

# MitonOptimal Core Pro Conservative Income (Reg 28) - Allan Gray



As of 2026/05/31

## Suitable Investor

Suitable for investors who are risk averse and have a low to 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 2% p.a. (2% real return) net of fund management fees over a rolling 3 year period. The strategy aims to provide investors with a regular income while it aims to provide consistent real returns over the medium 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 plan. Other suitable products would include low volatility Preservation Pension/Provident Fund savings, i.e. close to retirement risk averse investors.

## Risk Profile



## Monthly Market & Portfolio Commentary

May presented a highly unusual market environment, with financial markets and economic fundamentals moving in opposite directions. Risk assets rallied strongly despite rising inflation, elevated geopolitical tensions linked to the Middle East conflict, and a change in Federal Reserve leadership. This divergence between market behaviour and underlying data defined the month.

Global equities delivered strong gains. The MSCI ACWI rose 5.16% in USD, taking year-to-date returns to 12.15%, while the MSCI World gained 4.55%. Emerging markets led performance, with the MSCI EM Index up 9.69% in May and 25.61% year-to-date. Strong US corporate earnings—particularly from mega-cap technology companies—reinforced a pro-risk environment in a resilient economy. AI-driven earnings upgrades further supported equity markets and prompted a strategic tilt toward developed market equities, while high-yield credit was downgraded to neutral as investors increasingly favoured equities for growth exposure.

In contrast, fixed income markets were less constructive. The Federal Reserve left rates unchanged, but the April FOMC minutes revealed four dissents—the highest since 1992—highlighting growing disagreement on policy direction. The transition to Kevin Warsh as Fed Chair added an additional layer of uncertainty.

The investment team continues to monitor the widening gap between strong equity returns and deteriorating macroeconomic conditions. While AI-driven earnings momentum remains a durable structural support, rising inflation, tightening financial conditions, and geopolitical risks represent a meaningful set of challenges that markets appear to be overlooking.

South African markets delivered mixed but broadly resilient results. The key domestic development was the South African Reserve Bank's decision to raise the repo rate by 25 basis points to 7.0% at its 28 May meeting—the first increase since May 2023. The decision, passed by a 4-2 vote, reflected differing views on the policy path. Governor Kganyago highlighted persistent global uncertainty, including elevated oil prices due to the Middle East conflict, alongside domestic pressures from weaker income growth and subdued investment.

Inflation trends were broadly in line with expectations. Headline CPI rose to 4.0% in April, primarily driven by an increase in fuel prices. The SARB revised its outlook, projecting inflation to average 4.4% in 2026 and 3.7% in 2027 before returning toward the 3% target in 2028, marking a shift away from the earlier disinflationary trajectory and signalling a more hawkish stance.

Local equities faced modest pressure, with the FTSE/JSE All Share Index declining 0.27% in May, leaving year-to-date returns at 0.76%. Performance remained uneven and concentrated in selected sectors.

In contrast, South African bonds performed strongly, with the All Bond Index returning approximately 2.86%. Listed property gained 0.62% and the STEFI Composite delivered 0.56%. The positive bond performance reflected the fact that the SARB's rate hike had been well anticipated and largely priced into markets.

Against this backdrop, portfolios maintained an overall neutral risk stance, balancing participation in equity market strength with caution around increasing macroeconomic and geopolitical risks.

The most significant portfolio change was a reallocation within offshore equities. Technology exposure was increased to neutral, funded by reductions in industrials and consumer cyclicals, in line with strong technology-driven market performance. Exposure to emerging market value and Asia-focused themes was also increased, reflecting confidence in both cyclical recovery and structural growth drivers across these regions. Cash levels were modestly reduced and redeployed into higher-conviction equity positions.

In fixed income, the team navigated the SARB rate hike constructively. The resilience of the bond market highlighted the supportive role of credible monetary policy, even in a rising rate environment. Local bonds remain an important source of income and portfolio stability.

Overall, May reinforced the importance of diversification, disciplined risk management, and selective exposure to structural growth opportunities. Portfolios benefited from equity gains—particularly through technology and emerging market positioning—while maintaining balance in an environment where the divergence between market performance and macro fundamentals continues to widen.

Source of all data: Morningstar, unless otherwise stated.

## Model Portfolio Details

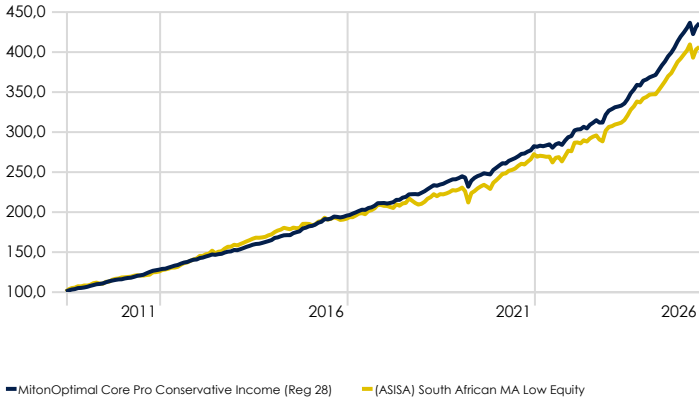
Lead Manager	Jacques de Kock, MitonOptimal
Co-Manager	Roeloff Horne, MitonOptimal
Inception Date	2009/07/06
Reg 28 Compliant	Yes
Benchmark	(ASISA) South African MA Low Equity
Return Objective	RSA CPI +2%
Annual Mandate Fee (%)	0,35
Model TER (%)	0,88

