Introduction

I have a confession to make: I tried to keep my writing up to date last month i.e. in trying to cover the market activity during February. However, the faster I typed, the more I realized that no sooner had I typed some news than it was rendered out of date due to the speed with which markets were moving and developments with regard to the Covid-19 crisis in particular were unfolding.

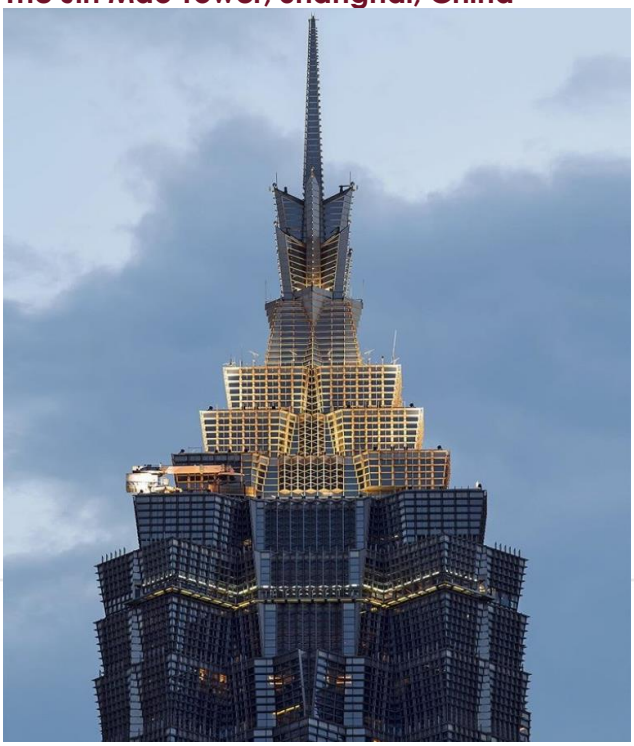
So I have abandoned the March edition of *Intermezzo*, for which I must offer my profuse apologies, and opted instead for a combined March/April edition. If there are a few more charts and tables than usual, please bear in mind that I am covering two months for the sake of completion. If some of the news is rather old, please also bear with me, because the fact remains no matter how fast I try to cover events, the coverage continues to be overwhelmed by market events.

I hope you nevertheless find this combined issue relevant and interesting. Having hereby tendered my apologies for this "jumbo edition" which is by necessity rather long, let me jump straight into the usual market coverage.

March in perspective – global markets

I fear I ambushed myself last month by calling February's market action "brutal". It certainly felt brutal, but goodness me, if February was brutal, market activity during March is simply indescribable. I could fill this entire page with records set by global indices, from the fastest bear market in history (22 days), to the worst quarter in decades, the worst three-day decline since the 1930s, and yes, even the best daily *gain* (9.4%) since 2008 and the 10th largest daily gain since 1927, when the collection of daily data started. Global output looks set to decline by the most in 800 years – the limiting factor here being the lack of older records not the drop in economic output. The records and intriguing analysis though cannot detract from the unprecedented and breathtaking volatility and trading conditions experienced in March. To review the indices' declines really doesn't do the market activity any justice. The declines and volatility was significantly worse than that depicted by the indices, which are, by their very definition, a summation of the overall market and not a share-by-share analysis.

The Jin Mao Tower, Shanghai, China

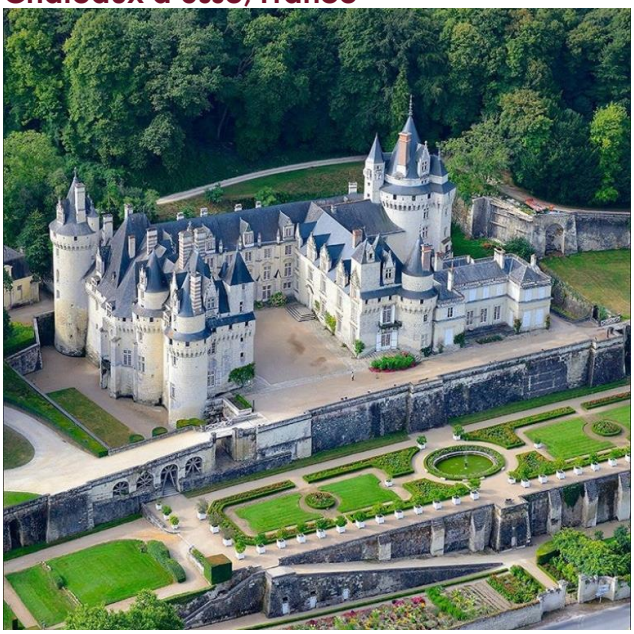


Instagram handle: @seven7panda

My intention is not to frighten or scare you in any way, but rather to share the devastation that we lived through during the past month, even as we all sit in our homes, hiding from a bug that is so small but which has wrecked so much havoc and devastation on the local and global economy, and indeed all of humanity. It is an appropriate time to remind everyone that

investment managers are as human and susceptible to surprises as much as anyone. There is no person alive who can claim advance notice or knowledge of the Covid-19 catastrophe. Absent any hindsight, no one was prepared for what has happened, or could move their portfolios timeously to avoid the destruction of value. It was, perhaps, the best indication of preparedness for any event, given that the returns for the past few weeks were literally a direct function of portfolio positioning *prior* to the onset of the crisis.

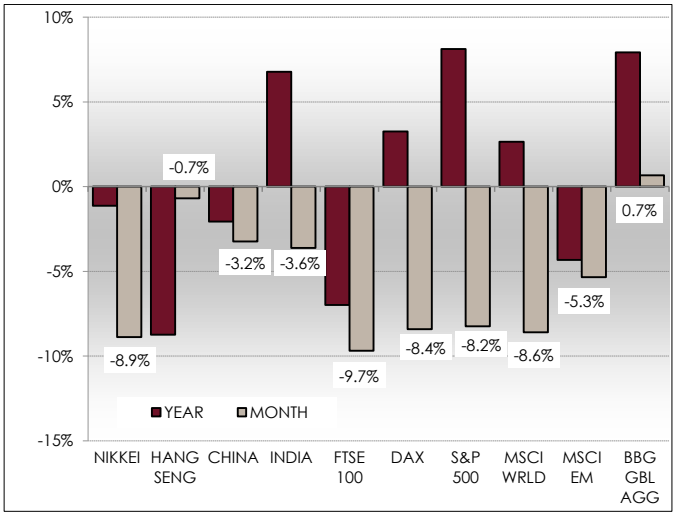
Châteaux d'Ussé, France



Instagram handle: @so_chateaux

Let me turn your attention then to the global indices. In doing so, I point out that, despite their significant declines, they ended the month off their lows of the month, given that the week ending 27 March went down as one of the *strongest* i.e. markets posted their strongest gains, since the 1930s. Markets were significantly weaker intra-month than their closing levels for the month indicate. Not surprisingly, equity (as opposed to bond) markets took the most strain; the MSCI World and Emerging indices declined 13.5% and 15.6% during March. The German, US, Hong Kong and Swiss markets declined 16.4%, 12.3%, 9.7%, and 5.3% respectively. I highlight these markets because that is where our global portfolios are invested. The tech-heavy NASDAQ index fell 10.1% and Japan 10.5%.

Chart 1: Global returns to 29 Feb 2020

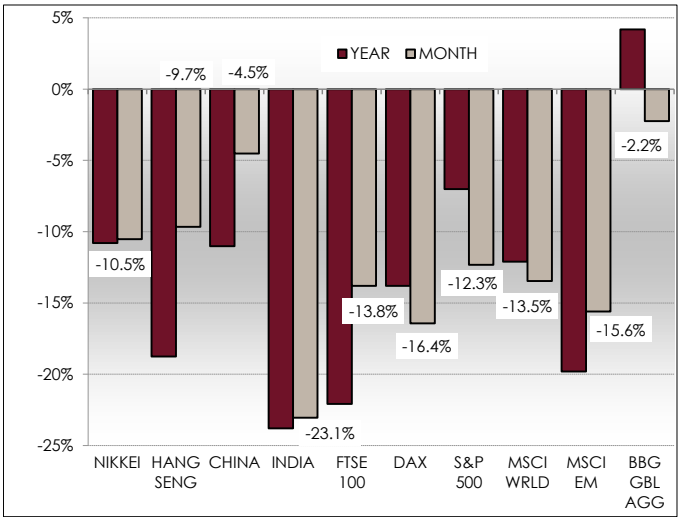


There was far more trauma in emerging markets though: South Africa fell 12.1% (but 22.6% in dollar terms), Turkey 17.8%, Russia 22.0%, Greece 22.5%, India 23.1%, and Brazil a whopping 30.0%. Interestingly, the Chinese equity market only lost 4.5%. Mid and small cap sectors of the market endured the most pain; the US large cap (S&P500) index fell 12.3%, but the S&P Mid and Small cap indices ended March down 20.4% and 22.6% respectively.

The dollar was strong for most of the month, as investors sought refuge from the storm. The dollar (DXY) index rose 0.9%. The Swiss franc held its own against the greenback, but the pound declined 2.9% and has now lost 6.4% against the dollar so far this year. As investors took flight from riskier assets, emerging currencies (and equity markets, as we have seen) bore the brunt of massive selling. The Indian rupee lost 4.6% against the

dollar, the Aussie dollar 5.0%, the rand 11.9%, the Brazilian *real* 13.0%, and the Russian rouble 14.0% (its movements are closely tied to the oil price).

Chart 2: Global returns to 31 March 2020



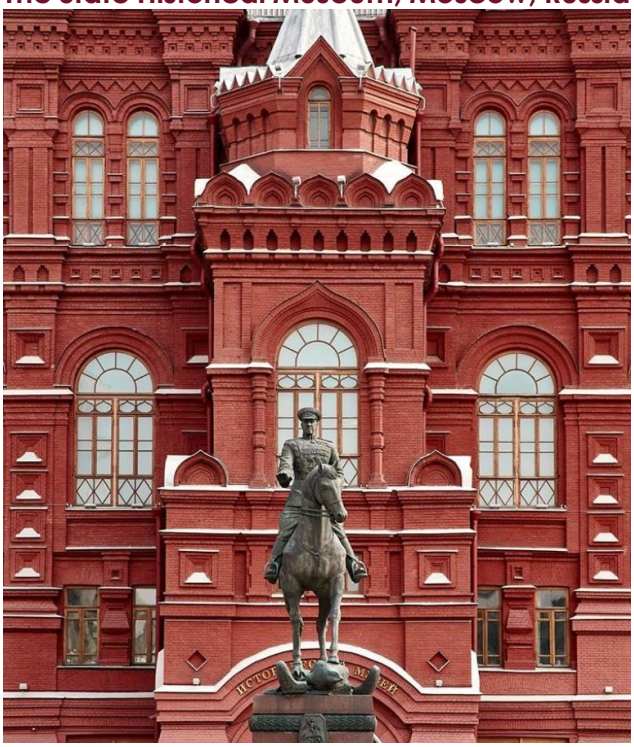
Turning to the global bond market it, too, was volatile, although it managed to post a return of -2.2%, as investors sought refuge in that market and central bank action to significantly reduce yields (interest rates) to even lower levels took effect. The US bond market posted a decline of only 0.6% but like all the other indices, that return hides the most frightening intra-day volatility.

