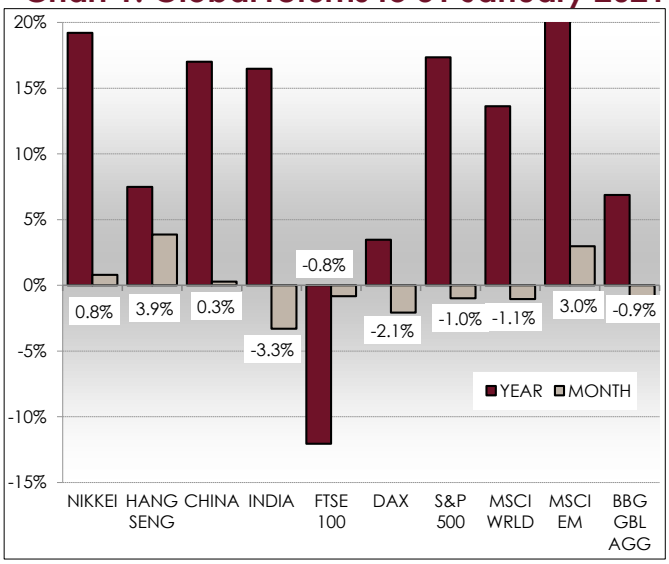
January in perspective – global markets

Just when we thought it was safe to come back from holiday and pick up where you left off, a new phenomenon entered into the market; one which many, including ourselves, are still trying to fully understand. That said, the effects of this phenomenon are clear – an increase of 1 625.1% in the price of GameStop Corp. in January alone (the share's range during the last five days of January was between $61.13 and $483.00); and the 525.5% monthly gain in AMC Entertainment (5-day trading range between $3.85 and $20.36), to mention just two of the "targets" of the so-called "wallstreetbets" group on the reddit internet platform. Just to prove how crazy this trend was, GME Resources - an Australian nickel exploration company with nothing to do with the US or crazy day traders – rose 40% in January (it rose 85% in three days during the last week in January), presumably because some traders confused its stock exchange code (GME) with that of GameStop in the US, which also has the code GME. It was literally as stupid and bizarre as that!

Time and space precludes a full explanation of what happened and why, but there is plenty of coverage in financial media explaining what happened during January and what led to these bizarre movements. When one sees such huge movements in markets, in the office we always say "someone is going to get hurt", or "this is not going to end well". So now we are waiting patiently to see how much financial damage was inflicted, and on who. The numbers involved are too large to ignore; they arguably represent very real systemic risk, so much so that it is naïve to think the regulators won't get involved – and all that *that* means for us!!

Chart 1: Global returns to 31 January 2021



Perhaps the bigger issue at stake here is the extent to which there is some form of coordinated effort to manipulate share prices, and what larger role have short-sellers had on the prices of securities in the past. One thing is for certain – the bizarre movements we saw in so many share prices at the start of what was always going to be a volatile and uncertain year on the equity market, will not disappear quietly. The questions the actions of all those involved have raised, will be debated and, dare I say it, regulated for at least the rest of this year, if not further into the future.

But let me return to boring "normality" – most of us have forgotten what that really means these days – and report on January's market activity. The year started off on a strong foot, with large gains in just about all markets, and in Hong Kong and China in particular. Then the day-trading phenomenon caused significant market disruption and concern, causing markets to sell off sharply during the last week of January.

A welcome change was to see the dollar firmer; recall it declined 6.7% last year and its weakness was a notable feature of the year. It only rose 0.7% in January, and so did not inflict too much damage on other markets. The rand lost 2.4% against the dollar (although it had risen 25.0% against the greenback during the last seven months of 2020), and commodity prices ended the month mixed; the 13.8% gain in the oil price was a feature during the month. The Bloomberg Aggregate Global Bond index lost 0.9% on the month, but is still 6.9% higher than a year ago.

The MSCI Emerging Market index was a standout feature during January, bearing testimony to firm emerging equity markets. It rose 3.0% (but was a lot firmer than that until the final week of the month) whereas the MSCI World index, consisting of developed markets, *lost* 1.1%. The annual returns to end-January of the MSCI Emerging Market and World Indices are now 25.2% and 13.6% respectively. At the end of December, those returns were 15.8% and 14.1% respectively showing how much can change in just one month. The Hong Kong stock market rose 3.9% and China eked out a 0.3% gain, but the Indian equity market lost 3.3%, as did the Brazilian market. US, German and Swiss equity markets *lost* 1.0%, 2.1%, and 1.1% respectively.

A feature throughout the month was the strength of the mid and small sectors in respective markets: the S&P Mid and Small cap indices rose 1.5% and 6.2% in January, although they too were far higher until the last week of the month. In short, despite the relatively modest gains, the year is off to a reasonable start and this strength has continued into February, notwithstanding all the market nonsense that prevailed during the last week of January (which is not to suggest it has ended or will go away soon).