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## Investment Growth (Since Inception)



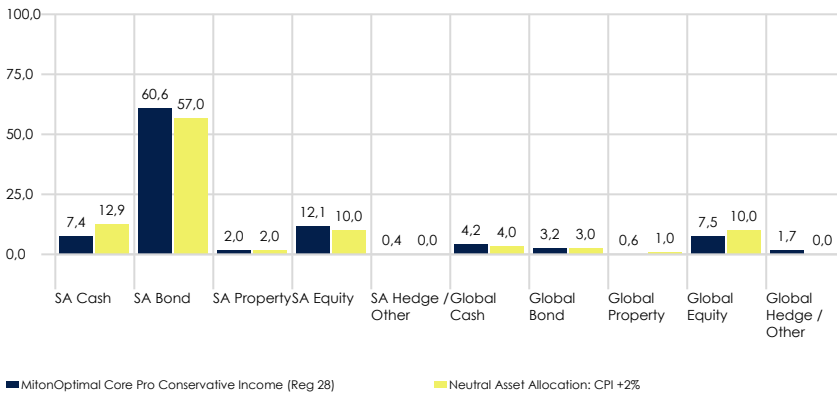
## Discrete Calendar Performance (%)

	2022	2023	2024	2025	YTD
MitonOptimal Core Pro Conservative Income (Reg 28)	4,50	10,82	11,95	16,11	2,73
(ASISA) South African MA Low Equity	1,36	11,05	12,25	15,51	2,37

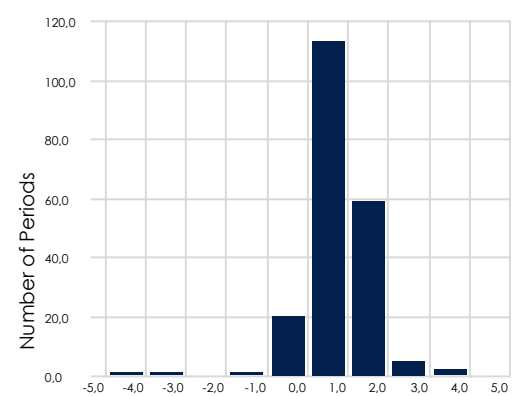
## Annualised Performance (%)

	1 Year	3 Years	5 Years	Since Inception
MitonOptimal Core Pro Conservative Income (Reg 28)	13,77	12,75	10,44	9,07
(ASISA) South African MA Low Equity	13,59	12,18	10,01	8,52

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



## Monthly Return Distribution



## Model Portfolio Composition (%)

	Weight	Mgmt Fee	TER
Amplify SCI Defensive Balanced Fund A1	15,00	0,92	0,94
Amplify SCI Strategic Income Fund A1	15,00	0,58	0,59
Otto1890 BCI Flexible Income A	15,00	0,69	0,77
Coronation Balanced Defensive P	12,00	0,86	1,04
Prescient Income Provider A2	12,00	0,58	0,60
Allan Gray Stable C	11,00	0,98	1,43
Allan Gray Income C	10,00	0,58	0,58
MitonOptimal BCI Active Beta Fund A	10,00	0,53	1,22

## 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.

MitonOptimal Portfolio Management (Pty) Ltd (MOPM) and MitonOptimal South Africa (Pty) Limited (MOSA) are both Authorised Category II Financial Service Providers which are owned by MitonOptimal Holdings (Pty) Ltd. MOPM Registration No. 2000/000717/07 FSP 734 and MOSA Reg No. 2005/032750/07 FSP 28160.



Data provided by Morningstar. 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.

The Model TER (%) of the value of the financial product was incurred as expenses relating to the administration of the financial product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TERs. It should not be considered in isolation as returns may be impacted by many factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. All Fees are expressed ex VAT.

A model portfolio may invest in Collective Investment Schemes and other financial instruments where available on the administrative platforms. Collective Investments are generally medium to long term investments. The value of participating interests may go down as well as up and past performance is not necessarily a guide to the future. The model portfolio may contain IP Manco funds, which levy their own charges and may be managed by the Fund Management Company, MitonOptimal, for services rendered. An approved FSP distribution partner may be compensated for their contribution to the investment committee meetings. Performance figures are sourced by the data providers' systems for lump sum investments including income distribution, at Net Asset Value (NAV) to NAV basis. The performance figures do not include annual LSP Administration fees, DIM or the Advisor fees. A Fund of Funds collective investment may invest in other collective investments, which levy their own charges. Collective Investment prices are calculated on a NAV basis and auditor's fees, bank charges, trustee and RSC levies are levied against the portfolio.

Should you have any further queries or complaints please contact our Compliance Department on Tel: (021) 689 3579 Email: compliance@mitonoptimal.com. Should you not be satisfied with the outcome of a complaint handled by MitonOptimal, please write to: The Ombudsman, PO Box 41, Menlyn Park, 0063.Tel: (012) 470 9080/99. Fax: (012) 348 3447. Email: info@faisombud.co.za