While everyone was focused, for good reason, on the Covid-19 virus, I am afraid to report that there was another major global crisis occurring at the same time, namely a crisis in the oil markets. The oil price collapsed when Saudi Arabia took on Russia in an aggressive price war (from which the only winner will be the consumer). Although in theory this second crisis was confined to the oil market, its tentacles spread far wider. The oil price collapse – the price of Brent crude oil fell 47.3% in March and is down 60.0% so far this year – renders the entire US shale industry unprofitable. This in turn significantly hampers that industry's ability to repay its debt; the shale industry has issued significant quantities of debt via the so-called "high yield bond market", or what we used to call the "junk bond" market, very aggressively over the past decade as the US moved to energy self-sufficiency. A collapse in the junk bond market renders the entire US financial system weaker, and this has been playing out simultaneously as the Covid-19-related crisis. Could one ever imagine a worse sequence of events? No wonder markets have collapsed on an historic scale. Add to the oil price collapse, a collapse in demand as the world moved into "lockdown" mode, and it is unsurprising to hear that the entire commodity price complex came under severe pressure, too. Gold only declined 2% (so much for its reputation as a store of value), but the platinum and palladium prices declined 20.4% and 18.6% respectively. Surprisingly the iron ore price was steady, but copper, always a great barometer of future global economic activity, fell 13.8%.

Château du Coudray-Montpensier, France

Instagram handle: @so_chateaux

The State Historical Museum, Moscow, Russia



Instagram handle: @maik.wtf

What's on our radar screen?

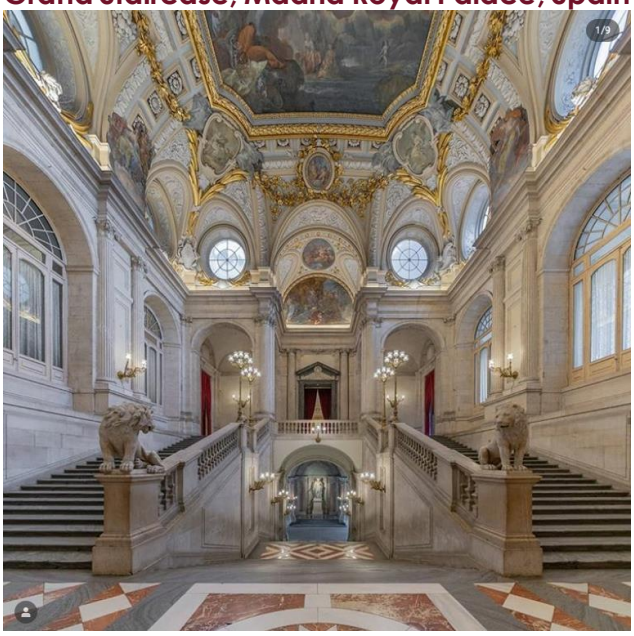
I initially started the usual list of items on our radar screen but to be honest they are changing so rapidly that I couldn't keep up with the daily deluge of information, policy measures, events and market movements. So please see the selection below as a mere snippet of everything we are taking in during the course of every day:

- *The SA economy:* although it feels like ages ago, let us not forget that the South African 9SA) economy slipped into a recession during the last quarter of 2019 (Q4). It shrank by 1.4% on an annualized basis versus a contraction of 0.8% during Q3. Yes, you read correctly, South Africa was already in contraction before the onset of the Covid-19 crisis. During Q4 the economy contracted at an annual rate of 0.5% while for the year as a whole it expanded only 0.2%. Gross fixed capital formation (fixed capital investment in layman's terms) declined at an annualized rate of 10% in Q4 while employment continues to hover around 30%. Not surprisingly and as widely expected, credit rating agency Moody's cut the country's credit rating to below investment grade, joining Fitch and S&P which had already placed SA's credit rating in the "junk" zone. Moody's outlook on the rating remains "negative". It noted "continuing deterioration in the country's fiscal strength and its structurally very weak growth" as reasons for the downgrade. In addition it noted that "unreliable electricity supply, persistent weak business confidence and investment, as well as long-standing structural labour market rigidities" continue to constrain South Africa's economic growth.

Of course all of that data pertains to a pre-Covid environment, so it might be worthwhile spending just a short bit of time on what the future looks like. Of course, with so much uncertainty prevailing at present, any forecast must be treated with a large degree of caution, but there is no doubt about one thing: the future for the SA economy and its "balance sheet" looks decidedly bleak indeed. At this stage we estimate that the economy might contract by at least 5% during 2020, with little or no bounce in 2021. The Budget deficit i.e. the extent to which the country has indebted itself, is likely to increase above 10%, somewhere in the order of the deficit in 1914, when the deficit was 11.6%. We suspect government debt will rise significantly above 80% of GDP. Ironically the current account deficit may improve, but for the wrong reasons i.e. due to

dramatically lower demand for imported goods. Inflation is likely to remain subdued – again for the same, "wrong" reasons (weak demand) – which will, in turn allow the SA Reserve Bank (SARB) to reduce interest rates significantly. Recall that the SARB lowered interest rates by 1.0% to 5.25% in March, the second reduction this year, bringing rates back to levels last seen in December 2013. So all in all very bleak times lie ahead for the country and all its citizens. Job losses and the collapse of businesses, especially small and medium-sized ones, on an unprecedented scale, are likely to dominate headlines for the rest of this year and into 2021.

Grand Staircase, Madrid Royal Palace, Spain



Instagram handle: @kevinmu

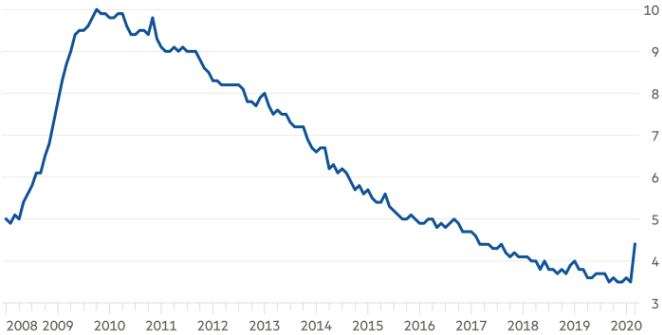
- *The US economy*: developments in the US have moved so quickly it is hard to keep track of them all. Rather than focus on what happened before the full onset of the Covid-19 crisis, I will concentrate on what has happened subsequently.

Early in March the US Federal Reserve (the Fed) cut interest rates by 0.50% in a surprize pre-emptive move to counter the (as then unquantified and incalculable) effects of the virus crisis. The action followed a conference call between the G7 Finance Ministers and central bank governors, who after the meeting stated that "G7 finance ministers are ready to take actions, including fiscal measures where appropriate, to aid in the response to the virus and support the economy during this phase." Only two weeks later the Fed again reduced the official interest rate by 1.0% to 0.0% (zero), simultaneously announcing the return of Quantitative Easing (QE) in the form of a commitment to buy $700bn of bonds. So in the space of two short and tumultuous weeks, the Fed reduced interest rates to zero, and opened wide the proverbial money gates by throwing an enormous amount of liquidity (money) at the economy to enable it to deal with the effects of the dramatic slowdown that had begun to take hold.

Of course the crisis is still in full swing, but so far sufficient data has emerged showing how much damage is being done to the US economy as a result of the lockdown. US weekly jobless claims (tantamount to Unemployment Insurance Fund claims in South Africa) on 21 March came to an unheard of 3.3m for the preceding week. Prior to that release, the worst week during the Great Financial Crisis (GFC) of 2007/9 was "only" 665 000 in March 2009, and the worst week in 53 years of data was 695 000 in October 1982, which gives a sense of how significant the reading of 3.3m was. However, that was to be put into

perspective the following week when 6.6m claims were lodged. Thus in a period of only two weeks 10m Americans lost their jobs; that number is likely to rise dramatically through April as the true effects of the lockdown in the US become evident.

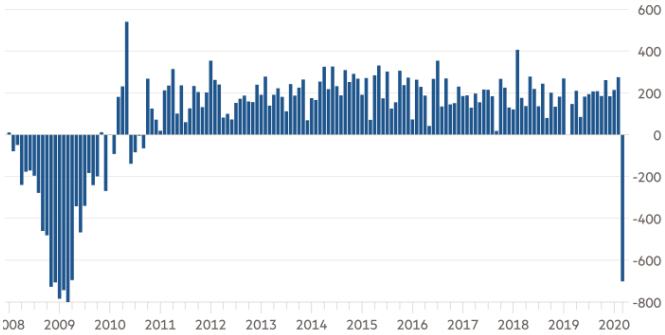
Chart 3: US Unemployment rate (%)



Source: FT.com

Another insight into the US labour was obtained when we received the March unemployment data. Although the market was prepared for bad news, given the jobless claims of the two prior weeks, the actual reading was far beyond anyone's worst expectations: the unemployment rate rose from a 50-year low of 3.5% in March to 4.4% in April (refer to Chart 3), the highest unemployment rate in two and a half years. Worse was to come. After having *created* 275 000 jobs in February, for a record, uninterrupted 113 months, at an average of close to 200 000 per month, the US economy lost no less than 701 000 jobs in March (refer to Chart 4), far above the expectation of a loss of only 100 000 jobs. We also know that it will get far worse, given that this job loss data came at the early stages of the shutdown.