Wind turbine manufacturing facility, USA

Source: @dailyoverview

What's on our radar screen?

Here is a summary of the things we have been keeping an eye on:

- *The SA economy:* The SA economy continues to "bounce along the bottom", hamstrung by lockdown and load-shedding (or as I call it "load-shredding" given its effect on the economic fabric of the country). The SA Chamber of Commerce and Industry (SACCI's) Business Confidence Index (BCI) averaged a level of 86.5 during 2020, the lowest it has ever been since the launch of the BCI in 1985. It is thus currently lower than at any time during the height of the apartheid era, when virtually the entire world had imposed sanctions on the country, and lower than during any of the global recessions of 2001 and 2007/9. As we head into the Budget next week, I was reminded

that, over and above the debt the country has on its balance sheet, it also has R1tn (that's one trillion rand) of contingent liabilities i.e. money it has guaranteed on behalf of government. By means of some amazing "Chinese bookkeeping" (no disrespect to the Chinese) this number is then excluded from the liabilities on government's balance sheet. (*Ed*: imagine if a private sector company tried to pull that stunt off!) Not surprisingly, the largest of these guarantees is for Eskom, at R700bn.

- *The US economy:* The US economy grew at an annualized rate of 4.0% during the final quarter of 2020 (Q4), to bring its *decline* for the whole of 2020 to 2.5%. That 2.5% decline may not look impressive, however when you consider that the annualized returns for each calendar quarter last year were -5.0%, -31.4%, 33.4% and 4.0%, you can be forgiven for feeling a bit "beaten up" in every respect. Throw in Donald Trump for good measure and you wonder how we ever made it through to 2021!! Personal income rose 0.6% in January, a similar level to the monthly increase in December. Personal spending declined 0.2%. The US labour market is showing signs of slowing down again in the face of the second wave of the pandemic. Only 49 000 jobs were created during January, and the December jobs lost was revised to 227 000 jobs lost. Despite the bad labour market data, the unemployment rate fell to 6.3% as a large number of job seekers gave up looking for work. The US trade balance widened to $678.7bn, from the $576.9bn in 2019. The 2020 deficit of $678.7bn was the greatest since 2008, as the pandemic depressed exports. US inflation saw prices rise by 0.3% during December alone. The annual rate of US headline inflation remains low, at 1.4%. Core inflation was 0.0% in January, bringing the annual core inflation rate in January to 1.4%, down from 1.6% in December.
- *Developed economies*: Fourth quarter (Q4) economic growth from the Eurozone area proved to be better than feared. The EU as a whole contracted at a quarter-on-quarter rate of 0.7%. The Spanish economy grew 0.4%, Germany grew 0.1%, but France fell 1.3% and Italy 2.0%. The German unemployment rate fell to 6.0% while retail sales fell by 9.6% month-on-month in December. Turning to the UK, its economy grew 1.0% during Q4, down from 16.1% in Q3, bringing to 7.8% the amount by which that economy contracted during 2020.

Aerial view of Venice, Italy

Source: @dailyoverview

- *Emerging economies:* Data from China is being watch particularly carefully. We know that the Chinese economy is one of the few to be growing at present – and the only economy in the world to post positive growth in 2020 – but with the rest of the world economy struggling to gain traction in the face of the second wave of the pandemic, all eyes are on China to see how it copes with the slowing growth. The Chinese Caixin manufacturing purchasing managers' index (PMI) for January was 51.5, which, although still in positive territory and the ninth consecutive month of growth – any index level above 50 denotes growth – it was down on December's level of 53 and at its lowest level since July last year. China's annual consumer inflation rate in January was -0.3%, while producer inflation came in at 0.3%. Moving on to Mexico, Q4economic growth registered 3.1% on a quarter-on-quarter basis, but for the year as a whole the economy contracted by 4.5%. The strong growth was driven by increased exports into the US. The Mexican economy is forecast to grow by about 5.5% in 2021. In support of further growth, the Mexican central bank reduced the official interest rate by 0.25% to 4.0%. The Philippines economy contracted by 9.5% for all of 2020, but grew at a quarterly rate of 5.6% during Q4, down from Q3's rate of 8.0%. The Indonesian economy contracted 2.1% in 2020, and also contracted, by 0.4% during Q4 from a high 5.1% quarterly growth rate during Q3.

Quotes to chew on

The New World - straight from the horse's mouth

I was struck by the comments accompanying the Microsoft 2020 results, released on 26 January. I think *Satya Nadella*, the Microsoft CEO, summed up the "new world" and the driving force in the markets in recent months, as well as anyone could: "What we have witnessed over the past year is the dawn of a second wave of digital transformation sweeping every company and every industry. Building their own digital capability is the new currency driving every organization's resilience and growth ..."

