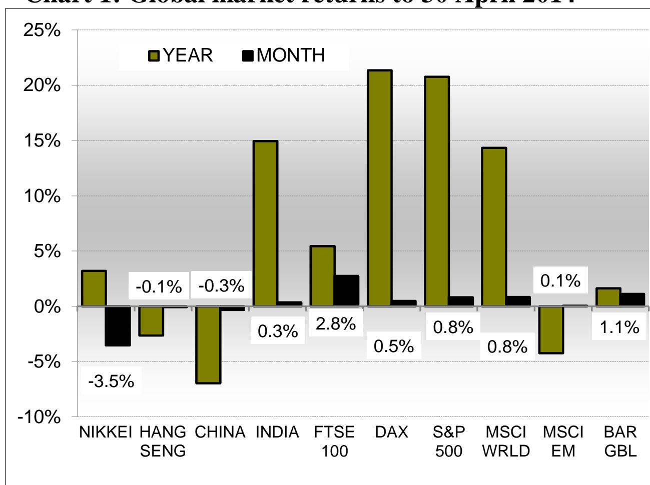
MAESTRO
INTERMEZZO
Investment Letter | 14th Edition | May 2014

April in perspective – global markets

April was a strange month in global equity markets. If you ask anyone what happened to global markets, they are likely to tell you markets rose, which they did, but as you can see from Chart 1, the gains were slight. Only the UK market managed a gain of more than 1.0%, while China declined marginally and Japan fell sharply. After rising 56.7% in 2013, the Japanese equity market is down 12.2% so far this year. Not shown in the chart are the disparate returns from emerging markets; the Indonesian market is up 13.2% so far this year while the Russian market is down 20.1% over the same period. India is up 5.9% but China is down 4.2% and Hong Kong 5.0%. Table 5 at the end of this letter provides more detail on equity market movements so far this year and makes for interesting reading.

Chart 1: Global market returns to 30 April 2014



While many markets are trading at or close to record levels, they are being reached on incremental gains. It is as though equity markets have gone into a holding pattern, waiting for confirmation from underlying economies and company results that the eagerly awaited recovery is indeed alive and well and, more importantly, is gaining momentum. To be honest, the jury is still out on that score. How else would you explain the 1.1% return from the global bond market i.e. bond prices are rising and interest rates are falling – hardly the stuff strong economies are made of. The global bond market, as measured by the Barclays Global Aggregate bond index, has risen 3.6% so far this year – well in excess of the global equity market; the MSCI World index is up only 1.6% over the same period. As if to confirm the lingering doubts about the strength of the US economy in particular, most analysts expect the US dollar to rise against other currencies, but the dollar actually declined 0.6% and 1.3% against the euro and sterling respectively. It also lost ground against some emerging market currencies, too.

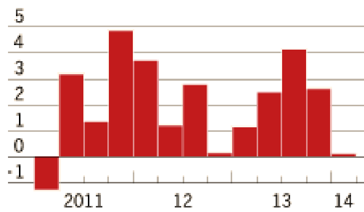
What's on our radar screen?

Here are a couple of items we are keeping a close eye on:

- *The SA economy:* February retail sales declined to an annual rate of 6.5% from January's revised 10.4%. Textiles, clothing, footwear and leather goods did particularly well (15.0%) while household furniture, appliances and equipment continued to fare poorly (-1.6%). The annual rate of headline inflation rose to 6.0% in March, from 5.9% in February, as the weaker rand slowly started to filter through to goods and services. Pressure points proved to be transport and education, which both rose 1.3% on the month, and food, housing, utilities and non-alcoholic beverages. Core inflation also rose strongly, to 5.5% year-on-year. We continue to keep a wary eye on SA's trade balance, which is one of the country's Achilles' heels. While a repeat of February's R0.7bn surplus was never on the cards, the March deficit of R11.4bn was much worse than expected. Interestingly, this data release hardly moved the rand, which declined only 0.1% against the dollar in April. A key component of the March trade deficit was the large import of mineral products (mainly oil) of R7.1bn, although the low level of exports also disappointed, possibly related to the 10-day power outages at Richards Bay Coal Terminal.
- *The US economy:* US economic growth during the first quarter (Q1) was an anaemic 0.1% although the economy was hampered by inclement weather for a lot of that time – refer to Chart 2. Exports (-7.6% annualised) and investment spending (-6.1%) declined sharply, although consumer spending (3.0%) helped steady the ship. Only a surge in healthcare spending kept the growth in positive territory. The slow growth rate didn't stop the US Federal Reserve (Fed) from continuing to scale back its injection of money into the economy. At its late-April meeting it reduced its support for the markets by another $10bn to $45bn a month; remember that its peak support level was $85bn per month. Headline inflation in the US during the year to March rose to 1.5% from 1.1% in February. The core rate i.e. excluding food and energy prices, rose to 1.7%. After a mild increase in employment in March, which saw 203 000 jobs added to the economy, the unemployment picture improved in April, with 288 000 jobs being created in that month. The unemployment rate declined from 6.7% to 6.3%, but if truth be known, the major reason for the decline was, once again, disillusioned workers giving up looking for work i.e. withdrawing from the labour market.