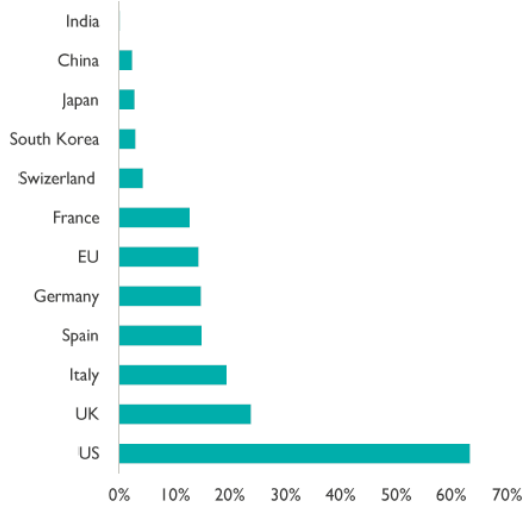
Chart 4: Monthly change in US jobs (000s)



Source: FT.com

- *Developed economies*: it is hard to know where to start when describing all the significant events in developed economies during the past few weeks. Even as I write many countries are rolling out third and fourth stimulus packages to support their respective economies, aimed primarily at small, medium and micro enterprises (SMMEs) and the poor, who will bear the brunt of the economic slowdown. Without going into the detail of each respective stimulus package, I found Chart 5 rather useful, even if it is quite shocking in its implications.

Chart 5: Monetary and fiscal support (% of GDP)



Source: Waverton Investment Management

The Chart shows the extent of government support for selected countries, ranking the support as a percentage of the respective country's economic output (GDP). Note that the chart only shows data up to 23 March, with many additional support measures having been announced since that time. For example, Japan has since announced additional support equivalent to 20% of its GDP, and Australia announced their third and largest support program equivalent to 6.5% of their GDP. As at 23 March, the monetary and fiscal support Spain had announced for their economy was the equivalent of 15% of their entire GDP. For Italy it was 20% and for the UK 25%.

When one begins to appreciate just how much support is being rolled out, two things are immediately clear to me. Firstly, never has the global economy ever experienced so much support and secondly, what will happen with the Covid-19 crisis ends in certain countries, and the unprecedented support takes effect. Other questions which come to mind are how will the authorities ever bring this support to an end, and finally though very politically incorrect, was such an enormous economic cost to citizens around the world really worth it? For the sake of a few hundred thousand lives, does it make sense to bring the livelihood of billions to the brink of collapse? I appreciate this is a contentious question and I pose it with no disrespect to those who have suffered or passed away as a result of the virus. However, the question has to be asked. In this regard, I think I would have the support of the hundreds of millions of people around the world who will lose their jobs as a result of the lockdowns around the globe. But let's move on…

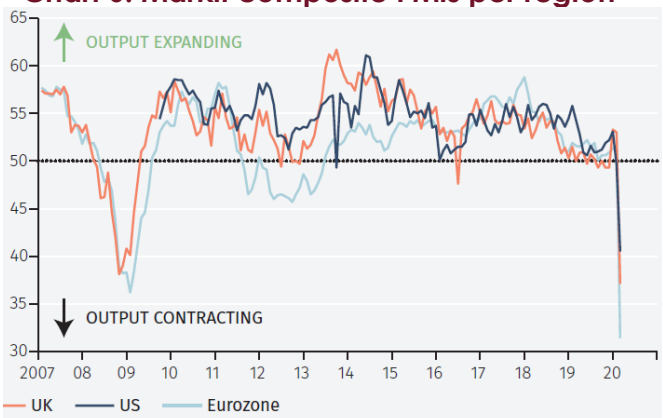
The Royal Palace of Madrid roof, Spain

Instagram handle: @kevinmu

During late February we saw the usual plethora of Purchasing Manager's Indices (PMI) released. Most of them related to submissions before the onset of the pandemic, so did not reflect the full extent of the economic slowdown. However, one thing is clear from the PMIs released so far: the services sector of economies, which is typically by far the largest sector, has borne the brunt of the slowdown so far. All eyes were thus on the PMIs released late in March, which we should still remember did not reflect the worst of the current slowdown. In the Euro area the *composite* PMI i.e. both the services and manufacturing sectors, fell to 29.7, the lowest level of record (this data series began in July 1998) and below the previous record of 36.2 for February 2009 at the depths of the Global Financial Crisis (GFC). In February, the PMI had been at 51.6,

above the 50-mark that separates expansion from contraction. Individual sovereign readings didn't look much better: France's composite PMI fell to a record low of 30.2, the UK to a record low of 36.0 (53.0 last month) and Germany down to 35.0. The Italian numbers were the worst of the major European economies, with the composite PMI falling to 20.2 and the services PMI coming in at 17.4. The Euro area services PMI fell to 28.4 (versus 39.5 expected) which was also the lowest on record. The manufacturing PMI saw less of a decline, falling to "only" 44.8, but still the lowest since April 2009. While on the topic of PMIs, it is worth noting here that the composite PMI in the US was 40.9, the lowest on record (since October 2009). The US services PMI fell to 39.1 while the manufacturing PMI fell to 49.2, which although less hard hit than the Euro area, was still the lowest reading since August 2009. The following chart places the recent PMIs into perspective.

Chart 6: Markit composite PMIs per region

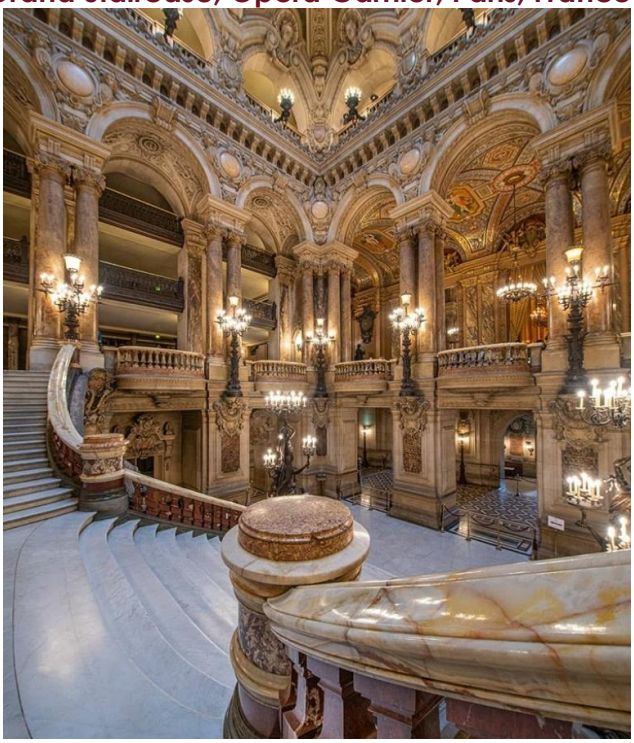


Source: Credo Capital

With regard to monetary policy support, most central banks have lowered their respective interest rates aggressively so far. The list of developed countries to do so include Australia, Canada, New Zealand, and the United Kingdom.

Other forms of support have included the purchase of bonds, across all credit ratings – for example, the Fed has just indicated a willingness to commit money to the purchase of riskier debt, such as municipal and junk bonds – as well as securities in the secondary market, such as Exchange Traded Funds (ETFs). The Bank of Japan raised their annual ETF purchase target from JPY6tn to JPY12tn, and the REIT purchase target was revised to JPY180bn.

Grand Staircase, Opera Garnier, Paris, France



Instagram handle: @jbperraudin

During the course of the Great Financial Crisis in 2007/9 and in the subsequent years, advocates of what has come to be known as Modern Monetary Theory (MMT) began calling for simple hand-outs of cash to citizens. At first, conventional economists

frowned at this suggestion. A boisterous debate surrounding cash handouts to citizens has continued ever since, but with the onset of Covid-19, reality has overtaken the debate as a number of governments have taken to simply handing out cash to qualifying citizens. Honk Kong was the first authority to put this into practice, followed by inter alia, Australia, Malaysia, and Singapore. As early as February 26, the Hong Kong authorities committed $10bn to handing out HKD10 000 ($1 280 or R23 680) to permanent Hong Kong residents "whose finances had been hit by the coronavirus and last year's prolonged street protests". Singapore's latest support measures, announced on 7 April, included a once-off cash handout of SGD300 ($212 or R3 920) to each adult Singaporean, bringing the total per individual to SGD4 600 ($3 256 or R60 230) of wages paid in April for each local employee, for a period of nine months in three pay-outs. The wage subsidy could go as high as 75% for workers in sectors that have been the most impacted by the Covid-19 outbreak. Australia said it would pay AUD750 ($434 or R8 029) to pensioners and others who receive income assistance. At the time of writing the US and UK have also suggested the practice as a relief measure to assist citizens suffering due to the economic crisis. I never thought I would see the day governments simply handing money to its citizens, but those days are now with us and it is a reality.

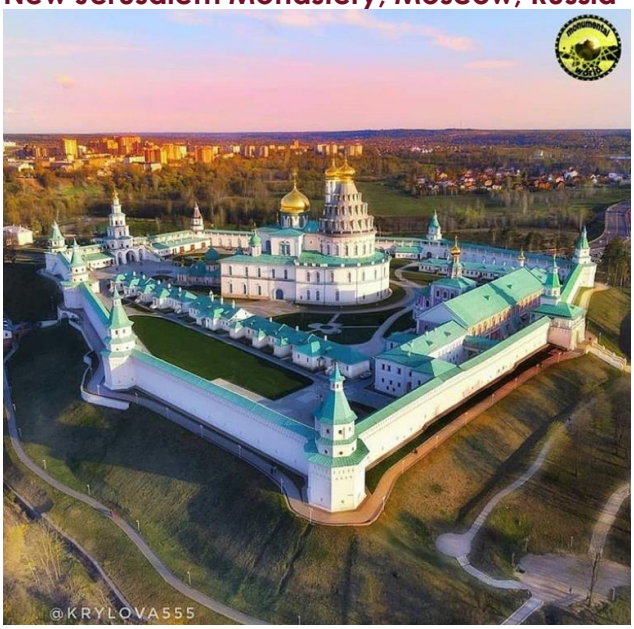
The Foyer, Opera Garnier, Paris, France

Instagram handle: @madebyvadim

With regard to the early effects of the Covid-19 crisis the ranks of the unemployed across developed markets are surging. In Spain, the number of people filing for jobless claims rose by 302 265 in March (the consensus was at 30 000), the biggest increase on record; that didn't include those who have been laid off temporarily. In Ireland, the Live Register, which measures demand for jobless benefits, rose to a seasonally adjusted 207 200 in March, while a further 283 000 claimed the pandemic unemployment payment and 25 100 claimed the new coronavirus wage subsidy. In France, Labour minister Muriel Penicaud said that 400 000 businesses had applied for temporary unemployment for 4m workers. To put that into perspective, the total employment number in France stood at 28.5m in Q4. In Norway, data

showed that the number of people seeking unemployment benefits more than tripled during the past two weeks, while the unemployment rate rose to 10.4%, the highest since World War II.