Clouds over Amazon rain forest

Source: @dailyoverview

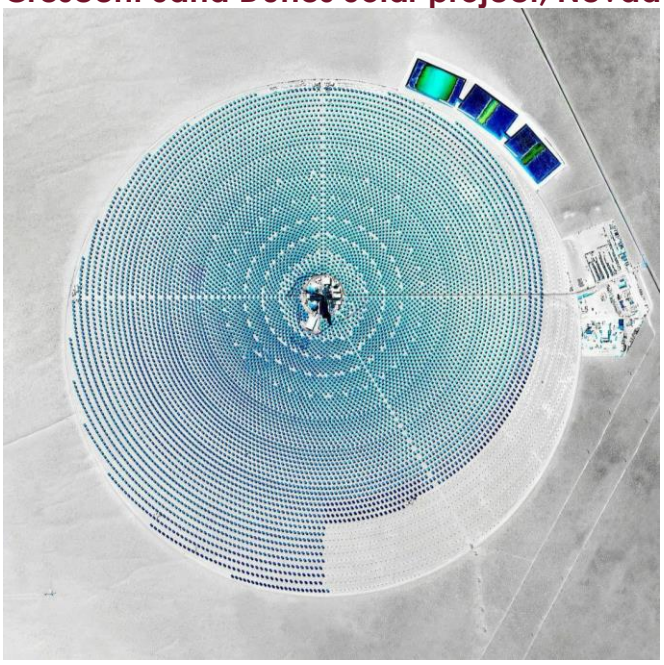
On the precious activity of reading …

"Show me a family of readers, and I will show you the people who move the world." *Napoleon Bonaparte*

Tesla – again …

The Tesla phenomenon continues to set records, and attract parallels in history, simultaneously making history itself. I enjoyed this quote from *Julius Bär's Technical Analyst Mensur Pocinci,* who wrote on 8 February: "Tesla will probably go down as one of the biggest wealth creators in such a short period of time in history. Since breaking out to new all - time highs last December, the stock is up more than tenfold, a 10-bagger, creating more than $730bn of market cap gains. It is a good reminder that the majority of gains come from a handful of stocks. To be precise, in the past 100 years, all stock market wealth creation was done by 4% of listed stocks. It is of course a sobering reminder that if you hold the right investments, you do not have to save. It is probably best not to mention Tesla's stock performance anywhere close to Daimler's headquarters; the latter disposed of a 4% stake in Tesla in 2014, which today would be worth more than a third of the Daimler's market cap". Eina!!

Crescent Sand Dunes Solar project, Nevada



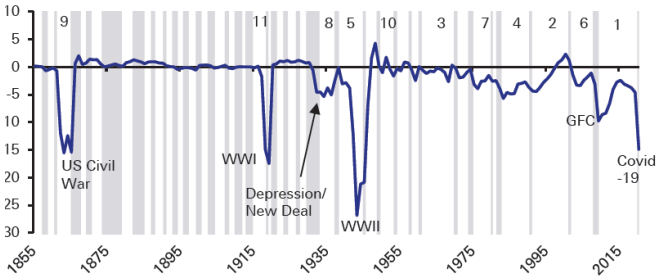
Source: @dailyoverview

Will we ever have a US recession again?

Deutsche Bank's Jim Reid posed an interesting question the other day in his "Chart of the Day"; I thought it posed a worthwhile question, about which we should think quite seriously. I think it explains, in part at least, the present strength and momentum in global equity markets in general, and US markets in particular. While it may be a little technical, Jim explains it well and I will quote him directly, below. The article was written on 10 February.

Chart 2: US Budget deficits and recessions

Deficits as % of GDP, shaded areas are US recessions, ranked by length



Source: Deutsche Bank

"Yesterday we suggested that the Covid recession might persuade policymakers there is no need for a recession again. So aggressive has been the policy response that the US Covid recession is likely to be the shortest on record in spite of a savage global pandemic. If you can restore growth so quickly in a period when lockdowns are prevalent, then surely a normal recession will now hold no fear and be quickly reversed.

"To be fair this trend has been in place on a smaller scale for the last forty years. All four of the (economic) cycles since the early 1980s (fall within) the top six longest in the thirty four recorded since 1854; Chart 2 shows that these four super cycles have coincided with a unique move to structural deficit financing. Indeed the graph shows other long cycles all coincided with

large deficits largely around wars and the New Deal in the 1930s. If it was this easy to avoid recessions why wasn't it done all the time?

