



CHALFORD WEALTH CPI +4% PORTFOLIO COMMENTARY

MARKET COMMENTARY

The growth prospects for the SA economy have picked up from the 1% level of the past two years to at least the 2% level, with some economists even predicting 3% in the next two years. The risk premium associated with SA assets has declined as evidenced by a reduction in the RSA long bond rate and the strong appreciation of the rand. This should result in higher ratings being awarded to SA focused companies. Moody's has recognized these positive developments by not only keeping SA government debt at investment grade but moving the outlook to stable! This further improves the prospects of the cost of capital for the country, its corporates and consumers as evidenced by the latest interest cut by the SARB.

The rand remained strong in March, supported by expectations of a 'stay of execution' by Moody's and a stable socio-political backdrop. However, the SARB decision to reduce the interest rate in March may slow down the pace of the appreciation in the rand in the near-term (due to lower real yields). Marginal rand weakness is envisaged throughout the course of the year.

The JSE Top-40 (at the time of writing) is down 15.6% from its all-time-high printed on 21 November 2017. Against this hugely oversold technical backdrop, we still have positive macroeconomic tailwinds. The yield curve is positive, interest rates are dropping, inflation is dropping, the Rand is still showing strength over the medium term, JSE earnings yields are higher than inflation, annual foreign purchases of SA stocks and bonds are now above water and believe it or not, the SA business cycle indicator is showing continu

BEST / WORST CONTRIBUTORS TO PERFORMANCE OVER THE PAST QUARTER

Best Positive Contributions:

- Stanlib Bond +8.21%
- Sanlam Select Defensive Balanced +0.89%

Negative Contributions:

- Satrix Balanced Index -4.05%
- Nedgroup Investments Balanced -3.33%
- Allan Gray Balanced -3.26%

PORTFOLIO ACTIONS OVER THE PAST QUARTER

- We sold out of Nedgroup Stable and Allan Gray Optimal
We reduced exposure to Allan Gray Balanced, Nedgroup Balanced, Nedgroup Opportunity and Coronation Balanced Defensive.
We added to Prudential Inflation Plus.
We bought into Sanlam Select Defensive Balanced, Satrix Balanced Index and Stanlib Bond.

