

MAESTRO CAUTIOUS FUND



27 f o
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LIFE

September
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 513 210

NAV

Class A: 2.1983

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

I will refrain from any lengthy "reflections" but point out that, for all of Brexit, Trump (and all that that means!), the US China trade war, and global economic slowdown, to mention but a few major issues, global, US and Chinese equity markets have risen 15.7%, 20.3%, and 16.5% respectively during the first nine months of this year. The global bond market is 6.3% higher over the same period. Most equity market returns are well up in the teens, with Greece up an astonishing 41.6%. The SA equity market is 7.1% higher. So for all the volatility, negative interest rates, and political bad news and sabre-rattling that dominates the headlines, investors who placed their assets at risk in global markets – for that is what equity investing entails – at the end of December, have reaped rich rewards so far this year.

Turning to specific data on September's market behaviour, the MSCI World and Emerging Market indices rose 1.9% and 1.7% respectively. The Japanese, German, UK and US markets led developed markets higher, with respective monthly returns of 5.8%, 4.1%, 2.8%, and 1.9%. The US Mid and Small cap indices were particularly strong, rising 2.9% and 3.2% respectively. Within the emerging market space, returns from India (3.6%), Brazil (3.6%), Russia (3.1%), and Turkey (8.6%) were notable.

Global bond markets retreated 1.0%, the dollar rose 0.5%, adding to the pressure on the euro, which fell 1.0% against the greenback. Within the commodity complex, monthly gains in palladium of 12.6% and iron ore and coal markets (8.6% each) were notable. Despite it being a volatile month, but less volatile and unprofitable than August, September ended with most markets higher.

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

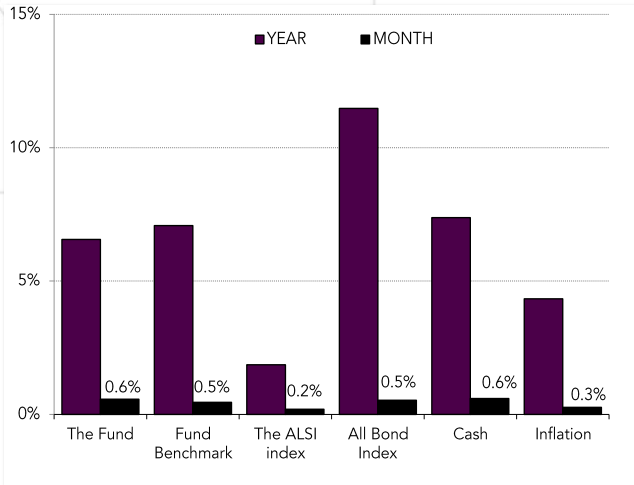
- Leonard Bernstein



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Local market returns



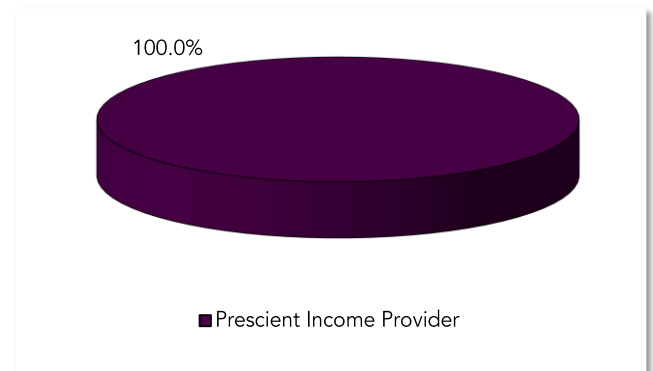
Turning to South Africa, the equity market eked out a gain of 0.2% while the bond market rose 0.5%. The rand firmed 0.1% but that hides a latter half of the month during which the rand weakened substantially. Unusually, the Small cap index rose 2.2%, out of step with the decline of 0.2% in the Mid cap index and a flat Large cap index. The Gold index collapsed 14.9% during the month, but it is still 127.4% higher than September last year. Large decliners on the month included AdaptIT, which fell 15.8%. KAP fell 9.7%, Mr Price 7.8%, Richemont 5.6%, and Ascendis Health 4.3%. On a more positive note, Cashbuild and Firstrand rose 3.7% each, Glencore rose 4.2%, Anglo 7.4%, Aspen 9.2% and Afrimat 9.8%. All in all the Maestro Equity Prescient Fund, declined 0.7% during September versus the All Share index gain of 0.2%.

Monthly fund returns

During September the Maestro Cautious Fund's NAV rose 0.6% versus the Fund's benchmark increase of 0.5%. The [Maestro Equity Prescient Fund](#) decreased 0.7% versus the 0.2% increase of the All Share index. The [Prescient Income Provider Fund](#) returned 0.8%

against its benchmark return of 0.6%. The [Prescient Bond QuantPlus Fund](#) rose 0.5% versus its benchmark increase of 0.5%. 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	6.5%
ZAR/USD FWD 20191218	5.3%
Standard Bank CLN SBCLN025	2.7%
RSA 5.50% R197 071223	2.6%
Firstrand Bond 6.250% 230423	2.1%
Standard Bank IDC CLN JB3+210bps	2.1%
Standard Bank Group Ltd 160424	1.7%
Nedbank FRN JB3+97.5 010321	1.6%
PCEIDFF (RF) Proprietary Ltd FRD JB3+175	1.6%
Standard Bank Group SBT102	1.5%
Total	27.8%

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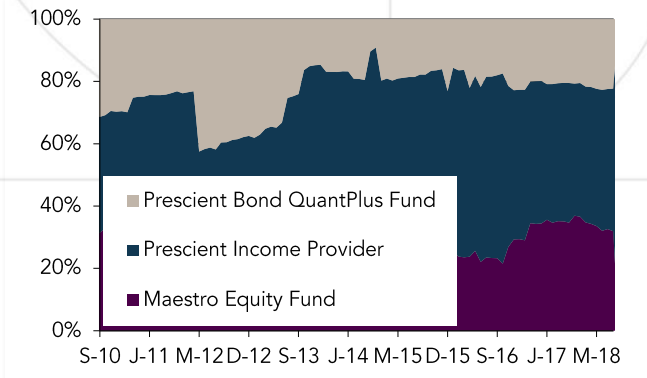
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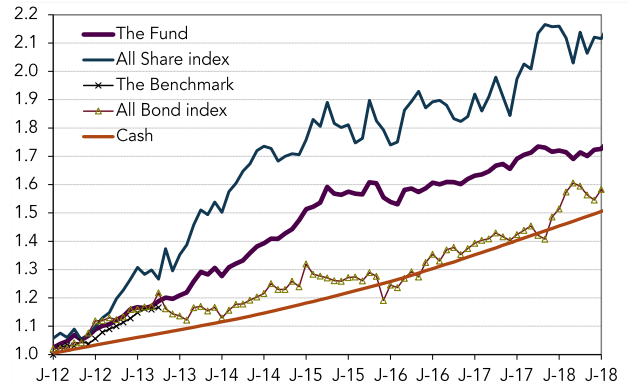
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September 2019

Historic sector allocation



Historic performance



Monthly and annual average return (%)

Investment	1 month	1 year	3 year	5 years	7 years
Maestro Cautious Fund	0.6	6.6	5.3	5.9	7.8
Fund Benchmark	0.5	7.1	6.7	7.1	7.9

Monthly and annual average return (%)

Investment	Year to Date	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Maestro Cautious Fund	4.2	1.8	5.9	4.2	5.4	12.9	12.6	16.1	2.9
Fund Benchmark	6.9	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).