"The simplistic answer is that such a policy would have been impossible when money was tied to gold and was only facilitated when the US periodically broke currency ties to gold and then permanently once the Bretton Woods system broke down in 1971. However, for a decade this was highly inflationary and disruptive economically. A miracle then occurred from the early 1980s as we saw a secular four decade structural shift lower in inflation.

"We think China's re-entry into the global economic system in the late 1970s and the natural demographics of the developed world and China ensured that the supply of global labour (much of it very cheap) surged from this point. We think this helped ensure that the usual pressure on wages and prices as activity rose through the subsequent cycles was more subdued than it would normally have been and that fiscal and monetary policy could be kept looser and ward off economic headwinds more easily. The cost of this was debt accumulation and latterly huge central bank balance sheets and perhaps a structural loss of productivity.

"So what's stopping this becoming the normal policy response and thus ending all but short technical recessions going forward? The answer is likely 'nothing' until either inflation or political constraints arrive.

"Without either, policymakers will likely pursue Modern Monetary Theory ("helicopter money") type policies when the need arises. However, the structural cycle poses risks to this. As the labour supply has now peaked in key global economies and regions, and as globalization is challenged, we might hit inflation pressures earlier in subsequent cycles, which will provide the biggest challenge to this 'no recession' theory.

"Policymakers could soon face more dilemmas than that seen over the last forty years if we are correct. But if we are not, the business cycle could be a thing of the past".

Ellirey Island, Iceland. Population: zero

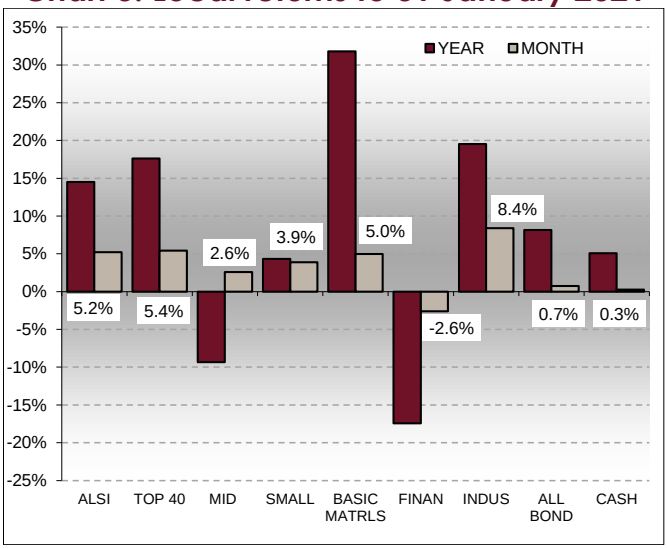
Source: @h0rdur

January in perspective – local markets

Turning to the South African markets, the rand's weakness (-2.4%) and a very strong showing by Tencent (which rose 20.8% in Hong Kong during January, lifting Naspers to a 15.2% return on the month) helped the All Share index rise 5.2%. The Industrial index rose 8.4% and the Basic Material index 5.0%, but the Financial index *lost* 2.6%. The

Mid and Small cap indices rose 2.6% and 3.9% respectively, while the All Bond index rose 0.7%, bringing its annual return to 8.2%, versus the All Share index annual return to January of 14.5%.

Chart 3: Local returns to 31 January 2021



Obituary: Sibongile Khumalo (1958 – 2021)

Legendary classical and jazz singer Sibongile Khumalo died on January 28, after suffering a stroke. She was 63. Little did I know that, only a few days after sharing the life of Jonas Gwangwa in Intermezzo last month, I would be doing the same in respect of the great Sibongile Khumalo.

Source: Daily Maverick

In 1993 I had the privilege of hearing her perform the lead role in Verdi's opera Aida at Artscape. Rarely have I heard such a powerful rendition of Aida. It was breath-taking, to say the least. With just about all her CDs in my possession, it is fair to say I was a great admirer of this very special lady. So it is with great sadness and a sense of real loss, that I share the following extracts from an obituary that appeared in the Daily Maverick. I have kept it long, because it encapsulates the special person that she was, as we got to know her through her generous sharing in song over the years.

Sibongile's father, Khabi Mngoma, was a significant influence in her life, and helped shape her own musical and intellectual education, that, over time, became tributaries to her own more expansive musical journey. Her own musical world would never be restricted to just a single genre. For opera singers, there is often a temptation to reach beyond their métier. Sibongile never tried to reach out to the many genres. Rather, they came to her, organically, from her life and the rich influences on her, and became part of her sound.

