Core Plus High Growth - INN8

As of 30/09/2023

Suitable Investor

Suitable for investors who have a high 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 6% p.a. (6% real return) net of fund management fees over a rolling 7 year period. The strategy aims to provide investors with capital growth over the long term within acceptable risk parameters. The strategy invests in asset allocation, target return, equity and international unit trust funds. The strategy is expressly flexible to accommodate all approved asset classes. It will actively rotate international and local assets.

Suitable Products

Suitable products would include Endowments and Discretionary investment vehicles.

Risk Profile

LOW HIGH

Model Portfolio Details

Lead Manager	Roeloff Horne, MitonOptimal
Co-Manager	Jacques de Kock, MitonOptimal
Inception Date	01/10/2008
Reg 28 Compliant	No
Benchmark	(ASISA) Wwide MA Flexible
Return Objective	RSA CPI +6%
Annual Mandate Fee (%)	0.25
Model TER (%)	1.23

Monthly Market & Portfolio Commentary

In September, global stock markets witnessed a decline due to cautious statements from central bankers that undermined investor confidence. This decline was further exacerbated by the ongoing surge in crude oil prices, with West Texas Intermediate (WTI) crude oil prices rising by 44.2% since their low in May. The sharp increase in oil prices raised concerns that central banks worldwide might maintain high-interest rates, at a time when global economic growth was already a source of worry. In the United States, headline inflation saw a significant increase in August, primarily driven by surging gasoline prices, pushing the annual inflation rate to 3.7%. The sharp rise in crude oil prices introduced uncertainty regarding future inflation, potentially influencing the Federal Reserve (Fed) to maintain a tighter monetary policy.

Consequently, heightened uncertainty led to a decline in global equities, with the MSCI All Country World Index ending September with a 4.14% decrease. Both the MSCI World (-4.31%) and MSCI Emerging Markets (-2.62%) indices also ended the month in the red — in US Dollar terms.

Our portfolios and funds benefited from the relative underweight in global risk assets, both in equities and global property (-6.56% for the month). Remaining cautiously positioned for the month, there are a few opportunities to upweight risk asset exposure, but these will be actioned selectively.

In South Africa, equities mirrored the global trend, with the JSE All Share Index declining by 2.55% in September. Notably, industrials and financial sectors experienced the most significant losses, both registering declines of 4.44% and 3.83% respectively. In contrast, the resources sector posted a marginal uptick of 0.9%, the only sector to end positively for the month. Additionally, South African listed property erased gains achieved since June, declining by 4.08% and ending the quarter (Q3) down by 0.33%. All this despite our economy surpassing expectations in the second quarter of 2023, registering a 0.6% quarter-on-quarter growth rate. This positive outcome was mainly attributed to the manufacturing and finance sectors, although a 0.6% growth rate remains relatively modest. Additionally, concerns arose as load shedding accelerated, potentially negatively affecting consumer and business sentiment.

Regarding inflation, South Africa saw both annual headline and core inflation rates accelerate to 4.8%, falling within the target range. Consequently, the South African Reserve Bank opted to keep interest rates unchanged in September.

Overall, our cautious bias stood us in good stead (on a relative basis) during the month of September, and we continue that view heading into October. With interest rates looking to peak both locally and globally, opportunities in treasury bonds are piquing our interest with only a few opportunities in risk assets to work with. The recent dramatic decline in listed property values is also interesting and should provide some opportunity once we see bond yields coming down and interest rates following suit.

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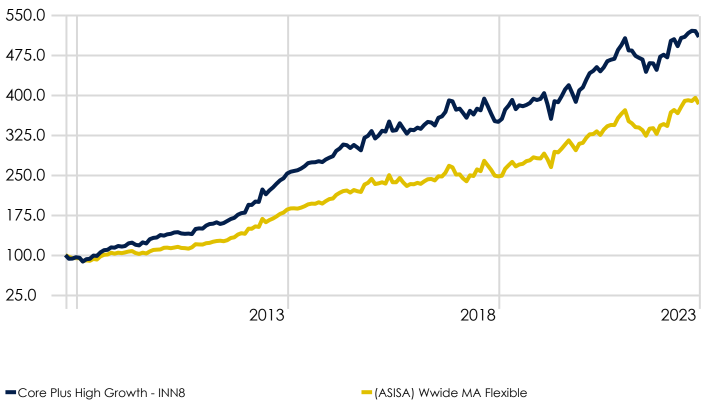
Investment Growth (Since Inception)



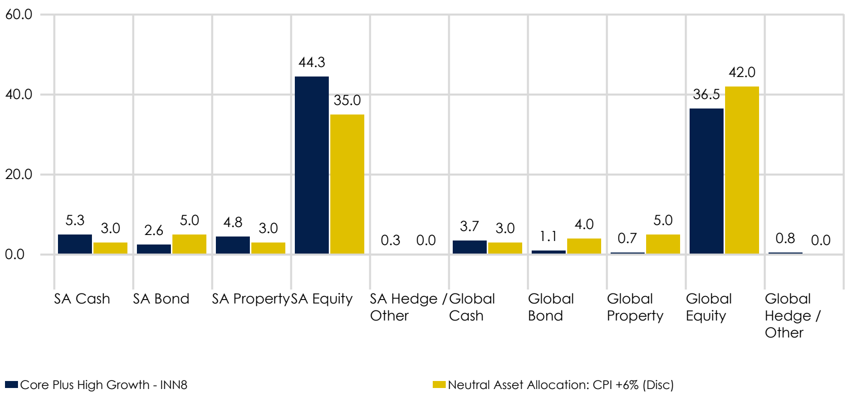
Discrete Calendar Performance (%)

	2019	2020	2021	2022	YTD
Core Plus High Growth - INN8	12.32	5.48	22.28	-7.10	8.12
(ASISA) Wwide MA Flexible	13.57	10.42	19.78	-7.98	12.00

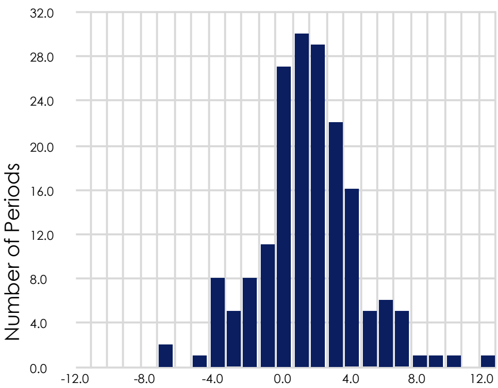
Annualised Performance (%)

	1 Year	3 Years	5 Years	Since Inception
Core Plus High Growth - INN8	13.80	8.04	6.04	12.09
(ASISA) Wwide MA Flexible	17.09	7.73	7.40	9.70

Asset Allocation [Portfolio vs Neutral] (%)



Monthly Return Distribution



Model Portfolio Composition (%)

	Weight	Mgmt Fee	TER
IP Worldwide Active Beta	23.00	0.40	0.80
Old Mutual Global Equity B1	18.00	1.55	1.59
Satrix Smartcore Index	17.00	0.69	0.71
36ONE BCI Equity A	12.00	1.15	1.74
Centaur BCI Flexible A	12.00	1.44	1.81
Ninety One Managed H	10.00	0.63	0.78
Sesfikile BCI Property	5.00	1.27	1.29
Coronation Global Em Mkts Flex [ZAR] A	3.00	1.32	1.62

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.