INTERMEZZO
MAESTRO
Investment Letter | 14th Edition | May 2014

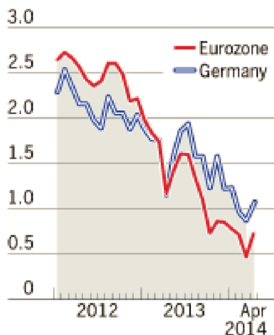
Chart 2: US GDP growth- annualized quarterly change (%)



Source: FT.com

- *Developed market economies*: Weak inflation across the **Eurozone** continues to be of concern. The annual inflation rate in April was only 0.7%, marginally higher than March's 0.5% but far below the European Central Bank (ECB's) target of "close to but below 2.0%". **Germany's** inflation rate was 1.1%, but the trend remains rather worrying, as shown in Chart 3. It is worth pointing out at this juncture just how firm the euro has been; typically lower inflation undermines a currency (low inflation means less chance of interest rates increases, which in turn means less interest can be earned in that currency, leading investors to exit [sell] the currency). Merrill Lynch recently expressed concern about the low level of Eurozone inflation, noting that rising signs of deflation could fuel fears about the public finances of the peripheral countries. The **UK** economy grew stronger than expected during Q1, rising 3.1% year-on-year and 0.8% on an annualized quarterly basis.

Chart 3: EU and German inflation – annual % change



Source: FT.com

- *Emerging market economies:* **Chinese** Q1 annualized economic growth came in at 7.4%, although it grew only 1.4% quarter-on-quarter. Fixed asset investment slowed to 17.6% year-on-year while retail sales grew by 12.2%. China's inflation rate rose to 2.4% in March, up from February's 2.0%. Annual inflation in **India** rose to 8.3% in March, up from 8.0% in February, while industrial production fell 1.9% on an annual basis. Inflation in **Indonesia** fell to 7.3% in March from 7.8% in February. **South Korean** annual inflation stood at 1.3% in March. **Russian** inflation stood at 6.9% in March, up from 6.2% in February. We will keep tabs on this measure to see what the effects of the Ukraine fall-out are, if any. Russian industrial production increased at 1.4% during the year to March. The **Greek** annual inflation rate in March was -1.3%, lower than February's -1.1%, while the official January unemployment rate stood at 26.7%. The International Monetary Fund (IMF) forecast that the Greek economy will grow at a rate of 1.6% in 2014 and 2.9% in 2015. Greece returned to the bond market for the first time in four years, raising (selling) $4.15bn of five-year bonds at a rate of 4.75%. It also has plans to raise a long-term bond soon. If the return of Greece to the bond market doesn't tickle your fancy, consider the wild ride Greek yields have experienced during the past five years. Chart 4 depicts the rollercoaster ride of their 10-year bond yields since 2008.

Chart 4: Greek 10-year government bond yields (%)

Source: Merrill Lynch

A closer look at Maestro's Retirement Annuity offering

Regular readers will know that we are strong advocates of saving for retirement. At every opportunity we preach the message of the importance of saving for your retirement *from as early an age as possible*, irrespective of what amount you begin with. We also preach the value of compounding investment i.e. starting early and letting your capital work for you over time. Although we do not trumpet it enough, it is worth highlighting that Maestro is authorised to manage retirement funds, as well as pre-retirement savings schemes or what we refer to internally as "compulsory savings schemes" such as Preservation funds and Retirement Annuities (RAs). David wrote an article in last month's edition of *Intermezzo* highlighting the merits of saving for retirement, touching on RAs as an effective means to save for retirement.