As Stellenbosch University Professor Christine Lucia wrote, "The passing of Sibongile Khumalo at the far, far too young age of 63 was a body blow. Sibongile epitomized 'the new South Africa', as it was born and as it matured. She sang in every style – from Carmen to UShaka – with equal accuracy, generosity and *joie de vivre*, making everything 'popular' to millions of people without ever sacrificing vocal or musical professionalism. This was one of her greatest gifts, that she made a place for everyone with her voice, a golden, melting voice that made all, young and old, rich and poor, professors and farmers, feel 'at home'."

Source: iol.co.za

By 14, Sibongile was determined to fulfil her dream of becoming an opera singer despite there being no opportunities for black people in SA. She ended up studying a Bachelor of Arts (BA) degree in music from the University of Zululand and pursued a career teaching music. The Soweto-born icon obtained her BA Honours from the University of Witwatersrand and was subsequently awarded honorary doctorates from the University of South Africa as well as the University of Zululand.

By the 1980s, in addition to her own burgeoning musical activities, Sibongile became an important presence at two key educational institutions where she taught music and created special cultural projects. These were the Funda Centre in Diepkloof, Soweto, and at FUBA – the Federated Union of Black Artists – in Newtown, Johannesburg.

In the turbulent 1980s, these two centres, and the people who gathered there, were important elements in the rise of a new black artistic nationalism and cultural expression in South Africa. At those two centres, Sibongile worked with rising stars such as poet and essayist Sipho Sepamala, playwright and artist Matsemela Manaka, composer Motsumi Makhene and dancer/choreographer Nomsa Manaka, among others.

In one of Sibongile's early theatrical roles, she and Nomsa Manaka wowed audiences and critics in Matsemela Manaka's *Goree*, first performed at the Market Theatre in 1989; but many more projects followed. (This work's name came from Goree Island, one of the main jumping-off ports for captured Africans being force-fed into the trans-Atlantic slave trade.)

In 1993, Sibongile became a Standard Bank Young Artist Awardee and was being cast in operas such as *Aida* and *Carmen*. Then came *Princess Magogo*. Early in her own life, at the instigation of her father, Sibongile had met Princess Magogo ka Dinizulu, a direct member of the Zulu royalty, and the mother of Mangosuthu Buthelezi. Magogo had been charged by her family to preserve and teach the traditional music of the nation. Sibongile later described her encounter with Princess Magogo, "My dad made me sit at her feet to listen to her play *ugubhu* and sing. At the time it did not make sense, but I had to obey. I thought he was being very unkind to me because all the other children were out in the yard playing. It must have been destiny. In my professional years, the music came back and it began to make sense."

Composed by Mzilikazi James Khumalo to a text by poet Themba Msimang, *Princess Magogo* was produced by Opera Africa's co-leaders Sandra and Hein de Villiers; Sibongile Khumalo was cast in the title role. The work was a major hit domestically and it later travelled to America at the Ravinia summer festival, near Chicago, among other performances. Sibongile also had a starring role in Mzilikazi Khumalo's other major work, *UShaka*, a dramatic oratorio based on the life of King Shaka. By this point, Sibongile's stardom was becoming abundantly clear to anybody with ears.

She began recording and performing a growing array of music: traditional African material, contemporary jazz-inflected ballads and African jazz, and art songs, among many other forms. But to call her a jazz singer, as she was often labelled, was far too limiting for the varieties of musical repertoire she had embraced and made her own.

The range of her voice was sometimes hard to pin down in the usual terms musicians like to use. She could be a rich, resonant contralto, yes, but she could also deliver the goods in a dramatic soprano voice. Sibongile recorded it all, even children's songs. You can listen to a selection of her recordings by clicking here.

Bongani Ndodana-Breen, whose *Credo*, she had premiered, said of her, "She was always strictly-speaking a mezzo soprano, but with age got comfortable being an alto in the classical music repertoire, as she had that lower register for an alto. I remember her telling me that early in the morning she can do a low E below middle C.

"I wrote something for her in *Credo* that used her low F after that conversation. She had a great range and understood the technical abilities of her voice, a trait that the German conductor Jonas Alber found amazing conducting her in *Credo*."

Conductor Robert Maxym, who led the *UShaka* performances and recording, said of her and her enthusiasm for her work, "She was all of the middle and deep female voices rolled into one. That would about sum it up for her versatility and range. We toured Europe together in 2004 when *UShaka* formed part of South Africa's "10 Years of Democracy" celebrations. One time she hugged me so hard my glasses broke (they were hanging on a chain around my neck – never did that again – not the hugging, the chain."

Sibongile's moments were magnificent there too, as the play opened at the Market Theatre and then toured Europe and the UK. Showing some real acting chops, she even managed to give Masekela "the eye" when he went "too far" on stage. And crowds loved it all. As good as her recordings are, she was incomparable when witnessed live on stage with the energy she brought to the job.