New Jerusalem Monastery, Moscow, Russia



Instagram handle: @krylova555

- *Emerging economies*: starting with China, the February manufacturing PMI declined from 50.0 to 35.7, while the non-manufacturing (services) PMI fell further, from 54.1 to 29.6. The respective 2009 GFC lowest readings were 38.8 and 50.8, meaning China has never seen such low readings in its history before. China's year-to-date industrial production recorded the largest decline since the series began in January 1997, falling at an annual rate of -13.5% year-on-year while retail sales fell 20.5% year-on-year, the largest decline since January 1998. Fixed asset investment dropped by 24.5%, the largest decline since January 1997. The February unemployment rate rose to a record 6.2% as the outbreak worsened.

Similar to developed countries, emerging country central banks moved quickly to reduce interest rates and provide additional liquidity and support to markets. Central banks that have reduced interest rates included those in Brazil, India, Morocco, Pakistan, Poland, South Africa, Tunisia, and Turkey. Malaysia announced a stimulus package equivalent to 12% of their GDP.

Quotes to chew on

This month I have borrowed liberally from other market commentators in this section, so please forgive me. I have done so to convey the drama that prevailed in global markets during the past few weeks. Some of the quotes are already out-dated, but I hope you nevertheless enjoy them for the manner in which they convey what was happening in markets on certain days, and the extent of the records set, and volatility, peaks and troughs experienced.

The value of predictions

"Prediction is very difficult, especially if it's about the future" - *Nobel Prize winning physicist Niels Bohr*.

Market commentary – 9 March

Here is an extract from *Deutsche Bank's Jim Reid* daily morning report, the Early *Morning Reid*: "When you've worked through the Asian crisis, the Russian/LTCM crisis, the 2000 equity bubble collapsing, the GFC, the European sovereign crisis, and several other smaller wobbles it takes a lot to stun you in financial markets. However the weekend news flow and overnight price action in oil - just at a time a beaten up market could have done without it - has done that and deserves its own place in the history books.

Following the 10% plunge in oil prices on Friday, WTI and Brent are down a further 30.01% and 27.55% this morning respectively to $28.80 per barrel and $32.73 and more or less at their lows since Asia opened. For context **this is the largest absolute one-day decline for Brent crude ever while in percentage terms the decline is the highest since January 17, 1991 when it dropped by 34.8% during the gulf war**. This follows the developments over the weekend, specifically that Saudi Arabia plans to raise oil production next month through targeting market share rather than supply management, therefore leading to the threat of an all-out price war following a breakdown in OPEC talks. This led to huge declines in Middle Eastern markets yesterday with bourses in Abu Dhabi, Dubai, Saudi Arabia and Kuwait down between 5% and 10%. The main Kuwait index suspended trading in the biggest shares after falling 10% while Saudi Aramco fell below its IPO price for the first time.

The plunge in oil has led to complete capitulation in other markets this morning. In (interest) rates, US 10-year and 30-year Treasuries have traded below 0.50% and 1.00% respectively (currently 0.513% and 0.968% as we go to print – moves of -24.6bps and -31.9bps since Friday) **meaning the entire yield curve is below 1% for the first time in histor**y. In equity markets losses are being led by the Nikkei (-5.82%) with further big legs lower for the Hang Seng (-3.50%), Shanghai Comp (-2.14%) and Kospi (-4.14%). It's worth noting that Australia's ASX index – typically a perceived defensive market in Asia Pacific – is even down 7.33%. S&P 500 futures are down 5.0% and have hit circuit breakers. Meanwhile 10-year Japanese Government Bonds traded down 0.20% although have since nudged slightly higher, Gold is flat, other base metals are down heavily (iron ore down over 4%), while the Yen (+2.73%) and Swiss Franc (+1.48%) have rallied at the expense of oil sensitive currencies

The Great Hall, Palazzo Colonna, Rome, Italy

Instagram handle: @aidennyc

It'll feel like an age ago now, but last week **markets saw one of the most volatile weeks in nearly a decade, with the intraday and closing moves on the S&P 500 at sizes unseen since the US debt downgrade in 2011**. Prior to this morning the 10-year U.S. Treasury yield was half of what it was 2 weeks prior on 22 February, having fallen over 70 basis points (bps) (0.7%) to end the week at 0.762% (-15bps Friday, and -39bps last week), and saw an all-time intra-day low of 0.66% Friday morning almost exactly 11 years after the GFC lows of 666 on the S&P 500. The S&P 500 posted its 10th decline in 12 sessions on Friday (-1.71% but off the -4.05% lows for the session), but actually ended the week slightly higher +0.61%, after two days of over 4% rallies midweek. **Since its record high on February 19, the index is down over 12% and has lost $3.43 trillion of market capitalization**.

"To achieve great things, two things are needed; a plan, and not quite enough time."
- Leonard Bernstein

The main lagging sectors on the week were banks and energy stocks again as rates and oil both sunk. US 30-year treasuries fell to an all-time low of 1.287% - down 38.8bps on the week (-25.3bps Friday). While oil fell to nearly 3-year lows as virus related growth scares and the inability for OPEC+ to get Russia to agree to production cuts – Brent was down 9.44% on Friday (-10.39% on the week) - that is the **commodity's largest one day loss since 8 March 2000**.

Château de Versailles, France

Instagram handle: @leroilouisxiv

It was a similar story in Europe as the STOXX 600 fell 2.36% on the week (-3.67% on Friday) underperforming the US partly as it was closed when risk markets had a late New York rally on Friday. As the virus outbreak spreads through Italy, the government has now indicated they are going to implement €7.5bn of fiscal stimulus, as the FTSE MIB was down 1.79% on the week (-3.62% Friday). German 10-year bund yields are back flirting with late summer 2019 all-time lows and now at -0.71%, falling 2.4bps on Friday and 10.3 bps over the week, while spreads in France, Italy, and Spain were all 3.5 - 7.5bps wider over the course of the week. The VIX has now closed over 30 for a full week for the first time since October 2011. Lastly, gold finished the week at its highest levels since February 2013 as the prospects of central bank easing and an economic slowdown increase, the haven was up over 5.5% on the week."

Market commentary – 13 March

Reading through the above extract of Jim Reid's comment, you could be forgiven for thinking that the end of the world had arrived, and it couldn't possibly get any worse. Well, as we now know, that was really only the beginning, as the subsequent market movements and the following quotes attest.

The following is an extract from *Jim's Early Morning Reid* of 13 March: "In terms of records for yesterday, **the S&P500 had its 5th worst day out of 23 519 since daily data starts in 1927**. Just for reference, all the weaker days were in 1929 and 1987. We live in truly remarkable times! **The week to date move of -16.54% is as it stands the second worst week ever** (with October 2008 having the worst). Needless to say the index is now in a "bear market" having closed down 26.74% from the highs. The NASDAQ tumbled 9.43%, the Dow Jones Industrial Average 9.99% and the VIX jumped 21.57 points (pts) to 75.47, finishing at the highs of the day. The all-time high was 80.86 during the financial crisis. We're not far off those levels now.

High Yield (HY) (junk bond) credit spreads were 81bps and 86bps wider in the US and Europe. CDX Investment Grade (IG) and HY were also 23bps and 93bps wider respectively while iTraxx Main and Xover were 16bps and 75bps wider. It

didn't stop there. To give full context to the meltdown in Europe there were some other remarkable equity falls. **The DAX (-12.24%) had its worst day since 1989 (-12.81%) and the FTSE (Italian) MIB (-16.92%) the worst ever**. In commodities Gas Oil was down 7.41%, Brent 7.18% and Gold 3.60%. The Yen traded flat and Swiss Franc weakened before rallying +0.56%.

Château de Chambord, Loir-et-Cher, France

Instagram handle: @aidennyc

In bond markets it was the moves in Europe and specifically BTPs (Italian bonds) which were the most talked about. At one stage 10-year bonds traded up 72bps at 1.889%. They closed up 59bps after IMF Governor Lagarde walked back on the communication issue from the press conference on CNBC by saying that the ECB can deviate from capital keys if needed. **However the move was still the biggest move ever** (eclipsing 2011 remarkably) while the spread to Bunds widened to 250bps and to the most since last June. Elsewhere **European Banks were down 16.57% yesterday, the second largest drop on record with the biggest being the Brexit day move (-18.02%).** *The index has now dropped 45.24% from the February highs.* 10-year Bund yields were down 6bps early in the session before finishing flat (+0.2bps) even with the largest equity down moves seen in decades or even ever. US 10-year Treasury bonds rallied -6.5bps to finish at 0.804%.

Every sector in the S&P 500 was down at least 6.5%, with Pharmaceutical and Biotech firms the relative "best performer" along with healthcare equipment and household goods. **The worst performers were consumer apparel goods and semiconductors, both down over 12%. In Europe in the Stoxx 600, autos, insurance and banks were among the worst performers, all over 14% lower, while even the best performing sector – food and beverages – was down 8.79%.**

As a rough state of play for the latest virus disruption news we have the following highlights. In France all schools will close next week and Macron called the virus the epidemic of the century. In the US, every major sports league has suspended activities and both Disney theme parks will be closed through the end of the month – just highlighting how much businesses are being affected. The UK's chief scientific advisor said he believed the peak of the viral outbreak may be 10 - 14 weeks away and moved from containment to delay, with PM Boris Johnson describing Covid-19 as the "the worst public health crisis of a generation." The Philippines has also placed 12m people in the Manila area on lockdown overnight and has largely suspended government work for a month. Australia has also advised against large gatherings (500 people or more) overnight as their cases jumped 24% to 156 with the Melbourne F1 Grand Prix also cancelled this weekend. Belgium ordered the closure of all

bars and restaurants and other leisure venues overnight. Canadian PM Justin Trudeau's wife Sophie became another high profile victim of the virus as her tests returned positive. On the brighter side, China said that it only had 8 new cases over the last 24 hours."

Market commentary – 16 March
It is easy to whip through these above extracts, but I encourage you to take on board even just some of the **remarkable pieces of history** that were established during the two days described above.

By that stage, we weren't even halfway through March, and worse – again – was to come. Read on, this time from *Jim's Early Morning Reid* of 16 March: "**This past week saw an even more volatile week than the last, with European and US Equity markets seeing truly once-in-a-generation sized moves. The S&P500 saw its 5th worst daily loss since 1927 on Thursday when it was down 9.51% before rallying 9.29% on Friday – which was the 10th largest daily gain in the history of the index** – as there seemed to be a clear response to the US government's initial fiscal actions. Considering that with only 27 minutes before the close the index was only up +2.4% shows what a remarkable end to the week we saw.

