

MAESTRO CAUTIOUS FUND



27 f o
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LIFE

December
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 547 986

NAV

Class A: 2.2298

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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Market Overview

The contrast between December 2018 and December 2019 couldn't be starker. In the former period, it looked like the world was about to end: the US yield curve was on the verge of inverting, the US China trade talks had stalled, and the UK remained mired in its Brexit bubble. Fast forward one year to December 2019, despite the mess that Brexit represented, despite the slowing global economy, the unfinished US China trade talks and self-destructing Hong Kong, despite all US President's tweets, negative interest rates around the world, and no material increase in long-term US bond rates, investors voted with their feet.

Notwithstanding the strong year-to-date gains, the MSCI World index ended the month 2.9% higher and the US markets 3.0% higher. That lifted the MSCI World index to an annual 2019 gain of 25.2%, and placed the US equity market at an all-time high, having registered an annual 2019 return of 31.3%. What a way to finish an extraordinary year!

The weak dollar was a feature of December's activity. The weak dollar helped lift the MSCI Emerging market index 7.2% higher on the month, supported by strong currencies in Brazil (+5.1%), South Africa (4.8%), and Russia (3.5%). Gold rose 4.1%, oil 8.9%, platinum 7.0%, copper 5.1%, and iron ore 5.4%. On the equity front, Hong Kong and Turkey markets both rose 7.0%, Brazil 6.9%, China 6.2%, Germany 0.1% and the US 3.0%. The Bloomberg Global Aggregate Bond index rose 0.6%, bringing its 2019 annual return to 6.8% (2018 return of -1.2%), some way below the MSCI World index 2019 annual return of 25.2% (2018 return of -10.4%).

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

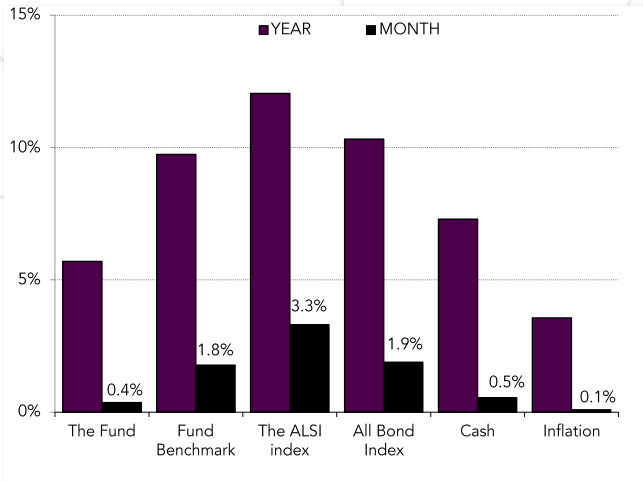
- Leonard Bernstein



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Local market returns



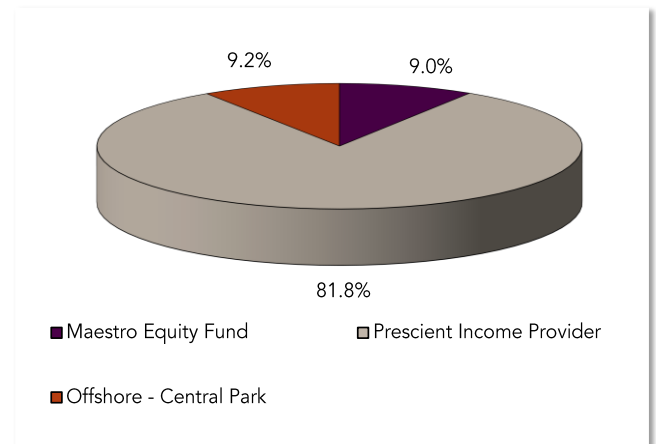
Within the South African markets the All Share index rose 3.3%, buoyed by the Basic Material index, which rose 7.0%. The Industrial index rose 2.3%, while the Financial index rose only 0.7% despite the firm rand while the All Bond index rose 1.9%. Our local portfolios lagged the index by some way, which was very disappointing. During December, Ascendis Health’s 53.8% collapse didn’t help, as investors grew impatient with the company’s rate of progress in repairing their balance sheet. Glencore declined 6.7%, Stadio 4.3%, and Adaptl 2.6%. The firm rand also had a negative effect on the three global equity trackers, which at the end of the month constituted 19.2% of the portfolio. Anglo rose 3.5%, Mr Price 4.3%, Prosus 5.4%, Cashbuild 5.6%, and Naspers 9.4%.