Loreto Castle, Lake Iseo, Italy

Source: @mb_factory

Throughout her career, as she rose on her artistic trajectory, and well after her teaching days at Funda and FUBA, she still found ways to mentor younger singers and to help give them public performance moments, as in a triumphal three-day celebration of her 60th birthday at the Market Theatre. On the final evening, rather than holding the stage herself, she showcased a bevy of younger talent. Many who are offering their own

memories of Sibongile Khumalo online and elsewhere have touched on her warmth and humanity, and her understanding of the need to honour tradition and respect musical and cultural forebears.

Sibongile is said to have complained smilingly through one interview about not being given permission to play much as a child. Instead, her charismatic, irrepressible father insisted she meet, greet and sing or perform on her stringed instrument in churches, classrooms, teaching halls, choir festivals, at grass hut homesteads, and in "matchbox" homes, and improvising harmonies for jazz, or hymns harmonized in indigenous tones.

Her quiet, respectful self-assurance in any setting, her range of musical experiences, her confidence in expressing her complex personal identity, and her diplomatic but firmly freedom-framed, political identity, together with her sweet humility about her wonderful achievements, made her a towering, and time-enduring woman.

Circling back to her father's role in her life, it seems she drew much inspiration from him about the responsibilities of educating and mentoring the next generation of artists; and about the need to embrace and respect the past – and the people who did their share, regardless of whether they gained renown from their exertions. As a person, she was a warm human being – an African, female "mensch", if you will. She left us too soon and there was still so much more we might have heard and learnt from her in the future.

The mischievous, earthy, versatile, gregarious Sibongile Khumalo was a poet at heart. She was not an acolyte of confrontation, but a sweet, earthy woman, but with the soul of a warrior, reflecting the 'jazzers', jivers, improvisers, choristers, and soloists, all with equal aplomb.

She stood between several cultural worlds and styles, but with an idiom and tone all her own. Her mastery in her vast output of recordings ensures her shimmering, liquid, golden upper tones, and her lower djembe-timbred cello-like tones will forever be the voice that will continue to embody a harmonious nation out of a diverse South Africa. She knew the street and the struggle, and she helped map the road forward to the culmination.

She will be greatly missed.

Source: Daily Maverick

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	**Jan**	**2.5%**	**2.5%**	**13.5%**
JSE All Share Index	*Jan*	*5.2%*	*5.2%*	*14.5%*
Morningstar sector ave	*Jan*	*3.7%*	*3.7%*	*7.4%*
Maestro Growth Fund	**Jan**	**2.2%**	**2.2%**	**11.3%**
Fund Benchmark	*Jan*	*3.5%*	*3.5%*	*12.7%*
Morningstar sector ave	*Jan*	*2.7%*	*2.7%*	*7.2%*
Maestro Balanced Fund	**Jan**	**2.1%**	**2.1%**	**11.0%**
Fund Benchmark	*Jan*	*3.0%*	*3.0%*	*11.8%*
Morningstar sector ave	*Jan*	*2.3%*	*2.3%*	*6.5%*
Maestro Cautious Fund	**Jan**	**0.6%**	**0.6%**	**5.8%**
Fund Benchmark	*Jan*	*1.9%*	*1.9%*	*9.5%*
Morningstar sector ave	*Jan*	*1.6%*	*1.6%*	*5.8%*
Maestro Global Balanced Fund	**Jan**	**3.9%**	**3.9%**	**18.8%**
Benchmark	*Jan*	*1.5%*	*1.5%*	*11.3%*
*Sector average **	*Jan*	*3.1%*	*3.1%*	*11.1%*

* Morningstar Global Multi Asset Flexible Category

Notwithstanding the returns listed in Table 1, our longer-term returns for our investment solutions are listed in the table below. All returns are for periods to 31 January, and are taken from Morningstar's monthly unit trust survey. Returns are shown on a net basis i.e. after all fees have been deducted.

Table 2: The Maestro Equity Prescient Fund

Morningstar (ASISA) South Africa Equity General - January 2021						
	3 mths	6 mths	1 year	3 years	5 years	10 years
Maestro Equity Prescient Fund	***13.5%***	***10.0%***	***13.5%***	***1.0%***	***1.5%***	***6.1%***
Maestro Equity Fund benchmark	19.3%	13.6%	14.4%	3.7%	6.6%	12.2%
SA Peer Group Average	17.8%	11.9%	7.4%	1.4%	4.8%	7.8%
Maestro position within Group	149	118	27	80	96	51
Number of participants	169	167	166	146	114	63
Quartile	4th	2nd	1st	3rd	4th	4th