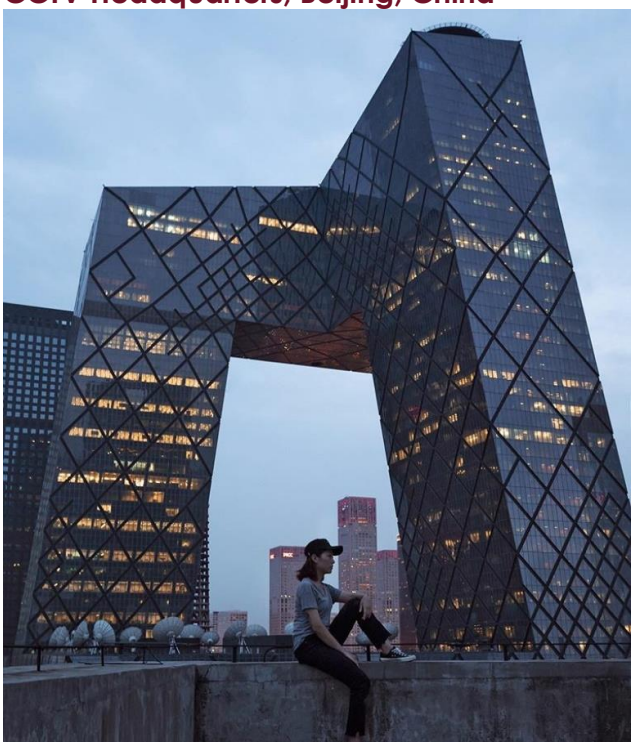
In total, the index was still down -8.79% on the week though. Although this was less than 2 weeks ago, it was still the 24th worst week in the history of the index, with all of the other weeks taking place during the Great Depression, October 1987, the Dot Com Bubble, or the Financial Crisis. **On Friday, The S&P500 posted only its 5th daily gain in 19 sessions**. Since its record high on 19 February, the index is now down just under 20% at -19.94% and entered "bear market" territory on Thursday for the first time since 2009. The large cap index has lost $5.7 trillion of market capitalization since those all-time highs.

10-year US Treasury yields were up even as equities continued lower on the week as correlations started to breakdown. Yields rose just under 20bps over the week to finish at 0.960% (+15.6bps Friday, +19.8bps last week). US 30-year treasuries were up 24.2bps on the week (+8.9bps Friday). **At one point last week, the entire US Yield curve fell under 1.0% for the first time in history**. Oil had its worst week since 2008 – down 25.23% on week, up +1.90% Friday – with the commodity being hit from a demand shock as the global economy slows due to Covid-19, while simultaneously being hit by a supply shock as Saudi Arabia and Russia continue their price war.

King Power MahaNakhon, Bangkok, Thailand

Instagram handle: @seven7panda

CCTV Headquarters, Beijing, China



Instagram handle: @seven7panda

If anything it was more volatile in Europe, where **many indices saw their worst day on record this past week** on Thursday as the STOXX 600 fell 18.44% on the week (+1.43% on Friday). Much of the underperformance relative to the US last week was due to the late mammoth US rally on Friday. Italy lagged with the FTSE (Italian) MIB down 23.30% on the week (+7.12% Friday on the hope of fiscal stimulus and bouncing off the worst ever recorded day on Thursday), while Italian bond yields saw their worst day on record on Thursday (+58.5bps on week, 2.5bps Friday). German 10-year bund yields finished the week at -0.544%, rising 19.7bps on Friday and 16.6bps over the week. Credit spreads were wider as well on both High Yield (HY) and Investment Grade (IG) – US HY was +167bps wider on the week (-11bps Friday), while IG was +80bps wider on the week (+7bps Friday). In Europe, HY was +189bps wider on the week (+5bps Friday), while IG was +46bps wider on the week (+1bps Friday). The VIX closed the week at 57.8, which is the highest closing level since the Financial Crisis. It spiked over 75 at the close on Thursday in the worst of the sell-off. Gold sold off 8.60% on the week (down -2.9% Friday), as the risk-off hedge did not seem to work with dollar rallying 2.9% around the same time (+1.3% Friday)".

Market commentary – 17 March

More from *Jim Reid* on 17 March: "It was another wild and historically significant day in financial markets yesterday with traders having to navigate further wild swings across different asset classes. In fact **for the S&P500, we haven't seen a daily move of less than 1% either way all month. Indeed 12 of the last 16 trading sessions have now seen moves of at least 3% in either direction**. Yesterday's moves were yet another in this pattern, with trading halted at the open after the S&P500 fell through the -7% circuit breaker, before falling to just shy of the lows of the day (-11.41%) after trading restarted. The S&P500 then recovered much of its losses to be down "only" 5.37% before closing at the lows of the day, down 11.98%. **This leaves the index down -29.53% since its peak less than 4 weeks ago. In terms of our worst days in history this ranked 3rd out of 23 161 since 1927** behind only 19 October 1987, down 20.47%, and 28 October 1929, down 12.94%. **These are truly historical moments in the history of financial markets. 2020 will go alongside 1929, 1987 and 2008 in the text books of financial market panics**".

Market commentary – 20 March

"The policy moves did keep coming though. The Bank of England's Monetary Policy Committee (MPC) unanimously voting to cut rates by a further 15bps down to 0.1%. **This is their lowest level ever**, which is quite something considering that unlike the Federal Reserve (which was

founded in 1913), **the Bank of England has been around since 1694**!"

Market commentary – 27 March
More from *Jim Reid*, this time from the *Early Morning Reid* of 27 March: "Staying with the remarkable times we operate in, at the start of 2020 if you'd had pulled up a chart of US weekly jobless claims through history (data back to 1967) and seen that we were at around 200 000 with the highest ever being 695 000 back in 1982, I wonder what event you would have thought had to happen for there to be a weekly print of 3.28m less than three months later. All answers welcome! **This number yesterday was a more than ten-fold increase on the previous week's revised 282 000 reading. We cannot stress how unprecedented numbers like this in a single week are. Even in the financial crisis, the peak week in March 2009 was at 665 000**.

Eiffel Tower, 1888, Paris, France

Instagram handle: @historycolored

Looking at the state-by-state data, the 2 states that saw the biggest increase in claims were Pennsylvania and Ohio, with a surge of 363 000 and 181 000 respectively compared with the prior week. Both are states in the US rust belt and are traditionally swing states in presidential campaigns. Indeed Pennsylvania, where there was the biggest increase in claims, was won by President Trump in 2016 by a margin of less than 1 percentage point. So the fact that they're seeing the biggest increases in the country is certainly not something that'll be welcomed by his campaign. Our economist's previous work has found that jobless claims are the single best real-time indicator of recession, so this rise leaves no doubt that *the US economy is currently in the midst of a recession*. **Consistent with the sharp rise in claims, their summary index of these high-frequency indicators has essentially gone into free fall indicating data which is about twelve standard deviations worse than average and consistent with -4% year-over-year GDP growth. This is worse than any readings during the financial crisis.**

With financial markets hopeful on the prospects for stimulus, global equities moved higher for a third straight day, a phrase that we haven't said for a while (since February 12th in fact, according to the MSCI All World index), with the S&P500 up a further 6.24%. **The index's latest advance means it's up over 17% from its closing low on Monday.** The large gain adds to the run where 16 out of the 19 sessions so far this month have seen the S&P500 move by at least 2% in either direction. *The Dow Jones hit a remarkable milestone of its own yesterday, after its 6.38% advance left the index 21.30% above its Monday low and in technical 'bull market' territory!!!*"

Market commentary – 31 March
More from *Jim Reid*, this time on 31 March: "Following on from this the main story in financial markets yesterday was the astonishing fall in oil prices – albeit one which has reversed this

morning - where the combination of an impending global recession and the Saudi-Russia price war saw yet further declines. By the end of the session yesterday, WTI was down by 6.60% to just $20.09 per barrel, which is its lowest level since 2002, and **the 8th time this month alone that WTI has declined by more than 5% in a single day**. With just one day left in the month to go, **the price of WTI crude has now more than halved since the end of February (-54.69%), making this month for WTI even worse than the falls in October 2008 (-32.62%) and the biggest monthly decline in data going back to March 1983. Remember that in the first week of the year WTI hit $65.65 intra day after the US/Iranian military strike and escalation, so it's down 69.11% since that peak."**

The Biltmore House, North Carolina, USA

Instagram handle: @aidennyc

China revisited

Something non-Covid-19 now. Nearly half of our global portfolios are invested in Chinese companies, one way or another. Investors often wonder why we have such a large Chinese exposure. I could give you plenty of reasons for our view, but for now will leave it to *Charlie Munger, vice chairman* of *Berkshire Hathaway* (Warren Buffet is chairman and CEO), who said the following in February: "The strongest companies in the world are not in America. I think Chinese companies are stronger than ours and are growing faster, and I have investments in them, and you don't, and I'm right, and you're wrong. You can laugh, but I spoke a simple truth."

And finally some hope

To end off this section, here are two quotes that provide some glimmer of hope or guidance. The first is a quote from *Julius Bär's* daily *European Bell*, of 8 April: "China reported no new coronavirus fatalities yesterday. This is the first day that there have been no fatalities since the pandemic started. The city of Wuhan, its epicentre, is also open to the rest of China as of today, for the first time since 23 January 2020".

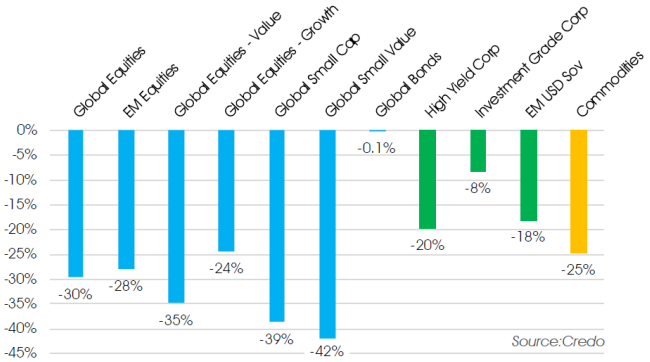
And finally a sage comment from *Viktor Frankl*, author of the profound book *Man's Search for Meaning*. "When we are no longer able to change a situation, we are challenged to change ourselves."

