

MAESTRO CAUTIOUS FUND



27 f o
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LIFE

August
2019

Investment objective

The Fund's objective is to produce above average long-term returns whilst simultaneously aiming to assume less risk than is inherent in the market itself. The Fund adopts a conservative investment philosophy and is Regulation 28 compliant.

The Fund benchmark

The Fund measures itself against a benchmark consisting of 30% All Share Index, 30% All Bond Index (ALBI) and 40% Short term fixed income (STEFI) index.

Legal structure

The Fund is a pooled portfolio on 27Four Life Limited balance sheet. The appointed portfolio manager of the Fund is Maestro Investment Management (Pty) Limited, an approved Financial Services Provider in terms of the Financial Advisory and Intermediary Services Act, operating under license number 739. 27Four Life Limited is a linked insurer governed by the Long Term Insurance Act. 27Four Life Limited issues investment linked policies. This Fund operates as white label under the 27Four Life License.

Fee structure

There is no initial fee charged. The Maestro Growth Fund is a Fund with an annual management fee of 1.0% (excluding VAT). This is inclusive of investment consulting, all underlying managers, and administrative functions performed by Prescient Fund Services.

Fund size

R 248 458

NAV

Class A: 2.1859

Long term insurer

27Four Life Limited
(Reg. no: 2004/014436/06)

Auditor

SNG Grant Thornton International

Portfolio manager

Maestro Investment Management (Pty) Limited

Enquiries

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Orchestrating Your Wealth



Market Overview

August proved to be one of the more volatile months so far this year in virtually all markets. The over-riding theme throughout August was the strength of bond markets, as yields plunged to record low levels. The yield curve, finally "inverted" in the US. In layman's terms, this simply means that one of the most accurate predictors of past recessions moved to a level which points to a looming recession in the US. That development alone was enough to spook equity markets. However, they also had to contend with the childish tweets by the US President, the remnants of second quarter corporate reporting season, the imminent collapse of the Argentinian government, more Brexit shenanigans, the collapse of yet another Italian government, ongoing mass protests in Hong Kong, Amazon fires, G7 discord, and commodity price and currency volatility.

The Bloomberg Global Aggregate Bond index rose 2.0% in August, whilst the Bloomberg US Bond index rose 2.6% and the dollar rose 0.4%. The MSCI World index lost 2.2% and the Emerging Markets index lost 5.1%. Hong Kong declined 7.4%, the UK fell 5.0%, Turkey 5.3%, Russia 4.9% and Japan 3.8%. The US large cap index (the S&P500) lost 1.7%, and the Mid and Small cap declined 4.4% and 4.6% respectively.

We noted the price volatility in the commodity complex. Silver rose no less than 12.3%, gold 8.0% and the Baltic Dry index 27.3%. Despite all the trade concerns the Baltic Dry index has risen 50.6% during the past year! Compare those gains with the declines in the prices of iron ore of 27.5%, corn 11.8%, coal 6.0% and copper 4.4%.

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

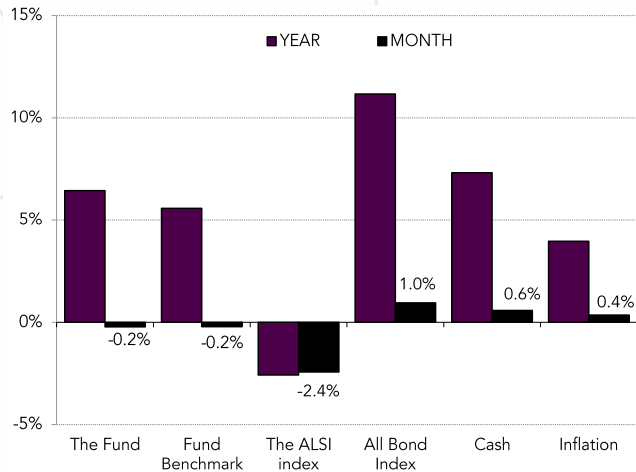
- Leonard Bernstein



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Local market returns



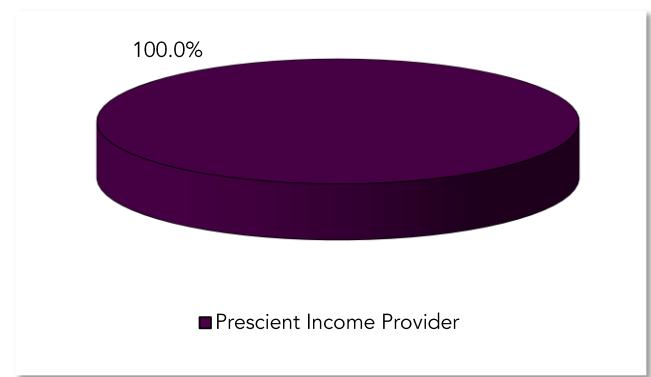
The All Share index lost 2.4% in August, the Financial index 3.7%, the Industrial index 3.0%, and the Basic Materials index 0.2%. The Mid Cap index, rose 0.4%, but the Large (Top40) and Small Cap index lost 2.7% and 5.8% respectively. The All Bond index rose 1.0%, despite the weak rand. Returns on the local assets under our management were negative, although we were able to outperform the major indices. Shares that weighed down on our returns included Discovery, which fell 12.9% on concerns about the effect of the proposed National Health Insurance on its operations. Aspen fell 12.9%, Afrimat 12.4%, Ascendis 11.2%, and Cashbuild 10.1%. To say that the SA equity market has been a tough environment, more like a battlefield littered with corporate corpses, is an understatement. But all is not lost; AdaptIT rose 3.4%, and KAP 1.6%.