In this section, I would like to bring to your attention some of the wicked practices surrounding RA's and similar investment "schemes" that purport to provide an effective

means of saving for retirement, but in actual fact rip you off through what, in our opinion at least, are excessive fees and unnecessary charges. We suspect many remain wary of saving because of these appalling habits that regularly make the headlines. They have brought the investment profession, or more accurately the investment advisor profession, into serious disrepute through the years.

Table 1: comparison of RA fees; a no-brainer really!

Type of fees	Life assurer's fee	Maestro's fee
Management fee: (% of market value of the investment) In years 1 to 5 of the policy; In years 6 to 10; Thereafter…	0.250% 0.188% 0.146%	0.0%
Commission recovery: (% of premiums paid): This applies in years 1 to 5 of the policy Thereafter for the remainder of the policy	0.125% 5.75%	0.0%
By way of illustration: The management fee paid in April 2013, expressed as a % of the monthly premium	*14.0% (!)*	*0.0%*
Annual investment management fee: (% of market value of the investment)	Not available; probably between 1.0% and 1.5%	1.70%
Early termination charges: This is calculated on a sliding scale spread over 5 years. Assuming the RA was terminated at the end of June, the early termination fee would be: 3.0% of premiums paid (R27 846) *plus* termination charge of R900.00 *plus* service fee of R280.00	R2 015.38 or 7.5% or current market value of the investment	0.0%
Commission payable to the IFA: R1 943.16 upfront, in addition to R12.50 pm for the next 24 years and then R25.00 pm until the policy terminates. Additional commission is paid on all premium escalations (current escalation rate is 10%)	Assuming policy is transferred to Maestro in June 2014: R2 543.16 has been paid to the IFA (*plus* additional commission on premium escalations, which is indeterminable, but not very much). This equates to at least 9.1% of the premiums paid to end-June.	0.0%

At Maestro we fight as much as possible against this kind of abuse and will go to great lengths to highlight the unnecessary and excessive fees that are virtually routine in RAs and similar products offered in particular by large life insurance companies. In order to illustrate this point, allow me to share a case we are dealing with at present, which I must tell you is very typical of other cases we examine regularly on behalf of existing or potential clients. Table 1 summarises the details of the comparative evaluation we undertook for the potential client.

A summary of this particular example is as follows: this person started providing for his retirement about three years ago, with a regular monthly contribution into an RA – a laudable decision and action. However, when analysing the fees he was being charged by, in this case a large life assurance company in Braamfontein, Johannesburg, it became apparent how much Maestro could save this person by providing the same solution (an RA) and certainly a much better and direct level of service. I should add that when we contacted his not-so-Independent Financial Advisor (IFA), he turned rather hostile and refused to co-operate with us. That is always the "giveaway sign"; when you consider the table alongside, it is not surprising to see why he responded in that way.

The point of this illustration is not to dissuade you or anyone from investing and providing for your retirement. On the contrary, that is the right thing to do. What I am highlighting here is that one needs to be particularly careful when investing in RAs and similar "products", particularly those sold by large life assurance companies, as they are most often characterised by excessive fees. These fees are in our opinion excessive and are often well hidden – even the IFAs don't fully appreciate what they are and what their effects are. Just think of what an extra 2% or 3% (let alone the extra 14% and growing fees being charged in this example) over a period of 30 or 40 years is worth!

If you would like Maestro to do an evaluation of any of your existing retirement products, please feel free to get in touch with us at any stage. You can contact Kandi at kandi@maestroinvestment.co.za and we will arrange for a comparative evaluation to be performed between your existing situation and what Maestro can offer. We will present the results of our evaluation to you without any obligation; that said, as in the above example, the results are mostly so self-evident that you won't need much convincing as to what to do to save yourself a lot of unnecessary and excessive fees.

