

MARKET UPDATE

The old adage *“Sell in May and Go Away”* made a comeback with a vengeance in 2019.

Just when it seemed that we’ve entered a rebuilding phase following many months of uneasy geopolitics, trade conflicts and consequential economic woes, the month of May brought with it one of the worst monthly investment markets in a decade!

The extreme levels of volatility experienced in the recent past cannot be better reflected than in the below comparison of monthly returns for three key asset classes:

Asset Class	April 2019	May 2019
SA Equities	+5.3%	-5.1%
SA Inflation-linked Bonds	+4.4%	-2.3%
International Equities	+2.4%	-4.5%

Unfortunately, these types of months also bring out *“greed and fear”* responses from investors. This once again highlights the importance of a well-diversified portfolio, structured to benefit from a longer-term investment horizon.

While the Board is acutely aware of the gradual erosion of longer-term performance caused by an extended period of low returns and remains vigilant to act swiftly if required, our longer-term results remain encouraging as reflected in the table below:

Portfolio	60-month return for the period ending 31 May 2019	
	Portfolio Net Return per annum (%)	I Plus Target per annum (%)
Wealth Builder	11.86	10.54
Inflation Protector	11.74	10.20
Pension Protector	11.28	9.90
Pensioner	10.85	9.40

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Compared to an inflation rate of 5.1% per annum over this period our real returns remain competitive and in line with projections for a lower return environment.

Over the next 12 to 24 months the following issues are likely to dominate investment markets:

- Global trade realignment
- SA policy direction and implementation
- Global economic recession

The way that local and global fiscal and monetary authorities tackle these critical issues will have a direct impact on economic, investment and personal financial outcomes.

Members are reminded to exercise caution when considering investment portfolio switches. The Life Stage Model and the Pensioner Portfolio by nature is designed to ride out the short-term “hiccups” and ensuring long-term sustainable outcomes.

Your Board of Trustees remain committed to Sentinel’s long-term investment strategy to ensure the sustainable preservation of your retirement savings and pensions.