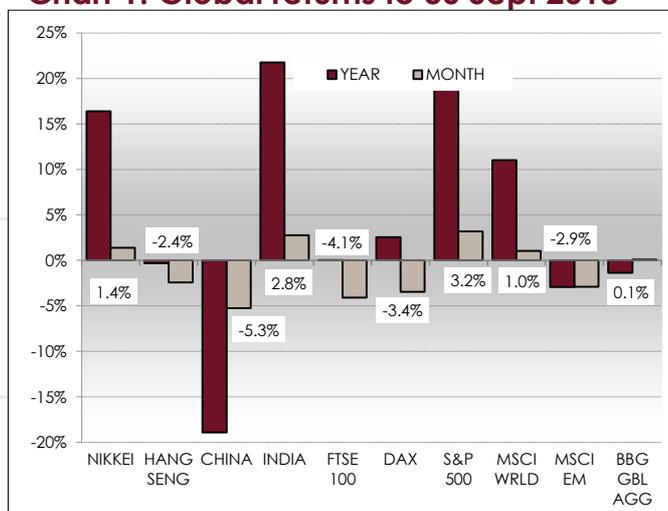


September in perspective – global markets

Following the trauma of last month's market behaviour, especially within emerging currency and equity markets, September seemed relatively tranquil. If the 0.4% and -0.8% MSCI World and Emerging market respective returns are anything to go by, one can be forgiven for thinking markets were relatively calm. Of course, it is never that simple.

Chart 1: Global returns to 30 Sept 2018



The Japanese equity market led the gains with a 5.5% monthly increase, while amongst the larger emerging markets, India led the losses with a 6.3% decline. There were the odd emerging market outliers, such as Turkey and Russia, which rose 7.8% and 9.1% respectively (the Russian market is always firm when the oil price rises), while Greece lost 5.2%. The Chinese equity market rose 3.5%, following its 5.3% loss in August. So all in all the month represented a mixture of returns, with little happening on the surface but a lot more going on underneath. There was also notable differences in the market capitalization (size) movements, with the US large cap index (S&P500) rising 0.6% but the S&P Mid and Small cap indices falling 1.2% and 3.3% respectively. Global bond markets were relatively calm but

ended the month weaker; the Bloomberg Global and US Aggregate bond indices lost 0.9% and 0.6% respectively.

The dollar was relatively stable, which allowed some respite following the emerging market currency carnage last month. The rand firmed 3.5%, the Russian rouble 2.8%, and the Turkish lira 10.2%, but the Indian rupee lost 2.1%. Within the commodity space, we also saw a mixed bag of performances. Perhaps the most notable was the 6.8% increase in the oil price, but the respective 5.1% and 3.5% rises in the iron ore and copper prices were also notable.

Mountain lion running through the snow



Instagram: @wildlife.hd

What's on our radar screen?

Here are a few items we are keeping an eye on:

- *The US economy:* More than sufficient evidence was again presented during September to underline the fact that the US economy remains in rude health. One of the

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

- Leonard Bernstein



most notable data releases was that of the ISM (PMI) Non-manufacturing index, which rose to a 21-year high. The labour market is also still very strong, with the unemployment rate dropping to a 49-year low of 3.7% (from 3.9% previously). Notwithstanding the robust data, there are concerns in some quarters that the growth is too robust. The US bond market has seen steadily rising yields (interest rates) and declining prices, which has undermined the positive tone that prevailed in the equity market recently.

- *Developed economies:* Annual inflation in Canada showed that prices rose 2.8% for the year to August, down from 3.0% in July. Core inflation i.e. excluding food and energy price increases, edged up to 1.7%. The International Monetary Fund (IMF) reduced its global growth forecast for 2018 and 2019 to 3.7% from 3.9% earlier while keeping the US growth forecast for 2018 unchanged at 2.9% and reducing the 2019 growth forecast for US by 0.2% to 2.5% citing concerns about the looming trade war. The IMF sounded the alert on the global trade war saying it could take a significant bite out of global growth, estimating output could fall by more than 0.8% in 2020 and remain 0.4% below its trend line over the long term, in a scenario where US President Trump follows through on all his threats, including global duties on cars. IMF estimates output could fall by more than 1.6% in China and over 0.9% in the US next year, in such a case. Elsewhere the IMF upped the inflation forecast for the Venezuelan economy in 2018 to 1.37m% by the end of the year from its earlier forecast of 1m%.
- *Emerging economies:* Turkey continues to attract attention, for all the wrong reasons. The annual rate of inflation there rose from