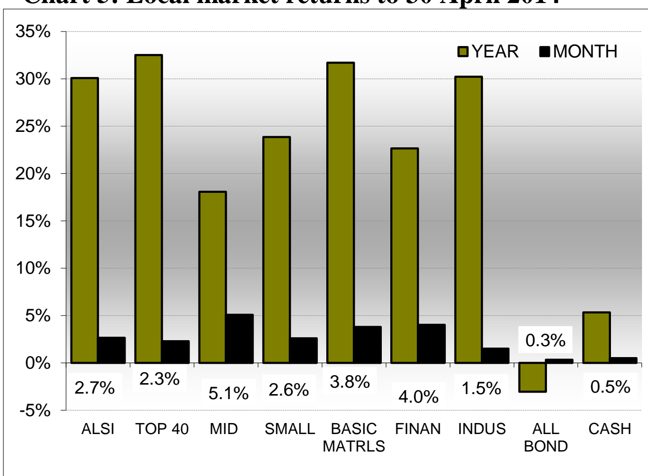
MAESTRO INTERMEZZO

Investment Letter | 14th Edition | May 2014

April in perspective – local investment markets

The SA equity market was a relatively profitable place to be in April, provided you were in the right sectors. The basic material (resource) sector gained 3.8%, bringing its year-to-date rise to 12.7%, and financials rose 4.0% (10.3% year-to-date). Industrial shares continue to lag, rising "only" 1.5%, bringing their year-to-date gain to only 2.3%. Gold shares rose 7.3% (53.1% year-to-date) despite the fact that the rand was steady and the dollar gold price declined 0.3%; the gold price is up only 7.2% so far this year. The retail sector was firm, which helped the mid cap index to a 5.1% gain in April. Small caps rose 2.6% while large caps rose 2.3%. The fact that financial and resource shares were firm yet the large cap index was still the worst performer across the size spectrum i.e. relative to mid and small caps, indicates that some large industrial shares were weak during April. That was indeed the case, with the likes of MTN down 2.2%, Vodacom down 3.5% and Naspers 14.6% (Tencent declined 10.5% on the Hong Kong market during April). During the month the best performing sectors were fixed line telecoms (Telkom), which rose 11.7% and non-life insurance (Santam), up 9.1%. The worst performing sectors were media (Naspers) down 14.5% and technology hardware and equipment (Pinnacle), which declined 9.1%.

Chart 5: Local market returns to 30 April 2014



A few quotes to chew on

US equity bull market – really?

We have commented in the recent past that current global equity market conditions are unique, indeed rather strange. Yes, many equity markets are at record levels, yet there is a hesitancy in markets and a real sense of restlessness. The bulls i.e. those who have a very positive view of the market, will refer to the old adage of "bull markets climbing walls of worry". Others are a little bit more reserved in their evaluation of current market conditions. We probably fall into this camp, although we retain our preference for equities over all other asset classes.

As if to underline this point, we found the following snippet from *Merrill Lynch chief investment strategist Michael Hartnett* very interesting. Referring to the large cash holdings by global portfolio managers and within the corporate world in general, on 10 April he wrote: "While bears are jumping for joy, bull markets don't end with such high cash (levels) and low leverage. They also rarely end with the Tobacco sector being the only US sub-sector at an all-time high". Table 2, below, shows just how far away from their all-time highs most of the sub-sectors in the US equity market are, underlying our point that while the market itself it close to record levels, the detail within the market itself tells a different, less positive, story.

Table 2: US sub-sectors: distance from all-time highs

Sub-sector	Distance
Semiconductors & Semiconductor	-62.6%
Telecommunication Services	-59.1%
Banks	-47.1%
Diversified Financials	-45.1%
Automobiles & Components	-37.9%
Technology Hardware & Equipmen	-37.5%
Real Estate	-30.8%
Insurance	-25.9%
Software & Services	-22.0%
Commercial & Professional Serv	-8.3%
Pharmaceuticals, Biotechnology	-7.3%
Retailing	-6.7%
Utilities	-6.1%
Media	-5.9%
Consumer Durables & Apparel	-5.2%
Consumer Services	-3.8%
Household & Personal Products	-3.7%
Energy	-3.1%
Health Care Equipment & Servic	-2.9%
Capital Goods	-2.5%
Materials	-2.4%
Transportation	-2.2%
Food & Staples Retailing	-1.1%
Food, Beverage & Tobacco	0.0%

Source: Merrill Lynch

How should investors view the concept of risk?

The Oxford dictionary defines *risk* as "a situation involving exposure to danger (noun)" or "expose (someone or something valued) to danger, harm or loss (verb)". If you ask the average individual equity market investor what they would define investing risk to be, you are likely to get an answer along the lines of "the chance that my investments are going to go down in value". With the continual focus on the possibility of losing money in the equity market, I believe many individual investors are missing a fundamental way to view risk.