Monthly fund returns

During December the Maestro Cautious Fund's NAV rose 0.4% versus the Fund's benchmark increase of 1.8%. The [Maestro Equity Prescient Fund](#) rose 0.4% versus the 3.3% increase 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 1.5% versus its benchmark increase of 1.9%. [Central Park Global Balanced Fund](#) fell 1.1% in rand terms versus the 2.7% decrease of the rand benchmark.

Asset allocation



Largest Holdings

Investment	% of Fund
Prescient Flexible Global Income USD Fund	4.9%
ZAR/USD FWD 20200318 NEDTD	3.9%
RSA 5.50% R197 071223	3.0%
Standard Bank CLN SBCLN025 201220	1.8%
Standard Bank CLN Telkom SOC JB3+190	1.6%
Firststrand FRB16 FRN 080720 JB3M+350bps	1.6%
Standard Bank IDC CLN JB3+210bps	1.6%
Firststrand Bond 6.250% 230423	1.4%
Standard Bank Group Ltd JB3+240	1.2%
Firststrand FRN FRB21 241121 Jb3+385	1.2%
Total	22.2%

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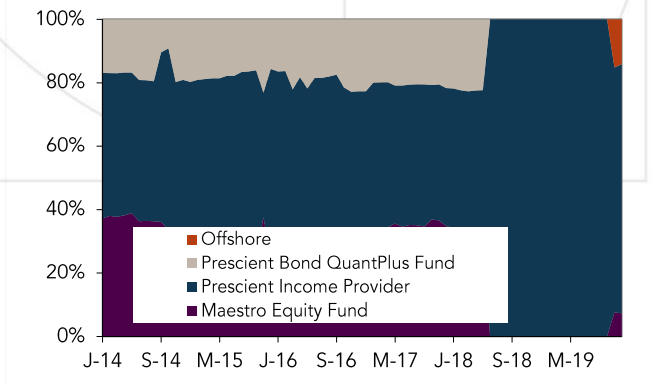
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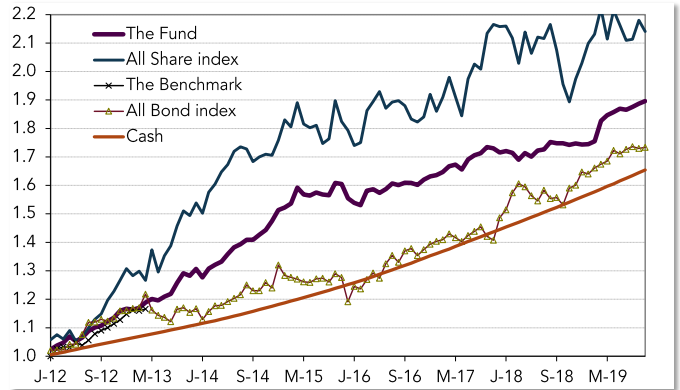
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December 2019

Historic sector allocation



Historic performance



Monthly and annual average return (%)

Investment	1 month	1 year	3 year	5 years	7 years
Maestro Cautious Fund	0.4	5.7	5.5	5.2	7.3
Fund Benchmark	1.8	9.7	8.2	7.2	7.6

Monthly and annual average return (%)

Investment	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Maestro Cautious Fund	5.7	1.8	5.9	4.2	5.4	12.9	12.6	16.1	2.9	12.8
Fund Benchmark	9.7	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).