17.9% last month, to 24.5% in September, the highest level in 15 years. And there is worse to come, if the 46.2% annual increase in producer inflation (PPI) is anything to go by. In China, the central bank, the People's Bank of China (PBoC), again lowered the amount of capital banks need to hold in reserve (the reserve requirement ratio or RRR), thereby easing monetary policy – the fourth time this year so far. In so doing, it will effectively release CNY750bn of liquidity into the banking system. Although the PBoC reiterated its prudent and neutral policy stance in its statement, the RRR cut should be seen as part and parcel of a strategy to better prepare China for its decelerating domestic economy.

Only about 3 800 tigers are left on the planet



Instagram: @natgeo

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

- Leonard Bernstein



Chart of the month

How relevant is the trade war?

The trade war initiated by the Trump administration has dominated headlines in recent months, and for good reason. Irrespective of the outcome of the trade war – and no one believes there will be winners in this high-stakes game – and its effects on each different nation, global trade i.e. the importation and export of goods between different countries, has become a dominant feature of global economic activity. Indeed, it virtually defines globalization – without global trade, the world would be a very different place and I dare say a lot of goods would be a whole lot more expensive.

Chart 2: How important is a trade war?



Source: Deutsche Bank

Chart 2 shows that global trade, defined as a percentage of world gross domestic product (GDP), has been rising since 1960. Although it has declined in recent years (note also the sharp dip during the 2007/9 global financial crisis) it still constitutes around 55% of world GDP. Were any “artificial” barriers in the form of additional tariffs placed in the way of global trade, there is no doubt that global trade will suffer, and with it the ability of companies to manufacture their goods, and provide services, in the jurisdictions that suit them best. Global inflation would rise, and by definition inflation in most countries would increase, and economic activity would be

retarded. So global trade matters, as does what happens in the current trade war.

Leopard and baby



Instagram: @hayatvahsh.ir

Quotes to chew on

Europe operating at full capacity?

On 10 October Bossard Group, a Swiss industrial company which forms part of our global equity portfolios, released an trading update relating to their third quarter sales (of the 2018 financial year, or Q3 18). Overall the release was positive – sales rose 9.3% over Q3 17 revenue – although lower than most expected; the share declined 13.2% on the day of the release. It is fair to say that, so far at least, the investment has been a bit of a disappointment.

However, the reason for bringing it to your attention is to share the unusual statement which the release contained; a statement I can't ever recall having seen in any trading update. Sales in the US were particularly robust, rising 16.2% over

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Q3 17 sales, while Asia saw growth of 10.9%. Sales in Europe were lower though, at 5.7%, although for the nine months to end-September sales in Europe rose 13.0%, so the slowdown in Q3 is obvious. A few reasons were given for the slowdown, including one which read as follows: "Some customers are operating at full capacity, which reduces the potential for above-average growth." Later in the report Bossard repeated that "many customers are operating at full capacity, which is another factor in normalizing growth rates, especially in Europe".

Lucky escape for the jackal



Instagram: @wildlife.hd

We would have thought that if any country had a capacity problem, it was the US, what with a strong economy and record unemployment. The last place we would have thought there was a shortage of capacity was in Europe. That said, one wonders to what extent it reflects a lack of confidence in the future. After all, if you aren't confident about future prospects, you don't replenish stock, and you don't build new capacity i.e. you operate at full capacity. Granted, Bossard is being assisted in the US by the ramp up in Tesla's production of motor vehicles, but we were still rather surprised to read that it

was Europe that was struggling with "full capacity" and not the US or Asia.

Which half are we in?