Charts of the month

Nowhere to hide

There are numerous charts depicting just how far various asset classes (types) and strategies have fallen, but Chart 7 below summarizes it nicely. It is clear that so far this year i.e. year-to-date (YTD) there has been nowhere to hide. No matter where you have invested your capital, or which strategy you have adopted (growth, value, size, etc) you would have lost money so far this year in dollar terms.

Chart 7: YTD returns of assets and strategies ($)



Source: Credo Capital

Of course, given how strong the dollar has been this year, in local currencies the losses have been even more severe. By way of example, the South African All Share index has lost 21.4% so far this year in local currency terms, but in dollar terms, the loss has been 38.5%. It is also clear from the chart that Emerging Markets (EM), Small Cap and Value strategies have been particularly unprofitable.

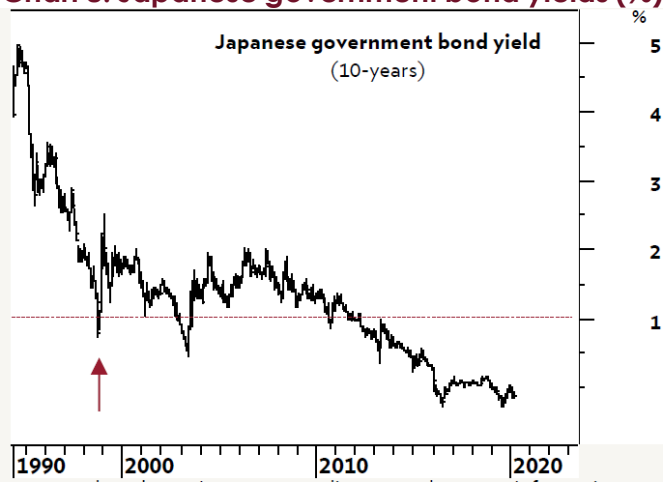
L'ubovňa Castle, Stará L'ubovňa, Slovakia

Instagram handle: @kovacikpeter

Asset allocation in the new environment

On 3 March US 10-year government bond yields declined to below 1.0%, some 20 years after Japanese bonds did the same – refer to Chart 8 in this regard. In 1998, yields bottomed at 0.72% only to rise back up to 2.5% four months later. The lesson for investors is probably to take a lesson from Japan and avoid positioning too much for any interest rate normalisation. In addition, one wonders if the new asset allocation decision may be between just cash and equities, without government bonds. It has certainly seemed that way to the Maestro team for more than a year already.

Chart 8: Japanese government bond yields (%)



Source: Julius Bär

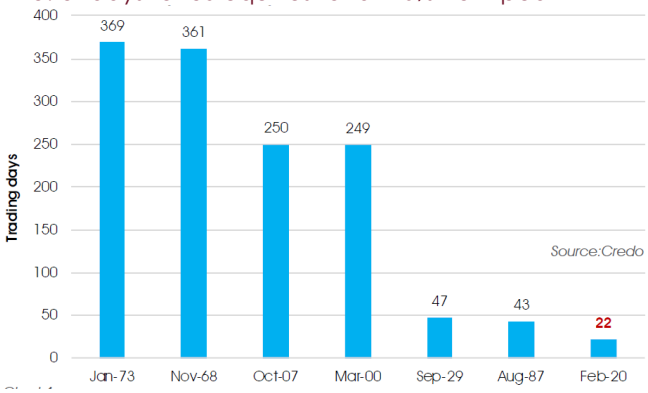
The fastest bear market in history

At the beginning of the letter we mentioned that the US experienced the fastest bear market in history in March. A bear market is traditionally defined as a decline of at least 20% from the previous peak. Chart 9 depicts previous bear markets, from which can be seen that the decline in US (and most other) equity markets during March was the fastest bear market in history, having taken only 22 days to reach bear market territory.

"To achieve great things, two things are needed; a plan, and not quite enough time."
- Leonard Bernstein

Chart 9: The fastest US bear market in history

No. of days for US equities to fall 20% from peak



Source: Credo Capital

The fastest bull market in history

Although not strictly-speaking correct, at least in terms of common parlance, if we define a bull market as a market which rises more than 20% from its recent trough, you may be surprized to hear that one of the fastest bull markets in history (it may even be *the* fastest) has just occurred. From its trough on 23 March, it took only 12 trading days (to 8 April) for the US equity market to rise more than 20%. It certainly doesn't feel like it! To a large extent this "bull market" is a function of the very low base to which so many shares had fallen. In our view we are most certainly still in the midst of a financial crisis, but for the record, we have just experienced the fastest *bear* and *bull* market in history.

Chart 10: The fastest US bull market in history

Source: FT.com

Price action in other markets

Chart 10, above, depicts the S&P500 price action over the past year. In our profession we get so familiar with market movements, we sometimes forget that not everyone has sight of market action. So at the risk of being trite, I list below the price action during the past year in the markets in which Maestro's global portfolios are invested.

Chart 11: German equity market price action

Source: FT.com

Chart 12: Hong Kong equity market price action

Source: FT.com

Chart 13: Swiss equity market price action

Source: FT.com

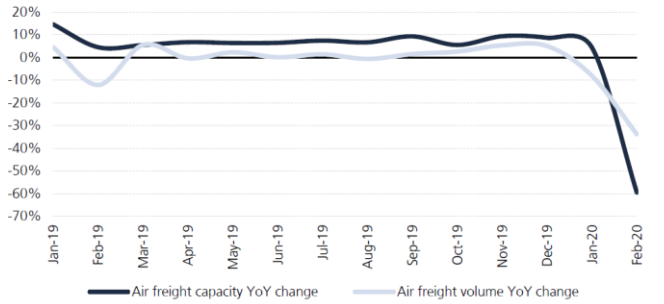
"To achieve great things, two things are needed; a plan, and not quite enough time."
- Leonard Bernstein

A glimpse into a post-Covid-19 world

Notwithstanding the severity of the current pandemic, and its expected duration, most investment managers have started to imagine a post-Covid-19 world, in order to understand where the investment opportunities in it would lie. I offer the following charts as part of our own process, and to show the opportunities that we have already benefitted from so far this year. There have been many very scary charts – scary enough to frighten away the hardiest of investors – depicting the devastation within certain industries. Maestro is fortunate enough to not have had any exposure to any airline, cruise, energy, casino, property or retail shares in our global portfolios. That alone has saved our clients a lot of financial pain. I share only two charts which demonstrate the dramatic economic consequences of the virus so far, both of them from China. Firstly, Chart 14 depicts the annual changes in China's biggest three airlines' freight capacity. The slowdown is dramatic and one is left wondering what will become of so many airlines, in an industry that was already hopelessly over-saturated and unprofitable.

Chart 14: Chinese big three freight capacity

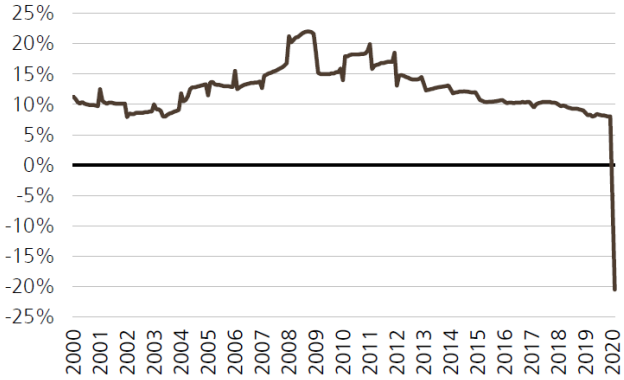
Annual capacity and volume change (%)



Source: UBS

Secondly, another sector that has been very hard hit is the retail sector. Chart 15 depicts the annual change in retail sales growth in China. The chart shows how retail sales have literally fallen off the proverbial cliff – and remember china is almost "back to normal" in most cities; one shudders to think what the equivalent experience is in the US, Europe or any other area that is in lockdown mode.

Chart 15: Chinese annual retain sales growth

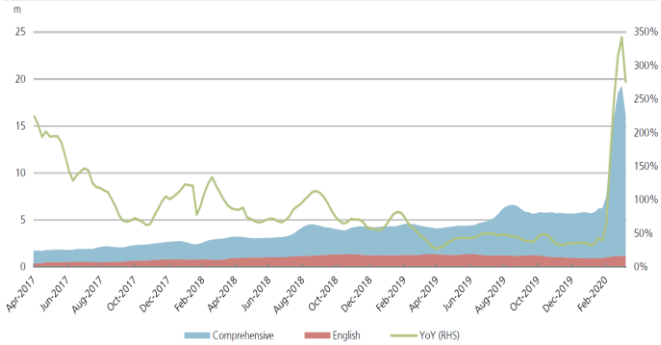


Source: Julius Bär

I again make the point that one of the reasons Maestro's global portfolios have been able to "stay ahead of the herd" is due to what we never invested in, and not only what we did invest in.

In this regard, our portfolios have always had an above-average weighting in technology shares, as well as in Chinese companies and sectors that are growing strongly. In this regard, our clients have for many years benefitted from investments in Chinese education companies, which as it happens, are also primary beneficiaries of a post-Covid world. Chart 16 depicts the cumulative weekly average users (WAU) of major online K12 (kindergarten to grade 12) after-school tutors (ASTs) i.e. the increase in the number of users turning to online AST applications provided by education companies. The right hand scale shows that, since February this year, there has been an increase in excess of 300% in these users. Clearly, companies providing these services will do well in a post-Covid environment.

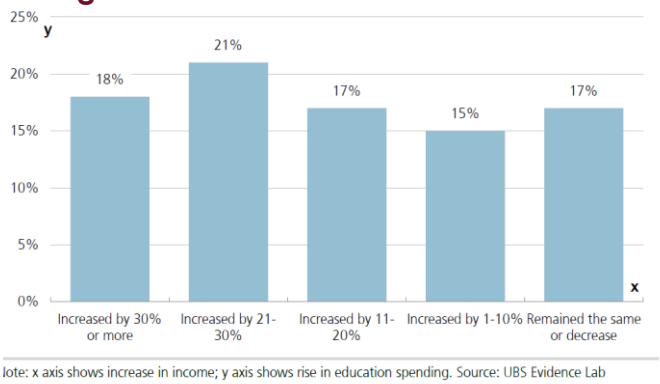
Chart 16: Chinese annual retain sales growth



Source: UBS

Education, for a number of understandable and sustainable reasons, remains an important matter for all Chinese parents, who seem willing to increase their spending on their child's education irrespective of their own financial well-being. Maestro will consequently continue to hold a disproportionate weight in Chinese education companies in its global portfolios.