Discretionary
Fund
Management

ROELOFF HORNE
Director & Head of Portfolio Management
South Africa



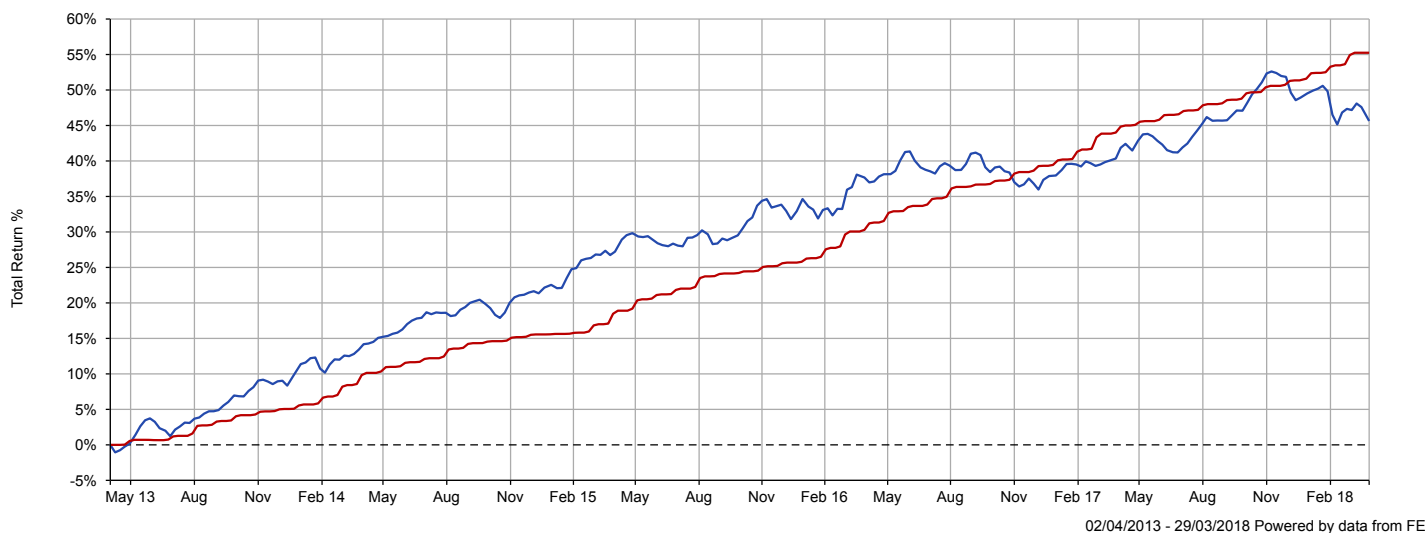
www.mitonoptimal.com

CHALFORD WEALTH CPI + 4 MODERATE REG 28 Portfolio Summary



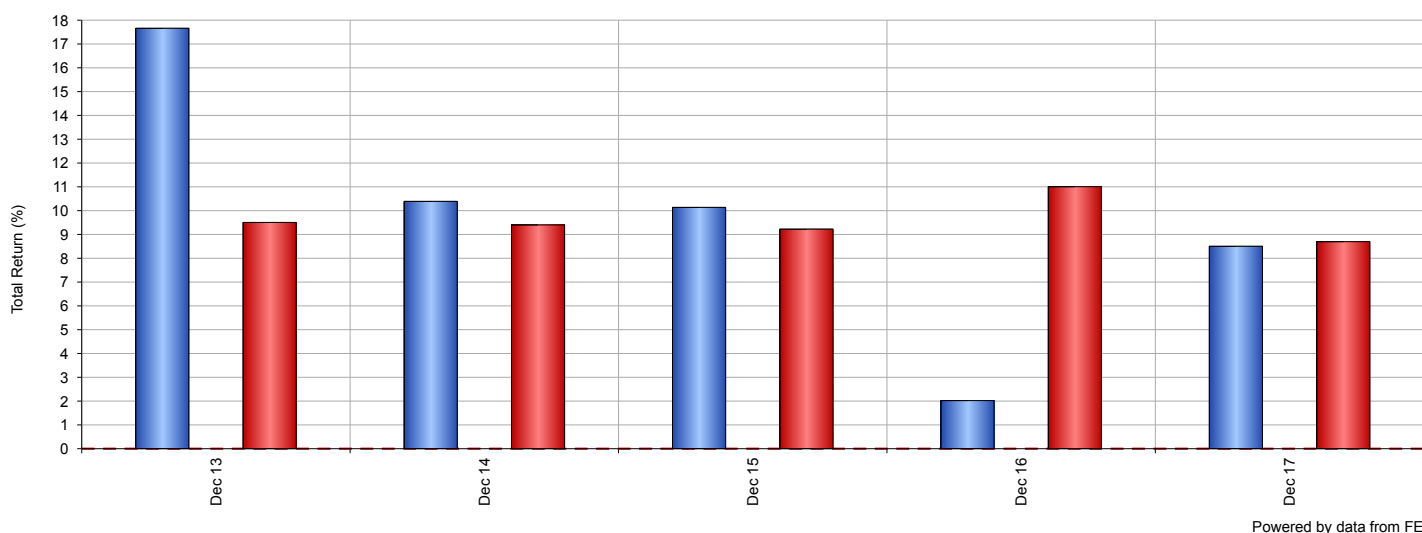
The following tables and charts illustrate the overall performance of the portfolio against its benchmark. The cumulative chart illustrates the overall performance over a maximum of five years dependant on the age of the portfolio and the table shows the overall performance broken down into specified periods. The discrete table and chart illustrates how the portfolio has performed against the benchmark during whole calendar years. All performance is to the latest month end and in composite currency.

Cumulative Performance



| Name | 3 mths | 6 mths | 1 yr | 3 yrs | 5 yrs |
|--|--------|--------|------|-------|-------|
| ■ CHALFORD WEALTH CPI + 4 MODERATE REG 28 PORTFOLIO | -2.66 | -0.98 | 3.24 | 14.44 | 45.92 |
| ■ Benchmark - CPI Excluding Owners Equivalent Rent + 4% - Jan 97 | 2.68 | 4.55 | 7.93 | 31.61 | 56.49 |

Discrete Calendar Year Performance



| Name | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------|-------|-------|-------|------|
| ■ CHALFORD WEALTH CPI + 4 MODERATE REG 28 PORTFOLIO | 17.66 | 10.39 | 10.14 | 2.03 | 8.51 |
| ■ Benchmark - CPI Excluding Owners Equivalent Rent + 4% - Jan 97 | 9.51 | 9.41 | 9.23 | 11.01 | 8.70 |

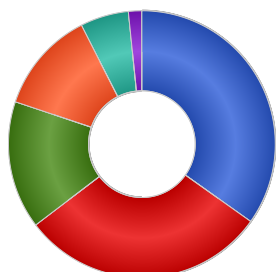
CHALFORD WEALTH CPI + 4 MODERATE REG 28

Portfolio Asset Allocation by Holding



This report illustrates the contribution of the individual portfolio holdings to the overall portfolio asset allocation.

