

MAESTRO CAUTIOUS FUND



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LIFE

June
2020

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 573 437

NAV

Class A: 2.3188

Long term insurer

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

Auditor

SNG Grant Thornton International

Portfolio manager

Maestro Investment Management (Pty) Limited

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Orchestrating Your Wealth



Market Overview

As the world continues to struggle with the Covid pandemic, which seems to be gaining a second wind in certain countries, the familiar US antagonism towards anything Chinese raised its ugly head again. The monthly market returns across various countries make for interesting reading, but if we take a step back and consider the annual returns to end-June, a clearer picture emerges as to where the money "was to be made".

During June, most markets posted gains. The MSCI World index rose 2.5%, the US market rose 2.0%, Germany 6.3% and Hong Kong 6.4%. The Indian equity market rose 7.7% and in China 4.6%, helping the MSCI Emerging Market index gain 7.0% during June; Turkey rose 10.4% and Brazil 8.8%, which didn't do any harm. But India and Hong Kong posted weak returns in May, illustrating the point that short-term movements are often a function of low bases created in preceding periods. So let's consider the annual returns to end-June; they create a much clearer picture of the world's equity market returns.

Hong Kong has declined 14.4% in the year to June, while India is down 11.4% over the same period. The UK is down 16.9% in the year to end-June, while Germany and Switzerland' annual returns to June are -0.7% and 1.5% respectively. The US equity market rose 7.5% in the past year, and the mid and small cap annual returns to June, are -8.3% and -12.7% respectively. The NASDAQ index, which is largely made up of big tech companies, has risen a remarkable 25.6% in the year to June. The point here is that if you didn't have a lot of US equity exposure, or a lot of large-cap tech exposure, your returns probably don't look that good.

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

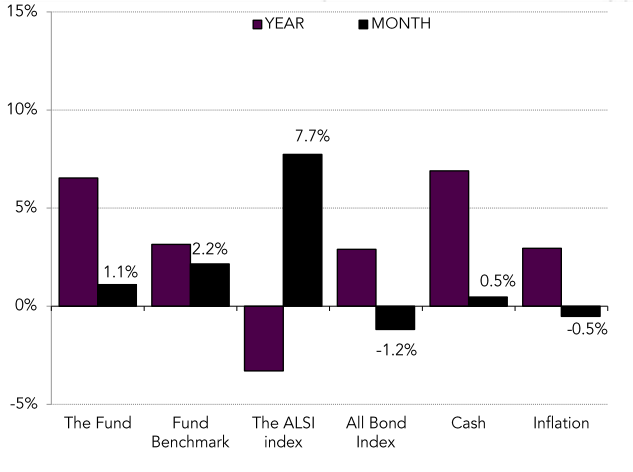
- Leonard Bernstein



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Local market returns



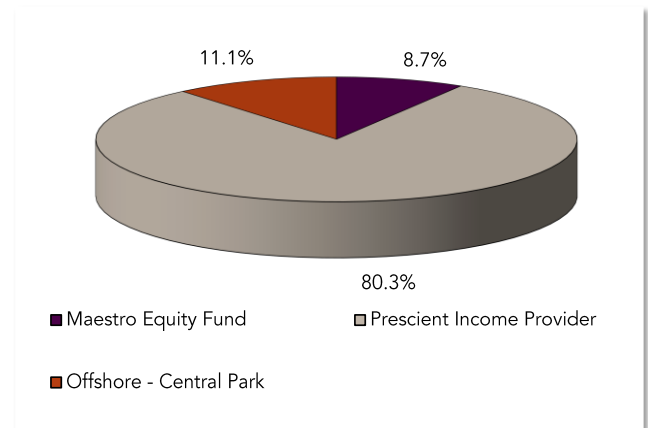
Despite strong outperformance by the offshore component (Central Park), the retirement funds underperformed due to the disappointing local equity return, and the large offshore weightings in the face of a strong rand. The Basic Material, Financial, and Industrial indices rose 8.8%, 4.2% and 8.3% respectively during June, making it a pretty profitable month. Large, mid, and small caps rose 7.9%, 6.1% and 11.3% respectively. The All Bond index declined 1.2%; its annual return to June is only 2.9%, but that is better than the All Share index return of -3.3% over the same period. Specific shares which produced disappointing returns during June included Firstrand, which fell 5.2%. MTN fell 2.0%, and Ninety One 1.3%. On the other hand Transaction Capital rose 8.7%, Prosus 12.9%, Naspers 13.4%, and Cashbuild 21.6%.