Global equity markets have been volatile and weak during the past few weeks, particularly during the past few days. While many are asking whether or not this is the end of the latest bull market, others are suggesting the lower prices present a reasonable entry into the market. In the light of this debate, we recall of the quote by Jack Bogle, Founder and retired CEO of Vanguard, the firm that all but pioneered retail passive investment. Bogle recently said: "I spend about half of my time wondering why I have so much in stocks, and about half wondering why I have so little." After the past week's sharp price declines, investors may be nodding their heads in agreement to the first half of this quote today. However, more seasoned investors will know that the time will come when it is time to worry more about the second half of Bogle's quote.

Obituary – Montserrat Caballé: 1933 – 2018



I've always held the view that you have not lived if you haven't sung the Queen hit "Barcelona" at full tilt in the shower, or better still riding down the highway at just more than the speed limit! Have you ever lived then, on the basis of this definition? Who can ever forget that amazing moment

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when Freddie Mercury and Montserrat Caballé opened the 1992 Barcelona Olympic Games with what came to be one of the most memorable cameos of all time in the music "crossover" world!

Leopard in Sabi Sands, Nkorho Bush Lodge



Instagram: @uli_wildlife

Sadly, Montserrat Caballé, the Spanish soprano widely counted among the last of the old-time prima donnas for the transcendent purity of her voice, the sweeping breadth of her repertory and the delirious adulation of her fans, died on 6 October in Barcelona at the age of 85. The following is an edited version of a tribute to her, which appeared in the [New York Times](#).

One of the foremost opera singers of the second half of the 20th century, Ms. Caballé was an enduring, vibrant international presence, appearing at the Metropolitan Opera, with which she sang 98 times; Covent Garden; La Scala, and elsewhere, including of course the famous opening ceremony of the 1992 Olympic Games in Barcelona.

Ms. Caballé was, critics concurred, one of the sublime representatives of a type of diva most often associated with a bygone, golden era: smoulderingly regal, seemingly inscrutable, a larger-than-life presence accorded godlike status by her reverential public. "La Superba," the world press called her, elevating her to membership in an international soprano triumvirate that also included "La Divina" (Maria Callas) and "La Stupenda" (Joan Sutherland).

Ms. Caballé's exalted status was won by virtue of the vast number of roles at her command (more than 100, an almost unheard-of tally, from fleet, silvery Mozart to weighty Richard Strauss and weightier Wagner); the length of her performing life (she sang publicly until she was well into her 60s, more than a decade after a singer's usual retirement age); and the lather of adoration into which her fans routinely whipped themselves.

Her recitals were often interrupted mid-song — after she had tossed off an especially intricate passage or scaled a particularly daring height — with wild cheering, foot-stomping and cries of "Brava!" On one occasion, at Avery Fisher Hall in New York in 1983, a fistfight erupted in the audience, with adulatory screamers on one side and pugilistic purists, demanding silence, on the other. But above all — and this is what moved her fans to ardour in the first place — there was the voice itself.

For sheer vocal glory, reviewers wrote, few voices, if any, could rival Ms. Caballé's. She was possessed of a lyric soprano that, though light and shimmering, was not without heft. It was renowned for its riverine suppleness, and for an ethereal translucence that few other voices could equal. Over nearly half a century, critics invoked adjectives to describe Ms. Caballé's

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sound that would read as staggering hyperbole for almost anyone else: “limpid,” “liquid,” “shimmering,” “quicksilver,” “celestial,” “unearthly,” “velvety,” “voluptuous,” “lustrous,” “ravishing.” “She possesses,” Stereo Review magazine said of Ms. Caballé in 1992, “one of the most beautiful voices ever to issue from a human throat.”

Cheetah family in Masai Mara, Kenya



Instagram: @travellingthroughtheworld

Ms. Caballé displayed a noteworthy consistency of timbre throughout her range, largely sparing listeners the audible gear-shifting that can occur when singers move from low notes to high. Though she was not strictly a coloratura soprano, the innate flexibility of her instrument let her essay the Olympian heights of some coloratura works with ease. She was especially esteemed for her ability to spin out haunting, sustained pianissimos — the whisper-quiet passages that are among the most demanding tests of a singer’s mettle, entailing diaphragm strength and breath control akin to an athlete’s.