Any individual who is in possession of money (funds), be it from monthly savings or money from an inheritance, is

MAESTRO

INTERMEZZO

Investment Letter | 14th Edition | May 2014

always making an investment decision with those assets, whether he or she likes it or not. The decision could be a default one, whereby the funds are left in a bank account earning little interest, or an active one, whereby the funds are invested into the equity market. Either way, an investment decision is being made, irrespective of whether it is conscious or subconscious. Whether the appropriate risks of the decision are considered is a completely different story.

Let's look at a simplistic example of two young men, Andrew and Bart who are starting out their career at 25 years of age. They both receive an inheritance of R50 000 from their grandparents and both think that it would be a good idea to invest it so that they can retire financially independent at age 65. For this example I will assume that they do not save for retirement in any other way.

Andrew is very scared about the thought that his money could go down in value if he were to invest in the equity market and would rather "reduce his risk" by investing in long-term fixed deposits and steadily watch his money grow. Over the next 50 years, Andrew manages to get a real return (i.e. a return above inflation) of 2% p.a., which causes his investment to grow to R134 579 (in today's money) when he turns 65. As he reaches retirement, it dawns on him that he will likely need R1 500 000 in order to not depend on his children. He is thus unable to retire financially independent.

Bart on the other hand, was told by a wise friend that he should view the concept of risk as the chance that he would fail to meet his investment goals, which in his case is not being able to retire financially independent. He works out that in order to not be a burden on his future offspring, he will need the R50 000 to grow to about R1 500 000 (in today's money) by the time he retires. His wise friend points out to him that he will need to generate just over 7% p.a. more than inflation to achieve this goal. Viewing risk as the chance that he will not achieve his investment goal, an investment in a long-term fixed deposit with a real return of 2% p.a. is the riskiest thing that he can invest in, as he is guaranteed to fall short of this goal. He decides to invest his money in the equity market and achieves an 8% p.a. real return for the next 50 years, which causes his money to grow to R2 345 081 (in today's money) when he turns 65.

This simplistic exercise illustrates a point that so many investors seem to miss when thinking about their investments, namely *risk should primarily be viewed as the chance that you are going to fail to meet your investment goals*. When risk is seen in this light, appropriate investment decisions that focus on an investor's big picture investment goals, rather than short-term market volatility, can be made.

For the record

Table 3 below lists the latest returns of the mutual and retirement funds under Maestro's care. You can find more detail on our website at www.maestroinvestment.co.za. Returns include income and are presented *after* fees have been charged. Fund Summaries for each respective fund listed in the table are available on our website.

Table 3: The returns of funds under Maestro's care

	Period ended	Month	Year to date	Year
Maestro Equity Prescient Fund	**Apr**	**0.9%**	**1.1%**	**25.9%**
JSE All Share Index	*Apr*	*2.7%*	*7.0%*	*30.1%*
Retirement Funds				
Maestro Growth Fund	**Apr**	**1.1%**	**1.2%**	**19.1%**
Fund Benchmark	*Apr*	*1.8%*	*4.9%*	*20.1%*
Maestro Balanced Fund	**Apr**	**1.0%**	**1.1%**	**16.8%**
Fund Benchmark	*Apr*	*1.6%*	*4.4%*	*17.6%*
Maestro Cautious Fund	**Apr**	**0.8%**	**2.0%**	**12.1%**
Fund Benchmark	*Apr*	*1.1%*	*3.2%*	*9.8%*
Central Park Global Balanced Fund ($)	**Mar**	**0.3%**	**-1.0%**	**0.0%**
*Benchmark**	*Mar*	*-0.2%*	*1.0%*	*8.3%*
*Sector average ***	*Mar*	*-0.2%*	*0.6%*	*5.6%*

* 40% MSCI World Index, 20% each in Barclays US Aggregate Bond Index, Credit Suisse Tremont Hedge Index and 3-month US Treasury Bills
** Lipper Global Mixed Asset Balanced sector ($)

As is our habit, we list below the returns Maestro generated for our clients on the equity component of their portfolios for the periods to end-March 2014. Just to remind you, these returns represent the actual average returns across all the discretionary equity portfolios under our management. There is very little dispersion around this average, which renders the returns a reliable indicator of our clients' experience. Chart 6 depicts the same return data, just in graphic format.

