

# Chalford Wealth Moderate Portfolio

As of 2023/10/31

## Suitable Investor

Suitable for investors who have a moderate volatility investment profile.

## Investment Strategy

This investment strategy includes a diversification of asset classes, managed by some of the most talented fund managers. The strategy aims to outperform SA inflation by 4% p.a. (4% real return) net of fund management fees over a rolling 5 year period. The strategy aims to provide investors with income and capital growth over the medium to long term within acceptable risk parameters. The strategy only invests in asset allocation, target return and money market unit trust funds and aims to limit downside volatility.

## Suitable Products

This portfolio can be utilised as an income option via a Living Annuity or as a Discretionary draw-down or growth plan. Other suitable products would include moderate volatility Preservation Pension/Provident Fund savings.

## Risk Profile



## Monthly Market & Portfolio Commentary

In October 2023, global financial markets faced challenges. Stock markets declined for the third consecutive month, with a small group of stocks, known as the 'Magnificent Seven', driving most returns. This narrow market leadership raised concerns about ongoing challenges.

The escalating Middle East conflict, potentially involving Iran, caused significant market worries. Despite this, market volatility remained subdued, indicating investor resilience. Oil prices fell 8% to \$87 per barrel due to market dynamics and concerns over the conflict's economic impact. This had ripple effects on various sectors.

Geopolitical tensions often cause investors to seek safe-haven assets, boosting bond prices and lowering yields. However, the bond market's response was mixed, influenced by uncertain signals from the Federal Reserve on interest rates. Economic growth in the United States was strong, but fragility in sectors like manufacturing and mixed signals on interest rates created uncertainty. In Europe, the Euro area saw GDP contraction and inflation rates varied. The European Central Bank discussed tightening monetary policy. In China, the economy grew more than expected, but concerns about slowing consumption and issues with major corporations, like Evergrande, added complexity. China's policy decisions, including an increased deficit, affected global supply chains and commodities.

In South Africa, the economic landscape was mixed. Market sentiment was generally negative on the fiscal front but more positive in the bond market. Many believed that local dynamics were factored into bond prices, and an improvement in core interest rates was needed to lower domestic yields. Uncertainty about the next South African Reserve Bank (SARB) governor added to economic uncertainties.

Mid-month, market volumes remained low, with gold demand dominant. The platinum sector had limited interest, and offshore buying focused on certain mining stocks. South African banks initially showed strength but faced selling pressure due to risk-off sentiment and a weakening Rand.

South African Government Bonds faced pressure as geopolitical tensions limited demand for riskier assets. An early-month auction had mixed results, and concerns over rising U.S. Treasury yields added to market uncertainty. Despite challenges, South African Government Bonds maintained a bid bias, and demand increased as the month progressed. Towards the end of October, the South African Rand became a key market driver. A "fear of missing out" trade emerged, characterized by increased buying of property, retailers and banks, with gold selling funding these purchases.

Persistent uncertainties in the PGM sector, currency fluctuations and concerns about fiscal discipline were prominent. Inflationary pressures related to fuel and food were noted, with a cautiously optimistic outlook for South African shorter-term bonds. The upcoming election added complexity and potential market impact to the political landscape.

With the markets in October putting lots of pressure on risk assets, our cautious asset allocation in the funds and portfolios stood us in good stead. Our underweight in risk assets (both locally and offshore) and overweight local bond and cash exposure benefitted our portfolios on a relative basis and helped us negate some of the heavy drawdowns sustained by the market. The recent pullbacks also had us nibbling back into some risk assets in the funds, benefitting from the lower prices, but remaining underweight going into November.