Table 3: The Maestro Growth Fund

Morningstar (ASISA) South Africa Multi-Asset High Equity - January 2021						
	3 mths	6 mths	1 year	3 years	5 years	10 years
Maestro Growth Fund	***5.5%***	***1.3%***	***11.3%***	***5.9%***	***4.9%***	***7.8%***
Maestro Growth Fund benchmark	14.1%	9.6%	12.7%	7.1%	8.5%	10.2%
SA Peer Group Average	11.7%	7.7%	7.2%	4.3%	5.5%	8.3%
Maestro position within Group	197	200	27	41	94	40
Number of participants	208	204	200	177	136	59
Quartile	4th	4th	1st	1st	3rd	3rd

Table 4: The Maestro Balanced Fund

Morningstar (ASISA) South Africa Multi-Asset Medium Equity - January 2021						
	3 mths	6 mths	1 year	3 years	5 years	10 years
Maestro Balanced Fund	***5.6%***	***1.7%***	***11.0%***	***4.9%***	***4.4%***	***7.3%***
Maestro Balanced Fund benchmark	12.0%	8.4%	11.8%	7.3%	8.5%	9.8%
SA Peer Group Average	9.3%	6.3%	6.5%	4.9%	5.5%	7.7%
Maestro position within Group	93	93	3	50	61	22
Number of participants	98	96	94	84	69	37
Quartile	4th	4th	1st	3rd	4th	3rd

Table 5: The Maestro Cautious Fund

Morningstar (ASISA) South African Multi-Asset Low Equity - January 2021						
	3 mths	6 mths	1 year	3 years	5 years	10 years
Maestro Cautious Fund	***3.2%***	***2.2%***	***5.8%***	***5.7%***	***5.7%***	***7.9%***
Maestro Cautious Fund benchmark	8.5%	7.4%	9.5%	7.0%	8.4%	8.5%
SA Peer Group Average	6.6%	5.1%	5.5%	5.4%	5.8%	7.6%
Maestro position within Group	153	153	80	65	67	24
Number of participants	160	160	158	138	109	54
Quartile	4th	4th	3rd	2nd	3rd	2nd

Table 6: Maestro Global Balanced Fund

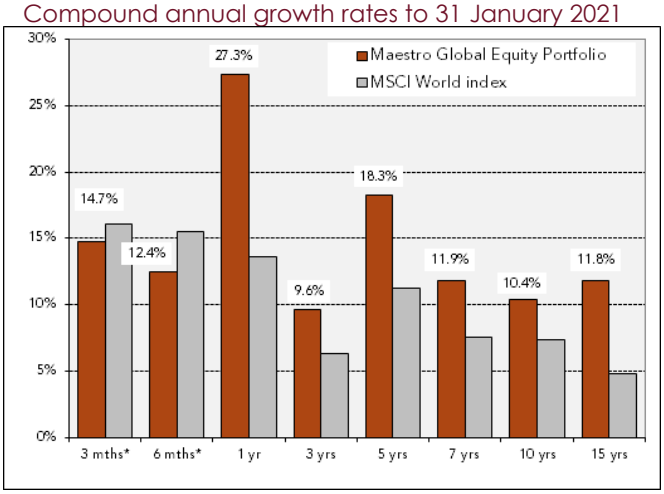
Morningstar (ASISA) Global Multi-Asset Flexible - January 2021						
	3 mths	6 mths	1 Year	3 Years	5 Years	10 years
Maestro Global Balanced Fund	***3.4%***	***-5.2%***	***18.8%***	***14.2%***	***N/A****	***N/A****
Global Balanced Fund benchmark	1.8%	-3.3%	11.3%	14.3%	7.0%	13.3%
SA Peer Group Average	4.4%	-0.5%	11.1%	13.0%	7.7%	12.4%
Maestro position within Group	25	34	4	23	N/A	N/A
Number of participants	39	36	32	25	20	11
Quartile	3rd	4th	1st	3rd	N/A	N/A

Table 7: Central Park Global Balanced Fund

Morningstar USD Moderate Allocation - January 2021						
	1 Year	3 Years	5 Years	7 years	10 years	15 years
Central Park Global Balanced Fund ($)	***20.5%***	***6.3%***	***10.1%***	***5.5%***	***3.2%***	***3.1%***
Central Park Glbl Balanced Fund benchmark	11.6%	5.8%	8.3%	5.8%	5.4%	7.2%
Global Sector Average	7.5%	3.5%	6.6%	4.1%	3.7%	N/A