Table 4: Maestro annual returns to 31 March 2014 (%)

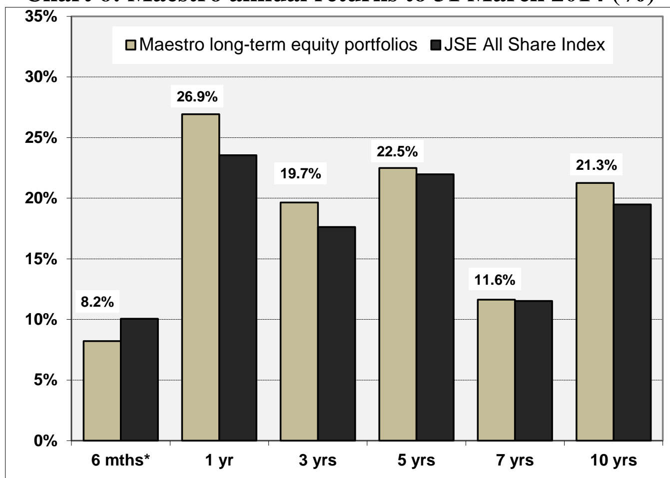
SA equity returns	6m *	1 yr	3 yrs	5 yrs	7 yrs	10 yrs
Maestro long-term equity portfolios	*8.2*	*26.9*	*19.7*	*22.5*	*11.6*	*21.3*
JSE All Share Index	10.1	23.6	17.6	22.0	11.5	19.5

* 6-month returns are un-annualized

The returns on the equity portfolios under our management have experienced a disappointing quarter. When one considers that the basic material sector rose 8.6% in the first quarter of 2014 while the industrial sector rose only 0.8%, you begin to appreciate why our returns lagged. As we have stated previously, our equity portfolios have a strong bias in favour of industrial shares. We shy away from the excessive volatility and risk inherent in the mining sectors. Almost all

of the equity portfolios under our care are tax-constrained i.e. there are CGT consequences on any activity on the portfolios, so we do not have the "luxury" of rapid switches between the sectors, assuming for a moment that we would even get our timing right (and that is a very tenuous assumption). While we are disappointed by the past quarter's returns we are sufficiently confident that the longer-term outperformance by industrial shares will eventually re-emerge, so we have not brought about, neither do we plan to bring about wholesale changes to the underlying portfolio.

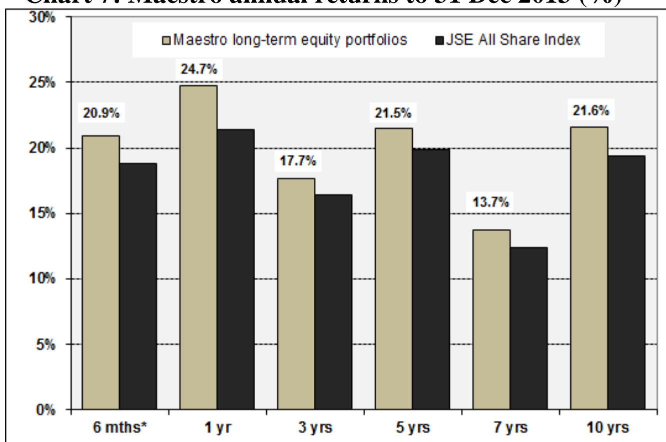
Chart 6: Maestro annual returns to 31 March 2014 (%)



* 6-month returns are un-annualized

I have, for interest sake, depicted our returns to end-December 2013 in Chart 7. You can see for yourself how the six-month returns have declined over the past quarter, even though the annual returns to March have increased. This highlights again how careful one should be in analysing returns over the short-term; where even six months in this case can be regarded as a relatively short-term period.

Chart 7: Maestro annual returns to 31 Dec 2013 (%)



* 6-month returns are un-annualized

File 13. – Things almost worth remembering

A changing world

From Merrill Lynch we had these thought-provoking snippets, which remind us of just how dynamic – and complex - the world in which we live is.