Chart 17: Net % of respondents who will increase education spending, by income change



Source: UBS

Finally, coming home to roost, so to speak, the following chart off Bloomberg places the rand's recent weakness in perspective. Although its construction is rather complex, the message is very evident from the chart – the rand is in the midst of another full-blown sell-off, very similar to the three previous ones experienced during the past two decades. Chart 18 shows the rand's movement away from its 200-day moving average. Maestro remains very concerned about the long-term course of the rand, and believe it will continue to weaken in the years to come, thereby necessitating the need to externalize one's investments as much as possible in order to retain their value in hard currency terms. Maestro's full offshore weighting in all our portfolios has assisted us in generating substantial outperformance, particularly across our retirement funds (see the tables, below).

Chart 18: The rand at its weakest ever

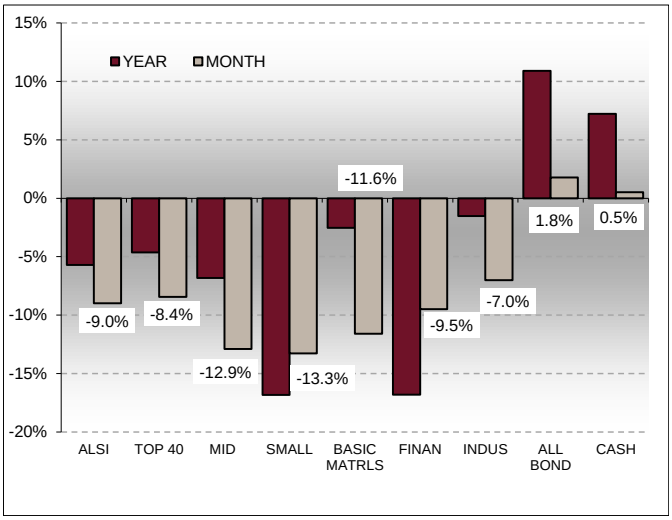
Source: Bloomberg

February in perspective – local markets

Turning to the local markets, the All Share index lost 12.1%, bringing its year-to-date decline to 21.4%. The Basic Materials, Financial, and Industrial indices fell 12.4%, 29.4%, and 3.1% respectively. The weak rand and collapsing economy weighed very heavily on the financial sector, and banks in particular, explaining the 29.4% drop in the Financial index. The Large cap (Top40), Mid and Small cap indices fell 10.4%, 23.7%, and 21.7% respectively. Unlike the global bond market, which held up relatively well in the face of the onslaught on asset values, the All Bond index lost 9.8%, one of its largest declines on record. Apart from the flight away from risk – in a global context South Africa represents a very high-risk investment destination – the downgrade

to junk status by Moody's credit rating agency didn't help matters and couldn't have come at a worse time for South Africa.

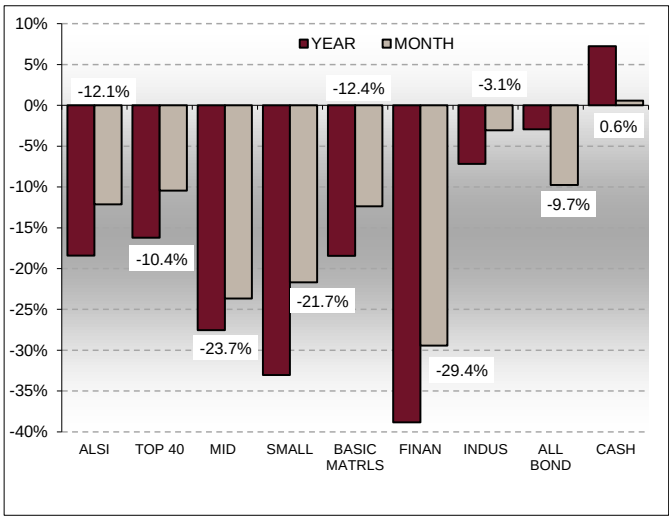
Chart 19: Local returns to 29 Feb 2020



So with a devastating March behind us, we head into April and the months ahead. I never thought I would live to say the following: it is impossible to apply any fundamental research or inputs to equity markets at present. All research and fundamental company analysis is totally irrelevant and has effectively been abandoned by investors and managers around the world. How can one take a fundamental view on a company whose business has been shut, largely by government decree, with no customers, no income – but known obligations – and no idea of how long this status quo will last? How can you value companies when they are withdrawing their guidance and cancelling dividends in droves? It is simply impossible.

However, all is not lost. While we have no idea how long this will last, we do know this season will pass. The companies we have identified as strong and well-positioned to deal with this crisis will, in the fullness of time, regain most if not all of their value as and when investors are able to rate them on the basis of their fundamentals. So we continue to work hard, monitoring the companies in which we are invested, and to vigorously interrogate them and their respective business models in the light of what we know about the present crisis, and beyond.

Chart 20: Local returns to 31 March 2020



What occupies a lot of our thinking at present, is what the world is going to look like once this crisis passes. We suspect it is going to look very different in many respects; the one that concerns us a great deal is the area of sovereign balance sheets, specifically what condition they will be in. Governments are piling up debt at the most alarming rate in all of history, with no idea of how they will repay it and seemingly little concern about the consequences. For example, in one day alone the Federal Reserve (the US central bank) announced support for capital markets worth $5 trillion. Around the same time the US government, which is already drowning in debt, announced similar sized measures. At the time of writing Japan has just announced a fiscal stimulus package equivalent to 10% of their entire GDP (economic output). That makes for a great headline, but who is going to finance this, and how will it ever be repaid? These questions seems

politically incorrect right now, but we suspect they will return to haunt the world for years and generations to come.

In a similar vein, the South African government is currently behaving like "one of the big boys", by which I mean it has announced a lot of stimulus for the economy. The SA Reserve Bank has started buying bonds in the local market to stop yields (interest rates) from rising further. However, unlike developed countries rolling out similar measures, South Africa simply does not have the financial strength to realistically adopt these measures without long-lasting and dire consequences for the entire nation. In so doing it is dooming future generations to a lifetime of poverty. After all, the country was in a debt spiral before the Covid-19 crisis even began; heaven help us when this crisis is over and we try and return to normal. Just imagine what the country's finances and balance sheet are going to look like when the dust has settled. We continue to see the rand as extremely vulnerable under these circumstances and again encourage investors to remit as many of their investable assets abroad as possible. The effects of such a strategy on returns is clear from the accompanying tables in this letter.

Although the economic outlook looks bleak at present and we have no visibility into the future right now, during the thirty plus years that I have been managing money I have gained a quiet confidence in man's ability to adapt. It is not always visible, seldom understood or even foreseeable, however history teaches us it is a force that cannot be ignored. Although it is hard to imagine now, mankind will eventually overcome the present challenge to its existence, at which stage prices of the world's greatest companies, representing some of the most entrepreneurial and gifted talent in the world, will be trading at levels close to half, or less, of what they were before this crisis. That is likely to occur just as the trillions of dollars of support kicks in around the world, creating, ironically, the possibility of a material "melt-up" in markets which may again lead to extreme valuations, this time on the "upside" and not the "downside".

For the record

Table 1 lists the latest returns of the mutual and retirement funds under Maestro's care. Returns include income and are presented *after* fees have been charged. Fund Summaries for each respective fund listed in the table, as well as all the historic returns, are available on our website.

Table 1: The returns of funds in Maestro's care

	Period ended	Month	Year to date	Year
Maestro Equity Prescient Fund	**Mar**	**-7.0%**	**-13.8%**	**-15.0%**
JSE All Share Index	*Mar*	*-12.1%*	*-21.4%*	*-18.4%*
Morningstar sector ave	*Mar*	*-14.9%*	*-22.8%*	*-21.0%*
Maestro Growth Fund	**Mar**	**-1.4%**	**-0.7%**	**1.5%**
Fund Benchmark	*Mar*	*-8.8%*	*-13.7%*	*-9.6%*
Morningstar sector ave	*Mar*	*-10.0%*	*-13.5%*	*-10.3%*
Maestro Balanced Fund	**Mar**	**-1.6%**	**-1.1%**	**1.7%**
Fund Benchmark	*Mar*	*-7.6%*	*-11.4%*	*-7.0%*
Morningstar sector ave	*Mar*	*-8.2%*	*-10.5%*	*-6.9%*
Maestro Cautious Fund	**Mar**	**-1.1%**	**-0.4%**	**3.3%**
Fund Benchmark	*Mar*	*-6.3%*	*-8.6%*	*-3.7%*
Morningstar sector ave	*Mar*	*-6.3%*	*-7.2%*	*-3.2%*
Maestro Global Balanced Fund	**Mar**	**5.0%**	**13.9%**	**20.4%**
Benchmark	*Mar*	*3.3%*	*10.7%*	*17.1%*
*Sector average **	*Mar*	*0.3%*	*5.4%*	*11.1%*

* Morningstar Global Multi Asset Flexible Category

Notwithstanding the returns listed above, we thought it would be appropriate to list our longer-term returns for our various investment solutions, shown in the following tables. All returns are for periods to 31 March 2000, and are taken from Profile Media's Fundsdata platform.