All of these qualities made her voice particularly well suited to the bel canto repertory, consisting of elegant, filigreed works by 19th-century Italians like Rossini, Donizetti and Bellini. As a result of her prowess in that genre, Ms. Caballé was acknowledged to have helped spur a bel canto revival on opera and concert stages round the world at mid-century and beyond.

She was also adept in other genres, counting among her repertory German lieder; the Spanish dramatic songs known as zarzuelas; the operas of Verdi, for which she was widely known; Richard Strauss’s *Salome*, which she called her favourite operatic role; and the title part in Donizetti’s “*Lucrezia Borgia*,” which propelled her to international stardom after a single performance in 1965.

Inevitably, as in any operatic career, there were critical cavils. Ms. Caballé’s evident devotion to tone over text, reviewers complained, could result in diction so slipshod that it bordered on anarchy. At times she would actually substitute nonsense syllables for a song’s text, when she appeared to feel that the words as written, with their congestion of consonants, would impede the flow of pure, vowel-y sound.

She was no actress, critics agreed, a consensus in which Ms. Caballé cheerfully concurred. And her ample frame, reviewers sometimes noted, cut an unpersuasive figure of the consumptive heroine — think of Mimì in Puccini’s “*La Bohème*” — that is grand opera’s stock-in-trade. Ms. Caballé also developed a reputation for pulling out of scheduled performances, a source of chronic irritation to reviewers and chronic disappointment to fans. “It is a standard joke in the business,” the music critic Will Crutchfield wrote in *The New York Times* in 1986, “that ‘Mme.

“To achieve great things, two things are needed; a plan, and not quite enough time.”

- Leonard Bernstein



Caballé is available for only a limited number of cancellations this season.' ”

And yet ... there was the voice, for in the end, when it came to appraisals of Ms. Caballé, it was always the voice that carried the day. That voice, Ms. Caballé often said, had been a gift from God — one on which she had built rigorous, hard-won training that her impoverished childhood had very nearly placed out of reach.

Leopard in Serengeti National Park



Instagram: @travellingthroughtheworld

Named for Our Lady of Montserrat, the patron saint of Catalonia, María de Montserrat Viviana Concepción Caballé i Folch was born in Barcelona on April 12, 1933. Amid the Depression, and the Spanish Civil War, she was reared in poverty. What was plain was that during those years, her family, formerly middle class, knew great hardship. Long afterward, when she was safely swathed in the jewels and furs that are a diva's prerogative, Ms. Caballé recalled a time when she owned only a single dress. To the sneers of her classmates, she wore it to school every day for a year.

Her parents, Carles Caballé i Borrás and Anna Folch, loved music and, listening to their collection of opera records, young Montserrat was smitten. At 8, she took it upon herself to learn “Un Bel Di,” Cio-Cio-San's aria from Puccini's “Madama Butterfly,” and so she did, by ear, singing it for her family. It was clear that the child had a remarkable talent. Though her parents could scarcely afford it, she soon began studies at the Conservatori Superior de Música del Liceu in Barcelona, first on the piano and then, as a young teenager, in voice. Her primary voice teacher, Eugenia Kemeny, made her pupils spend a full year doing vocal exercises and breath training before they could approach real music. That training, Ms. Caballé would say afterward, let her sustain her career as long as she did.

When Montserrat was about 16, her father fell ill and could not support the family, forcing her to withdraw from the conservatory. She worked for nearly a year in a handkerchief factory before attracting the sponsorship of wealthy Barcelona patrons, who agreed to support Montserrat and her family. In gratitude, she returned annually throughout her career to sing in Barcelona. At 20, Ms. Caballé graduated from the conservatory with its gold medal for voice and embarked on auditions with Italian opera companies. Nervous and untried, she failed at all of them, inspiring one agent, she recalled, to suggest she forsake singing and find a husband.

Trying her luck in Switzerland, she caught on with the Basel Opera in 1956, singing small roles until she was called upon to sing Mimì in place of an ailing soprano. She spent the rest of the '50s and early '60s singing throughout Europe.

“To achieve great things, two things are needed; a plan, and not quite enough time.”

- Leonard Bernstein



Snow leopard



Instagram: @ig_shotz_animal

Ms. Caballé remained relatively unknown in the United States until April 20, 1965. She had been engaged to fill in that night for an indisposed Marilyn Horne, singing Lucrezia Borgia in a concert production by the American Opera Society at Carnegie Hall.