Monthly fund returns

During June the Maestro Cautious Fund's NAV rose 1.1% versus the Fund's benchmark increase of 2.2%. The [Maestro Equity Prescient Fund](#) rose 3.9% versus

the 7.7% increase of the All Share index. The [Prescient Income Provider Fund](#) returned 0.9% against its benchmark return of 0.4%. The [Prescient Bond QuantPlus Fund](#) fell 1.9% versus its benchmark decrease of 1.2%. [Central Park Global Balanced Fund](#) rose 3.6% in rand terms versus the 0.4% increase of the rand benchmark.

Asset allocation

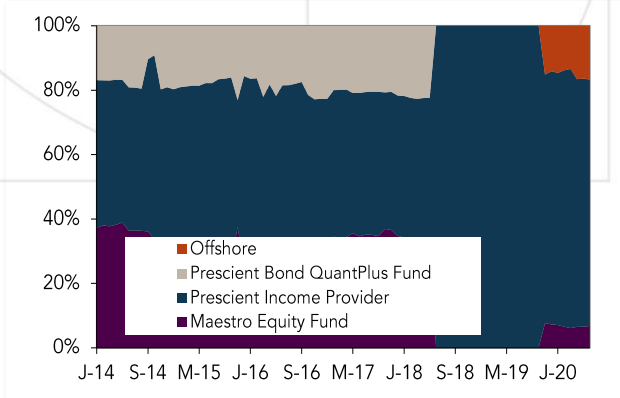


Largest Holdings

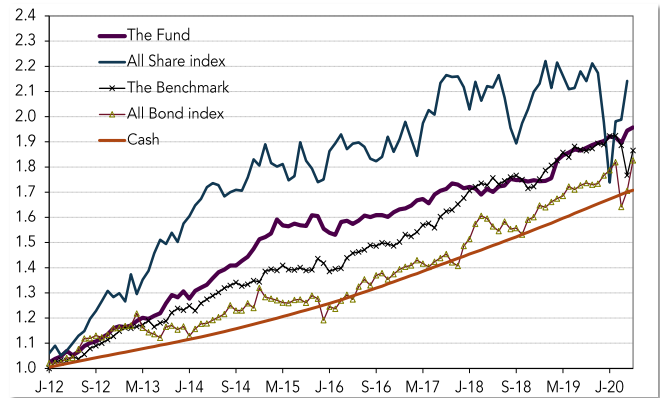
Investment	% of Fund
Prescient Flexible Global Income USD Fund	6.0%
RSA 5.50% R197 071223	2.9%
RSA 10.50% R186 211226	2.8%
ZAR/USD FWD 20200916 NEDTD	2.8%
Firstrand Bond 6.250% 230423	1.6%
Standard Bank CLN Telkom SOC JB3+190	1.5%
Standard Bank IDC CLN JB3+210bps	1.5%
HSBC Call 6.70%	1.5%
Firstrand FRB16 FRN 080720 JB3M+350bps	1.3%
Standard Bank FRN 310321 Jb3+107.5	1.3%
Total	23.2%



Historic sector allocation



Historic performance



Monthly and annual average return (%)

Investment	1 month	1 year	3 year	5 years	7 years
Maestro Cautious Fund	1.1	6.5	6.1	4.8	7.5
Fund Benchmark	2.2	3.2	7.2	6.7	7.5

Monthly and annual average return (%)

Investment	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011
Maestro Cautious Fund	4.0	5.7	1.8	5.9	4.2	5.4	12.9	12.6	16.1	2.9
Fund Benchmark	0.9	9.7	2.7	12.4	8.4	3.1	8.8	8.7	14.8	5.9

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).