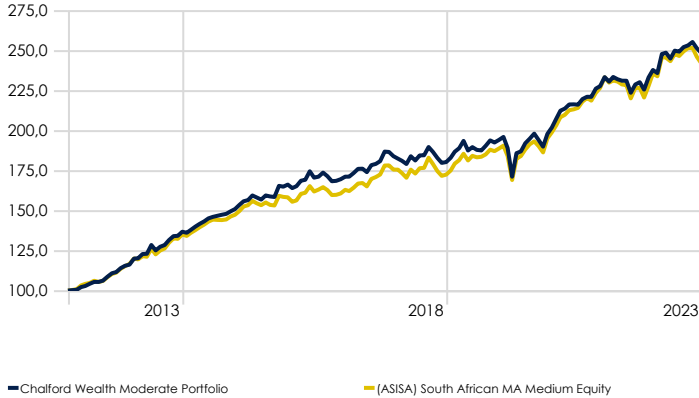
## Model Portfolio Details

Lead Manager	Roeloff Horne, MitonOptimal
Co-Manager	Jacques de Kock, MitonOptimal
Inception Date	2011/11/01
Reg 28 Compliant	Yes
Benchmark	(ASISA) South African MA Medium Equity
Return Objective	RSA CPI +4%
Annual Mandate Fee (%)	0,20
Model TER (%)	1,07

# Chalford Wealth Moderate Portfolio

As of 2023/10/31

## Investment Growth (Since Inception)



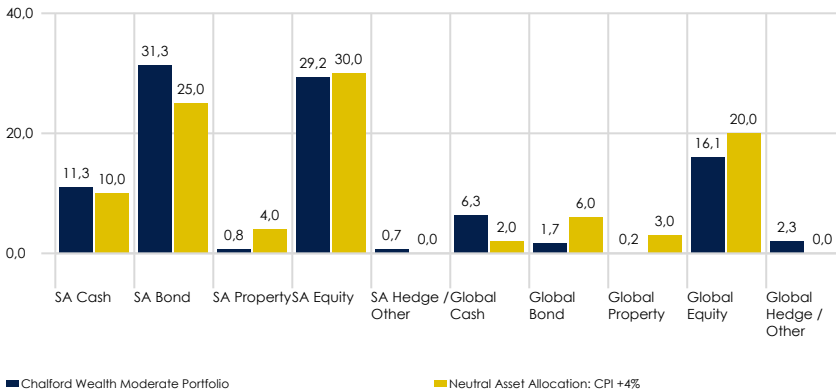
## Discrete Calendar Performance (%)

	2019	2020	2021	2022	YTD
Chalford Wealth Moderate Portfolio	7,69	4,02	15,60	1,09	5,33
(ASISA) South African MA Medium Equity	9,47	5,38	17,31	0,29	3,44

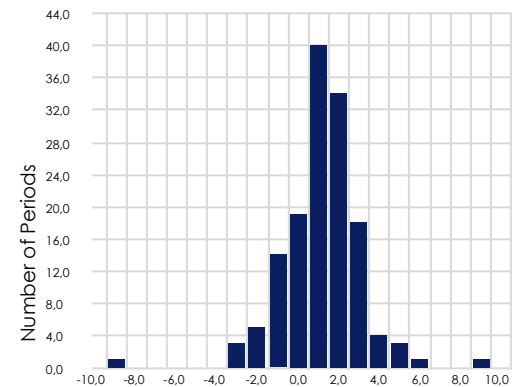
## Annualised Performance (%)

	1 Year	3 Years	5 Years	Since Inception
Chalford Wealth Moderate Portfolio	6,57	9,39	6,34	7,93
(ASISA) South African MA Medium Equity	6,20	9,12	6,75	7,69

## Asset Allocation [Portfolio vs Neutral] (%)



## Monthly Return Distribution



## Model Portfolio Composition (%)

	Weight	Mgmt Fee	TER
IP Active Beta	28,00	0,53	0,91
Northstar SCI Income	25,00	0,98	1,03
Nedgroup Inv Balanced A	12,00	1,55	1,60
Ninety One Managed H	12,00	0,63	0,78
Allan Gray Balanced	7,00	1,15	1,36
Rezco Value Trend C	7,00	0,75	1,24
Satrix MSCI World Equity Index FF	5,00	0,58	0,85
Methodical BCI Equity B1	4,00	0,92	1,18

## About MitonOptimal

MitonOptimal is an independent, owner-managed investment management business delivering focused investment solutions and support to enable advisers to meet their clients' investment objectives.

As a Discretionary Fund Manager (DFM) we partner with advisers, sharing the investment decision-making and administration with them.



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