Reviewing the performance in The Times, Raymond Ericson wrote: "Miss Caballé had only to sing her initial romanza, a typically melting Donizetti aria with small vocal flourishes, and it was apparent that here was a singer not only with a beautifully pure voice but an outstanding command of vocal style. It was not surprising that so early in the opera the audience stopped the performance for five minutes with its applause and cheers." The performance established Ms. Caballé's international career. She made her Met debut in December 1965, singing Marguerite in Gounod's "Faust."

Ms. Caballé's career was not without difficulties. Over the years she endured a series of illnesses, including phlebitis, a heart attack and a benign brain tumour, resulting in missed performances. "I don't cancel because of temperament," she told The Chicago Tribune in 1995. "I have had seven major surgeries in my life. I have had tumours. I have had two children with Caesareans; you don't just get up and sing the day after one of those."

Baby lynx struggling into the headwind



Instagram: @featured_wildlife

In a Spanish tax fraud case of 2014-15, Ms. Caballé agreed to a suspended sentence of six months and a fine of €254 000, for having falsely claimed residence in Andorra, a tax haven. (In reality, she had long maintained homes in Vienna and in the countryside near Barcelona.)

But ultimately it is Ms. Caballé's transcendent voice, preserved on dozens of recordings that will doubtless be remembered. Among the most highly regarded are two for RCA: a "Lucrezia," with Shirley Verrett and Alfredo Kraus, conducted by Jonel Perlea, and a "Salome," with Sherrill Milnes and Regina Resnik, under the baton of Erich Leinsdorf.

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

- Leonard Bernstein



Leopard perfectly framed



Instagram: @wildlifeonearth

Ms. Caballé's survivors include her husband, the Spanish tenor Bernabé Martí, whom she married in 1964 after he sang Pinkerton to her Cio-Cio-San; a son, Bernabé Jr.; and a daughter, Montserrat Martí, also an opera singer.

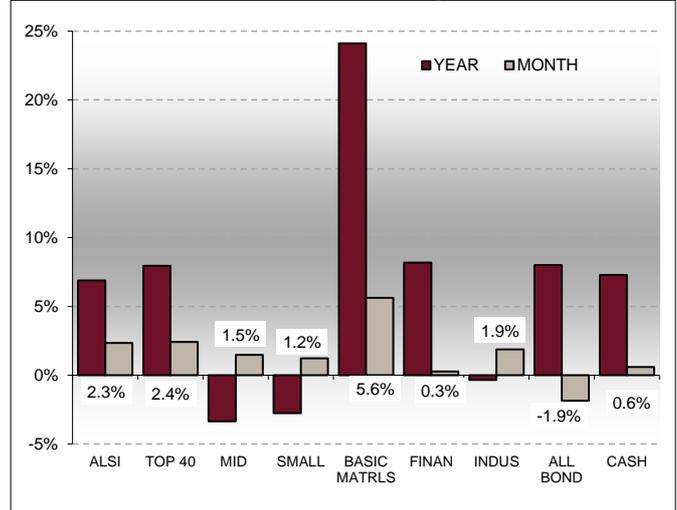
In a 1997 interview with The Telegraph, the British newspaper, Ms. Caballé gave voice to what was unmistakably the guiding ethos of her life. "If I cannot sing," she said simply, "I have the impression that I no longer exist."

September in perspective – local markets

With respect to the SA equity market, the downtrend that has been in place for a couple of years continued. The All share index shed 4.2%, led by the large cap Top40 index, which fell 4.7%. The Mid and Small cap indices lost 3.7% and 1.7% respectively. Notwithstanding the firm rand, the Financial index ended September 2.0% lower while the Industrial index lost 7.7%; dragged lower by 41.9%, 15.1%, 14.1%, and 11.1% respective monthly losses in Aspen, Imperial, Bidvest, and Richemont share prices. The Basic material index

rose 1.1%. Spurred in part by the firm rand, the All Bond index rose 0.3%.