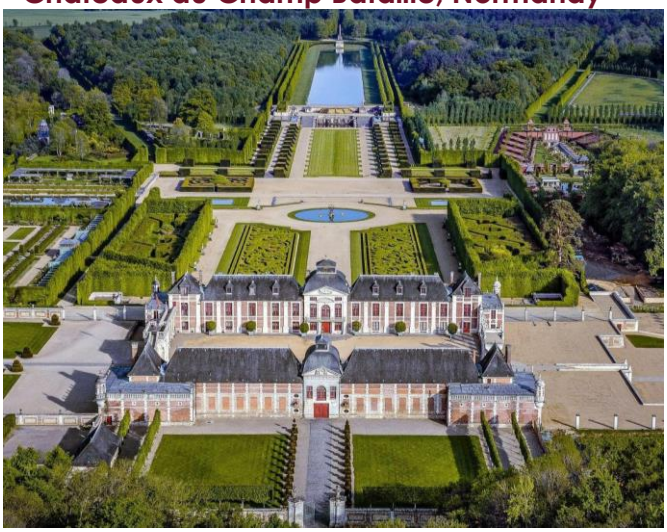
Chart 4: Maestro global equity returns

Compound annual growth rates to 31 January 2021



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

Chateaux du Champ Bataille, Normandy



Source: @s0_chateaux

File 13: Info almost worth remembering

The Apple car – let's speculate and have some fun

Apple stated in its latest conference call that the entire installed ecosystem of Apple/iOS products is 1.65bn globally. Let's be bullish and assume that each device belongs to one customer, so we are talking about 1.65bn potential customers. Let's assume that only 1% of these are financially affluent and willing to buy an Apple car, so we are talking about a 16.5m potential customer base. Now, we take normal seven-year replacement cycle for cars, so Apple would have around 2m buyers per annum (16.5m / 7 = 2.4m). Let's further assume that Apple is not addressing the premium but mass market, potentially doubling its non-Apple user base by an additional 2m buyers with an average selling price (ASP) for its car of $20 000. This would translate into $80bn in revenue per annum for the car.

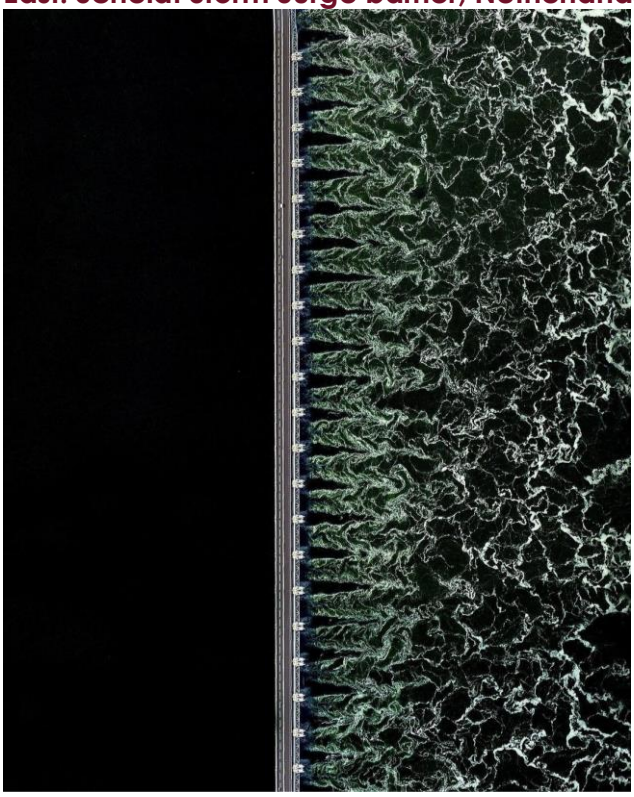
Now the interesting part of this arithmetic starts: How is the revenue or gross profit (GP) split? We assume that Apple might dilute their 39% gross profit margin and aim for a higher nominal gross profit, as the auto market is 10 times larger than the smartphone market. We could imagine that Apple is cutting a fee for supplying the operating system (iOS), chips, and microcontrollers (Apple's M1 chip) and other fancy infotainment applications. For this, Apple could charge a fee of 2% on revenue, which would translate in $1.6bn in gross profit contribution for Apple. Let's be generous and say $2bn per annum. *This is peanuts compared to the $120bn in gross profit for Apple from its existing product portfolio*.

Even envisioning data collection on autonomous driving and self-drive apps for $1 000 as applied by Tesla (for $10 000 now but ASPs should fall in 5 years with launch of Apple car), this will not bring in big adds on its gross profit line. In 2024/25 at the latest, we should see what the business model for Apple looks like.

A Photo from Tom Hegen's Coal Mine series

Source: @tomhegen.de

East. Scheldt Storm Surge barrier, Netherlands



Source: @dailyoverview

Central Park, New York, USA

Source: @civilirian

So what's with the pics?

After a few months of a theme of cold, ice and snow, I thought I would dive into my "Aerial" album this month, and share some remarkable photos taken "from the top, down". I hope you find them enjoyable and encourage you to follow the photographers and their remarkable work on Instagram, using the handles as shown.