Asset Allocation



| Name | % Weight |
|------------------------------|----------|
| South African Equities | 34.83 |
| South African Fixed Interest | 29.81 |
| Other International Equities | 15.50 |
| Money Market | 12.36 |
| Property | 5.87 |
| Global Fixed Interest | 1.62 |

Portfolio Asset Breakdown by Individual Holdings

| Portfolio Holdings | South African Equities (%) | South African Fixed Interest (%) | Other International Equities (%) | Money Market (%) | Property (%) | Global Fixed Interest (%) |
|---------------------------------------|----------------------------|----------------------------------|----------------------------------|------------------|--------------|---------------------------|
| Coronation - Balanced Defensive A | 3.07 | 8.22 | 2.49 | 1.38 | 1.82 | 1.02 |
| Allan Gray - Balanced A | 8.24 | 1.53 | 3.67 | 2.06 | 0.23 | 0.27 |
| PSG - Balanced E | 6.23 | 3.60 | 3.08 | 2.08 | - | - |
| Prudential - Inflation Plus B | 2.70 | 4.50 | 2.82 | 0.09 | 1.90 | - |
| Sanlam - Select Defensive Balanced A1 | 1.48 | 3.93 | 0.71 | 3.46 | 0.42 | - |
| Nedgroup - Investments Opportunity A | 5.00 | 2.10 | 0.52 | 0.94 | 0.45 | - |
| Nedgroup - Investments Balanced A | 3.43 | 1.11 | 1.15 | 1.72 | 0.59 | - |
| Satrix - Balanced Index A2 | 4.68 | 1.01 | 1.07 | 0.44 | 0.46 | 0.33 |
| STANLIB - Bond R | - | 3.81 | - | 0.19 | - | 0.00 |
| Total Portfolio | 34.83 | 29.81 | 15.50 | 12.36 | 5.87 | 1.62 |

Yield

The return on an investment by means of interest or dividends received from the holdings. Yield is supplied by the Fund Manager who is under no obligation to define the type of yield supplied i.e. Gross/Net or Running/Redemption. Funds comprising mainly of bonds normally quote a gross redemption yield after all charges but before tax has been deducted whereas funds mainly made up of equities normally quote a yield representing the estimated annual payout net of tax of basic rate tax payer.

Calendar Year Performance

The aggregate amount that the investment has gained or lost during a calendar year i.e. 1st January to 31st December.

Cumulative Performance

The aggregate amount that the investment has gained or lost over specified time periods and assumes any interest is reinvested.

Discrete Performance

The aggregate amount that the investment has gained or lost between two specified time periods.

Total Expense Ratio (TER)

The TER is a measure of the total costs associated with managing and operating an investment fund such as a mutual fund. These costs consist primarily of management fees and additional expenses such as trading fees and legal fees as well as any other operational expenses.

Alpha

A measure of a fund's over- or under-performance by comparison to its benchmark. It represents the return of the fund when the benchmark is assumed to have a return of zero, and thus indicates the extra value that the manager's activities have contributed.

Beta

Beta is a statistical estimate of a fund's volatility by comparison to that of its benchmark, i.e. how sensitive the fund is to movements in the section of the market that comprises the benchmark. Beta close to 1 means a fund is likely to move in line with its benchmark, greater than 1 and the fund is more volatile than the benchmark.

r^2

The r -squared measure is an indication of how closely correlated a fund is to an index or a benchmark. A range is defined between 0 and 1, with 0 indicating no correlation at all, and 1 showing a perfect match. Values upwards of 0.7 suggest that the fund's behaviour is increasingly closely linked to its benchmark, whereas the relevance begins to diminish below that.

Sharpe

Sharpe calculates the level of a fund's return against the return of a notional risk-free investment, such as cash or Government bonds. The difference in returns is then divided by the fund's standard deviation - its volatility, or risk measurement. The resulting ratio is an indication of the amount of excess return generated per unit of risk. Therefore, a negative Sharpe usually suggests investments would have been better off in risk-free government securities. When analysing similar investments, the one with the highest Sharpe has achieved more return while taking on no more risk than its fellows - or, conversely, has achieved a similar return with less risk.

Volatility

Volatility is calculated using standard deviation, a statistical measurement which, when applied to an investment fund, expresses its risk. Volatility shows how widely a range of returns varied from the fund's average return over a particular period.

- Lower volatility means that the holding's value changes at a steady pace over time.
- Higher volatility means that the holding's value fluctuates over short time periods.

Capital Return

The return of an instrument assuming all dividend income, interest and tax is paid out.

Gross Return

The return of an instrument over a specified period with all income reinvested on a gross basis i.e. without any allowance for taxation, interest, dividends and distributions.

Total Return

Total Return shows the total return of the instrument with all income* reinvested and assuming income is taxed at basic rates of income tax.

*interest, dividends and distributions.

FE Crown Fund Rating

An FE rating system which uses three years of evenly weighted Fund history, using the alpha, relative volatility and performance consistency, which is compared to a pre-defined, relevant benchmark. The resulting score is then compared against Funds that fit into the same (one of ten) sub-asset class groupings. Broadly speaking, the top 10% of funds will get a five FE Crown Rating, the next 15% four FE Crowns, and each of the remaining 25% tiers will get three, two, and one FE Crown respectively.

FE Disclaimer

Data provided by ProfileData and FE. Care has been taken to ensure that the information is correct but the suppliers neither warrant, represent nor guarantee the contents of the information, nor do they accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.