Chart 5: Local returns to 30 September 2018



Caracal



Instagram: @africanimals

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



Tiger reflection



Instagram: @wildlife.hd

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	Sept	-4.4%	-3.6%	-6.5%
JSE All Share Index	Sept	-4.2%	-3.8%	3.3%
Maestro Growth Fund	Sept	-3.6%	2.1%	0.1%
Fund Benchmark	Sept	-2.8%	0.8%	5.5%
Maestro Balanced Fund	Sept	-3.4%	2.9%	1.3%
Fund Benchmark	Sept	-2.3%	1.8%	5.9%
Maestro Cautious Fund	Sept	-0.2%	1.9%	2.1%
Fund Benchmark	Sept	-1.0%	2.5%	6.3%
Central Park Global				
Balanced Fund (\$)	Aug	-1.5%	0.0%	9.0%
Benchmark*	Aug	0.7%	1.5%	5.9%
Sector average **	Aug	-0.1%	-0.2%	3.3%
Maestro Global				
Balanced Fund	Aug	9.8%	17.7%	N/A
Benchmark*	Aug	12.6%	20.1%	19.5%
Sector average***	Aug	11.5%	18.7%	17.5%

* 60% MSCI World Index and 40% Bloomberg Global Aggregate Bond Index

** Morningstar USD Moderate Allocation (\$)

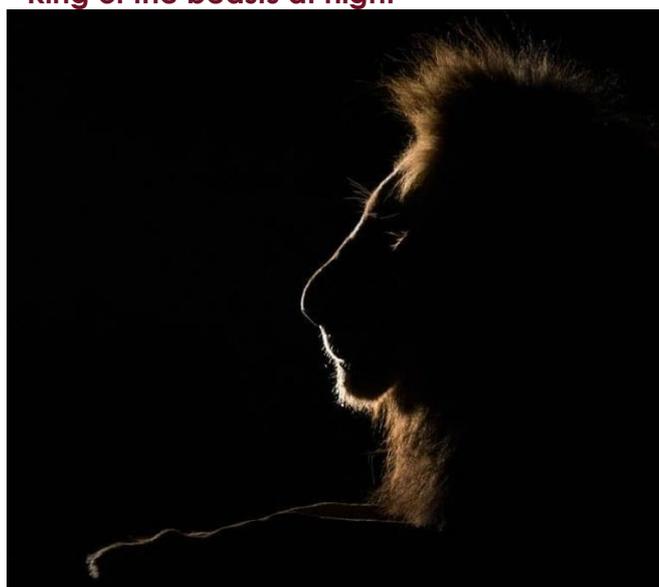
*** Morningstar ASISA Global Multi Asset Flexible Category

File 13. Things almost worth remembering

Why eating chocolate is good for you

My daughter and wife are, by their own admission, chocoholics. And your current scribe excluded, they are not the only members of my family who would describe themselves as such! I am sure there are many who will identify with them. Be that as it may, I thought you would appreciate this piece of useless information: in 2017 South Africa's average annual consumption of chocolate was 0.9 kg per person. Switzerland was the highest consumer of chocolate per capita, with an average of 8.8kg consumed per person, followed by Austria and Germany with 8.1kg and 7.9kg respectively. I am left wondering then, why SA people are on average significantly more overweight (and that's putting it nicely) than the average Swiss citizen. The only conclusion I can draw is that eating lots of chocolate must be good for you.

King of the beasts at night



Instagram: @wildlife.hd

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

- Leonard Bernstein



Cheetah reflection



Instagram address: wildlife.hd

Father and son



Instagram address: wildlife.hd

So what's with the pics?

During the past few months, I have become a great fan of Instagram. For regular readers of Intermezzo, that will not surprise you, given my fondness for photographs and things visual. Instagram doesn't lend itself to sharing much of the beautiful photos that appear on it from users around the globe, other than on the Instagram platform itself.

That said, I have created for my own use folders compiled along thematic lines. The photos that appear in this edition – taken from my Cats folder – have all been lifted from Instagram. In an effort to guide you to their source, and to honour the original creator of the photo, I have included the Instagram address below each photograph. Inevitably, using this approach, some quality is lost along the way, but I hope the photographs are of sufficient quality for you to still enjoy them.

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