Table 2: Maestro Equity Prescient Fund

Fundsdata South Africa General Equity - March 2020					
	3 mths	6 mths	1 year	3 years	5 years
Maestro Equity Prescient Fund	***-13.8%***	***-14.4%***	***-15.0%***	***-8.0%***	***-5.9%***
Maestro Equity Fund benchmark	-21.4%	-17.7%	-18.4%	-2.1%	-0.1%
SA Peer Group Average	-25.0%	-21.1%	-22.6%	-6.3%	-3.1%
Maestro position within Group	11	28	33	126	120
Number of participants	233	230	222	184	146
Quartile	1st	1st	1st	3rd	4th

Table 3: Maestro Growth Fund

Fundsdata South Africa Multi-Asset High Equity - March 2020					
	3 mths	6 mths	1 year	3 years	5 years
Maestro Growth Fund	***-0.7%***	***-0.4%***	***1.5%***	***2.8%***	***1.4%***
Maestro Growth Fund benchmark	-13.7%	-11.1%	-9.6%	2.0%	3.0%
SA Peer Group Average	-13.8%	-11.6%	-10.7%	-0.8%	1.1%
Maestro position within Group	9	9	9	17	61
Number of participants	252	249	245	208	154
Quartile	1st	1st	1st	1st	2nd

Table 4: Maestro Balanced Fund

Fundsdata South Africa Multi-Asset Medium Equity - March 2020					
	3 mths	6 mths	1 year	3 years	5 years
Maestro Balanced Fund	***-1.0%***	***-0.4%***	***1.7%***	***2.1%***	***1.3%***
Maestro Balanced Fund benchmark	-11.4%	-9.0%	-7.0%	2.9%	3.7%
SA Peer Group Average	-10.8%	-9.0%	-7.2%	0.8%	2.0%
Maestro position within Group	3	5	6	20	49
Number of participants	111	111	108	89	69
Quartile	1st	1st	1st	1st	3rd

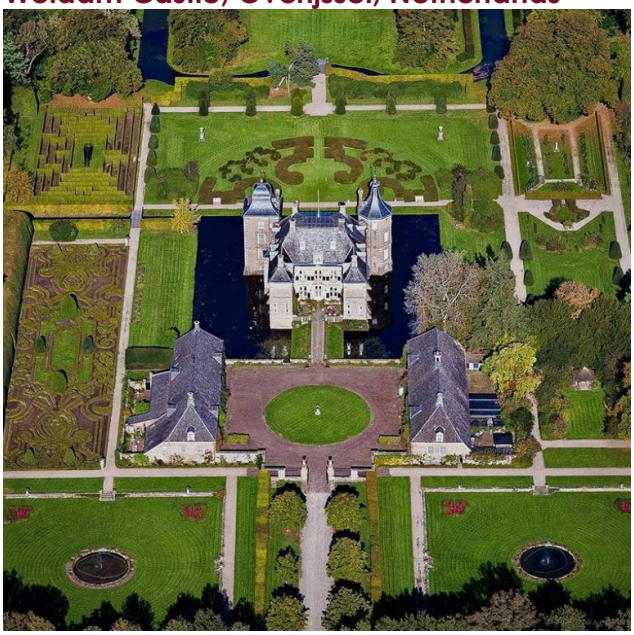
Table 5: Maestro Cautious Fund

Fundsdata South African MA Low Equity - March 2020					
	3 mths	6 mths	1 year	3 years	5 years
Maestro Cautious Fund	***-0.4%***	***1.1%***	***3.3%***	***4.8%***	***4.3%***
Maestro Cautious Fund BMK	-8.6%	-6.2%	-3.7%	4.1%	4.6%
SA Peer Group Average	-7.8%	-6.5%	-3.9%	2.5%	3.4%
Maestro position within Group	5	6	11	16	35
Number of participants	186	182	177	149	113
Quartile	1st	1st	1st	1st	2nd

Table 6: Maestro Global Balanced Fund

Fundsdata online Global MA Flexible - March 2020					
	3 mths	6 mths	1 Year	3 Years	5 Years
Maestro Global Balanced Fund	***13.9%***	***15.9%***	***20.4%***	***N/A****	***N/A****
Global Balanced Fund benchmark	10.7%	7.2%	17.1%	11.9%	10.1%
SA Peer Group Average	4.8%	3.4%	10.8%	9.0%	7.8%
Maestro position within Group	8	2	8	N/A	N/A
Number of participants	54	51	48	36	28
Quartile	1st	1st	1st	N/A	N/A

Weldam Castle, Overijssel, Netherlands



Instagram handle: @so_chateaux

Obituary: Albert Uderzo (1942 – 2020)

If your childhood reading was anything like mine, you would have been saddened to learn of the passing on 24 March of Albert Uderzo, better known to most of us as the cartoonist behind the legendary Asterix and Obelix heroes. Truth be known, I named many of my personal belongings in the same vein as my childhood heroes. So my motorbike was Mechanix, my hi-fi Symphonix – you can just imagine!

Source: FT.com

"To achieve great things, two things are needed; a plan, and not quite enough time."
- Leonard Bernstein

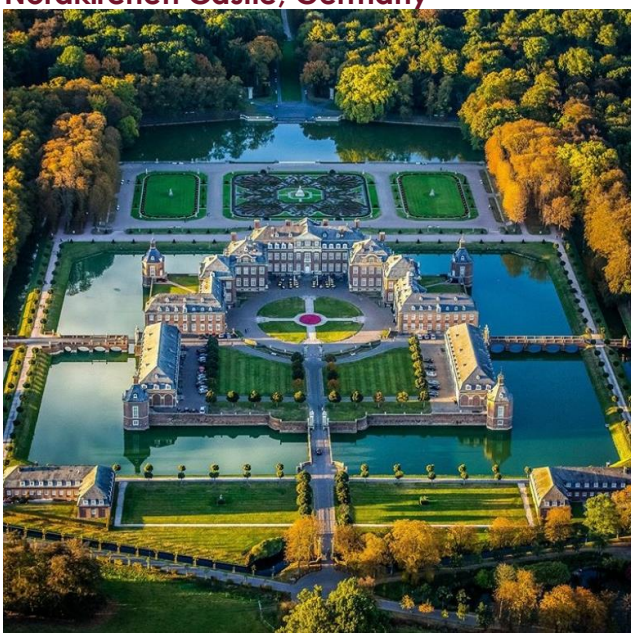
As we bring this very long letter to a close, let's reflect on the man that brought so much happiness and wonder to millions of children – and indeed adults – around the world. The following is a précis of the Financial Times's obituary to Uderzo.

A gracious and modest man, Albert Uderzo always seemed a little puzzled by the phenomenal appeal of Asterix, the quirky moustachioed cartoon character he created along with his great friend René Goscinny. Perhaps the books were so popular because rebellious readers dreamt of drinking a little magic potion and biffing their bosses in the same way as Asterix scattered sundry Roman legionaries. Perhaps it was because they identified with the spirit of the indomitable Gauls who bravely resisted the might of Julius Caesar's armies. Perhaps it was because they were amused by the affectionate way in which Goscinny and Uderzo captured the foibles of the ancient forerunners of the French, and lampooned the neighbouring Britons, Spaniards, Germans, Italians and Belgians.

But what has never been in doubt is the global success of the 38 Asterix comic books. They sold 380m copies and were translated into 110 languages, including Welsh, Hebrew, Afrikaans and Occitan. "In every country it is the same thing," Uderzo said in a lunch with the FT in 2005. "The more we are under the sway of globalization, the more people feel the need to rediscover their roots."

In a small way, Uderzo, who died this week aged 92, helped define the very identity of postwar France. As one political commentator wrote: "Asterix is the citizen who is enamoured with liberty but thirsty for equality, the taxpayer who is pro-public service but anti-tax, the voter who would like to change everything but stamps his feet at the mention of reform. Asterix is neither from the right nor from the left but he is quite simply French."

Nordkirchen Castle, Germany



Instagram handle: @so_chateaux

French president Emmanuel Macron, who sparked controversy two years ago when complaining that his citizens resisted reform like "unyielding Gauls", paid tribute to Uderzo, saying that Asterix and Obelix had lost their creator and France had lost one of its most "creative imaginations". Uderzo was the son of Italian immigrants, his father Silvio was a first world war veteran and a carpenter. Born with six fingers on each hand, later corrected by surgery, Uderzo grew up in the Parisian suburb of Clichy-sous-Bois devouring Walt Disney cartoons, such as Mickey Mouse and Donald Duck. In spite of being colour blind, Uderzo took up sketching, in black and white. He later said that the Americans had taught him how to draw, even though the US proved to be more resistant to Asterix's charms than most of the world.

The Peterhof Palace, St Petersburg, Russia

Instagram handle: @aidennyc

He began working in the 1950s on various children's comics with Goscinny, a writer he described as a "genius of humour". In 1959 they helped launch Pilote magazine, introducing readers to Asterix and his plucky band of warriors. In his memoirs, Uderzo recalled how they invented the characters of the fictional Breton village so beloved by millions. Stimulated by pastis and cigarettes and a fast-approaching deadline, they started riffing on the first history lesson taught to every French schoolchild. They decided that all of their characters' names ought to end with the suffix "-ix" in memory of the legendary chief of the Gauls, Vercingetorix, who vainly led the resistance to Caesar. They started with Asterix, an adaptation of asterisk, because the name began with the first letter in the alphabet (useful for comics listings). They subsequently sketched out Obelix, the menhir deliverer and lover of roasted wild boar, Getafix, the venerable Druid who cooked up the magic potion that gave the Gauls their superhuman strength, and Vitalstatistix, the village chief who feared nothing apart from the sky falling on his head.

The first Asterix album, Asterix the Gaul, published in 1961, was followed by a stream of other adventures. Even after Goscinny's death in 1977, Uderzo continued to publish new Asterix albums, both written and illustrated by himself. But, with great sadness, he acknowledged that these later albums lacked Goscinny's wit and sparkle. Uderzo fell out with his one daughter, Sylvie, who managed his estate. He sold the rights to Asterix to the publishing firm Hachette, which has continued to publish albums since 2011 using a different writer and illustrator. Goscinny's daughter, Anne, recalled that the two "fathers" of Asterix were very different characters. "Albert loved the countryside, he loved animals, and he loved cars. My father detested the countryside, dogs weren't his thing, and a car, for him, was only useful for getting somewhere," she told Le Parisien newspaper. The two men were like fire and water, she said, but they worked together like brothers.

File 13: Information almost worth saving

During these Covid-19 times, some interesting information has emerged, from which we can learn a great deal.

The make-up of the Chinese economy

According to data shared in the South China Morning Post, the Hong Kong daily newspaper, small, medium and micro enterprises, or SMMEs, constitute more than 90% of the Chinese economy and constitute the backbone of that economy. Collectively they contribute to about half of all tax revenue, more than 60% of GDP, and account for over 80% of urban employment, according to China's central government.

The cost of an economy of the lockdowns

The world at large and politicians in particular are in the future going to focus increasingly on the economic cost of the lockdowns. I suspect it will become the defining test of the sustainability of many governments in the months to come. I hold strong views on this subject, but for now consider just two snippets of information relating to the economic costs to certainty communities – this will become an enormous feature of the investment environment for years to come:

- 460 000 Chinese businesses closed in the first quarter of 2020 due to Covid-19. More than half of them have operated for less than 3 years.
- On the local front, at the time of writing only 3 South African miners have been confirmed as having Covid-19. However, the total loss of wages to miners equates to R7bn in wages.

The Bayreuth Theatre, Bayreuth, Germany

Instagram handle: @journey.tom

So what's with the pics?

The photos this month are simply of buildings; I have also inserted internet links (urls) into most of the photo titles, should you wish to visit them virtually as you sit at home in lockdown mode. I hope you enjoy them.

St Peter's Cathedral, Vatican City, Rome, Italy

Instagram handle: @dailyoverview