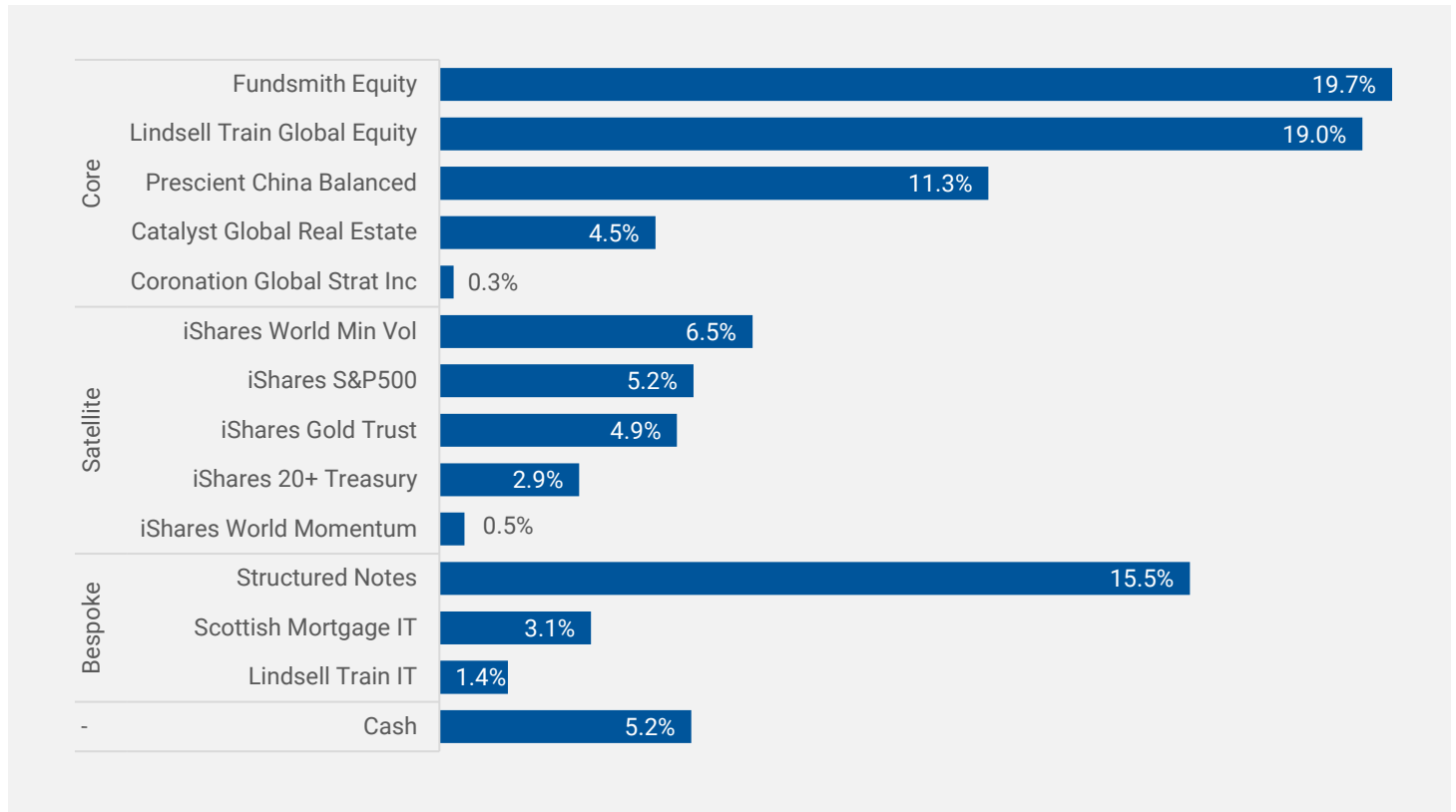
Chart 2: Seed Global Fund AA (as at 31 December 2021) vs SAA



While the Fund's past performance is pleasing, it is not necessarily a guide to future performance. Instead, investors should ask how the Fund is currently positioned, and hence have a better idea of how it is expected to perform going forward.

The Seed Global Fund differentiates itself from the majority of its peers in how it is constructed. Seed takes advantage of the full spectrum of building blocks to create a robust Fund that contains the very best of active (alpha) and passive (low cost) strategies and a variety of vehicles including UCITS funds, ETFs, investment trusts, notes, etc. **Chart 3** (below), breaks the Fund down into its various components; the Core, the Satellites, and the Bespoke allocation.

Chart 3: Seed Global Fund Construct (as at 31 December 2021)



The Core of the Fund is focused on active strategies which have generated consistent outperformance. These strategies are typically managed by focused owner managed organisations and account for just over half of the Fund's assets.

ETFs make up 20% of the Fund. These Satellites offer the Fund specific exposures that are managed efficiently and at low cost (TER less than 0.2%). This component includes equity, bond, and commodity exposures and allows the team to express distinct geographic/style/duration views. While the Satellites are low cost it is anything but 'vanilla' exposure.

Finally, one of the major differentiators for the Seed Global Fund is the allocation to Bespoke strategies (that account for 20% of the Fund's allocation). Approximately 5% is allocated to investment trusts that allows the Fund to gain exposure to assets that aren't typically available in UCITS vehicles. At the end of 2021 there was around 15% allocated to six structured notes. While each note gives the Fund a different payoff profile, they all offer asymmetric returns, i.e. more upside than downside participation. In an environment of low bond yields and high equity valuations, having a pool of assets that offer a certain amount of capital protection with the optionality of upside participation is a powerful building block in a global multi asset solution.

Seed Weekly

Seed Global Fund



The Seed Global Fund is an all-weather global investment solution and can be accessed across many platforms, either directly (i.e. using your offshore allowance and investing using USD or GBP), or through the ZAR denominated Seed Global Prescient Feeder Fund which can be accessed locally and is a great solution for Tax Free Savings Accounts.

Take care,



Mike Browne CFA
Portfolio Manager

Data Sources: Seed Investments, Morningstar (31 December 2021)

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