Monthly fund returns

During July the Maestro Cautious Fund's NAV fell 0.2% versus the Fund's benchmark decrease of 0.2%. The [Maestro Equity Prescient Fund](#) decreased 1.3% versus the 2.4% decrease of the All Share index. The

[Prescient Income Provider Fund](#) returned 0.7% against its benchmark return of 0.6%. The [Prescient Bond QuantPlus Fund](#) rose 0.5% versus its benchmark increase of 1.0%. The Maestro Cautious Fund does not invest in the [Central Park Global Balanced Fund](#).

Asset allocation



Largest Holdings

Investment	% of Fund
Prescient Flexible Global Income USD Fund	6.6%
ZAR/USD FWD 20190918	5.2%
Standard Bank CLN SBCLN025	2.8%
RSA 5.50% R197 071223	2.7%
Firststrand Bond 6.250% 230423	2.2%
Standard Bank IDC CLN JB3+210bps	2.2%
PCEIDFF (RF) Proprietary Ltd FRD	1.6%
Nedbank FRN JB3+97.5 010321	1.6%
Standard Bank Group Ltd JB3+240 SBT204	1.6%
Standard Bank Group SBT102 300922 JB3+5	1.6%
Total	28.1%

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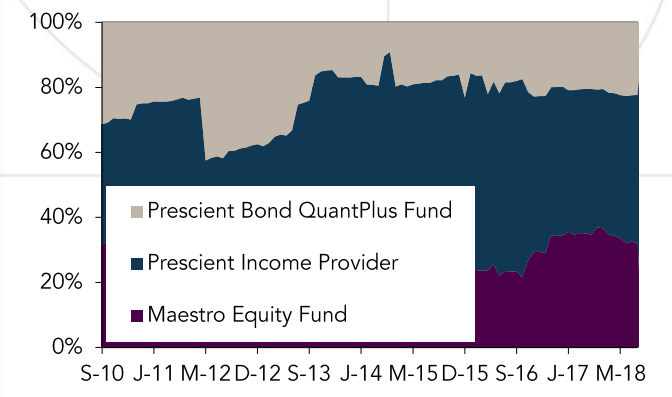
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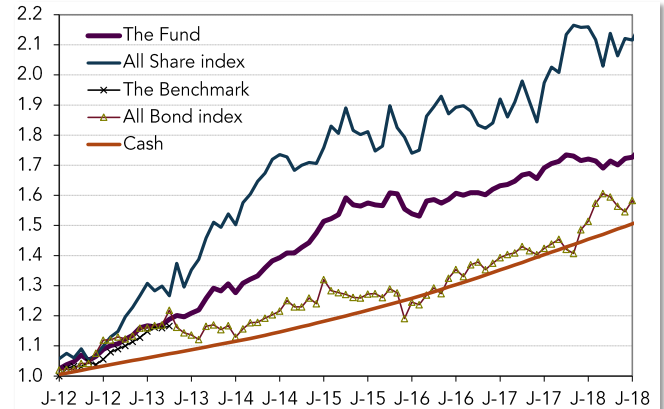
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Historic sector allocation



Historic performance



Monthly and annual average return (%)

Investment	1 month	1 year	3 year	5 years	7 years
Maestro Cautious Fund	-0.2	6.4	5.2	5.8	7.8
Fund Benchmark	-0.2	5.6	7.5	7.5	8.0

Monthly and annual average return (%)

Investment	Year to Date	Year to Date								
		2018	2017	2016	2015	2014	2013	2012	2011	2010
Maestro Cautious Fund	3.6	1.8	5.9	4.2	5.4	12.9	12.6	16.1	2.9	12.8
Fund Benchmark	6.5	2.7	12.4	8.4	3.1	8.8	8.7	14.8	5.9	13.7

Units in linked insurance policies should be considered as medium to long-term investments. The value of units may go up as well as down and past performance is not necessarily a guide to future performance. Unit prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (Brokerage, Securities Transfer Tax, VAT, Auditor's fees, Bank Charges, Custodian fees and the annual Management fee) from the portfolio divided by the number of units in issue. Fluctuations or movements in exchange rates may cause the value of any underlying international investments to go up and down. Forward pricing is used. Maestro Investment Management (Pty) Limited and 27Four Life Limited are members of the Association for Savings and Investments of South Africa (ASISA).