- In the next 10 days, 112 000 people in the US, Europe and Japan will reach the retirement age of 65.
- In each of the last three years, sales of adult diapers in Japan have exceeded sales of baby diapers.
- Meanwhile, 97 out of every 100 births now occur in developing countries.
- Today, 768m people across the globe lack access to clean drinking water and 2.5bn people have no access to proper sanitation.
- And, there are 1.6bn overweight people in the world versus 900m undernourished people.
- 56% of the world economy is currently being supported by official policies of zero interest rates.
- In the last 15 years the value of prime London real estate has quadrupled; and yet today, UK interest rates are the lowest they have been in 300 years.
- In the next 10 seconds the US national debt will have risen by $322 000.
- In 2015 the US federal government will spend $3.77 trillion (an amount larger than Germany's GDP), while 50m people live in poverty in the United States.
- The number of US government regulations increased from 834 949 in 1997 to 1 040 940 by 2012.
- 2 000 years of civilization...and the market cap of Dr. Pepper Snapple today exceeds that of the entire corporate sector of Egypt.
- In the last 10 years, the number of industrial robots is up 72%, while the number of US manufacturing jobs is down 16%.
- In the next nine minutes, you would become a millionaire if you were given a nickel ($0.05) for every Google search.
- Tomorrow there will be over 3.3bn searches on Google.
- And by 2023 the average $1 000 laptop will be able to communicate at the speed of the human brain (and 25 years later, at the rate of the entire human race).

Table 5: MSCI returns to 30 April 2014 (%)

30-Apr-2014	Mkt cap	US$ perf (%)		
Region/Country (# Co)	U$bn	2013	1M	YTD
North America (706)	19,065	27.6	0.6	2.0
Canada (95)	1,360	3.3	2.7	3.7
US (611)	17,705	29.9	0.5	1.8
Europe (434)	9,107	21.7	2.0	3.6
Austria (8)	36.7	10.9	0.5	-2.4
Belgium (11)	164	24.6	1.8	4.2
Denmark (11)	179	23.4	0.3	15.2
Finland (12)	118	41.6	0.4	-0.3
France (72)	1,404	23.3	2.6	5.4
Germany (55)	1,257	28.2	0.4	-0.1
Ireland (4)	43.7	38.9	0.7	13.9
Italy (25)	355	16.9	1.4	16.2
Netherlands (23)	355	28.5	-2.1	-1.2
Norway (10)	114	5.3	3.7	5.6
Portugal (5)	26.0	7.5	1.4	11.2
Spain (22)	484	27.7	2.9	7.7
Sweden (31)	433	21.4	-0.8	0.7
Switzerland (38)	1,235	23.8	0.6	4.6
UK (107)	2,902	16.2	4.2	2.3
Israel (9)	68.1	8.0	-2.1	15.3
Asia Pac (1003)	6,572	9.3	-0.5	-2.8
Japan (320)	2,539	24.9	-2.6	-8.8
Australia (69)	1,060	-0.3	1.9	6.6
New Zealand (5)	18.0	6.2	3.1	18.2
Asia Pac ex-Japan (683)	4,033	0.5	0.9	1.3
Asia ex-Japan (609)	2,955	0.7	0.5	-0.5
China (140)	699	0.4	-2.3	-8.0
Hong Kong (39)	372	8.1	2.4	-1.5
India (69)	251	-5.3	-1.1	6.6
Indonesia (30)	100.8	-25.0	0.2	21.2
Korea (104)	606	3.1	1.7	-1.4
Malaysia (44)	148	4.2	0.9	-0.1
Philippines (19)	37.2	-4.3	4.1	13.6
Singapore (30)	198	-1.8	2.9	1.8
Taiwan (106)	454	6.6	1.2	2.3
Thailand (28)	87.6	-16.9	3.1	9.9
EMEA (139)	663	-8.0	-1.9	-4.0
Czech Republic (3)	10.1	-14.9	0.9	8.6
Egypt (4)	8.6	6.2	7.1	15.2
Greece (10)	24.2	46.2	-9.3	7.1
Hungary (3)	8.8	-9.0	-0.4	-9.1
Poland (22)	66.6	-1.7	-0.7	2.7
Russia (22)	186	-2.6	-6.5	-20.0
South Africa (50)	295	-8.8	-0.7	3.2
Turkey (25)	63.7	-28.1	6.4	11.3
Latin America (143)	743	-15.7	1.9	1.7
Brazil (75)	428	-18.7	2.7	4.7
Chile (21)	60.0	-23.0	1.2	-1.8
Colombia (15)	43.0	-23.7	1.0	5.8
Mexico (29)	194	-2.0	0.2	-4.9
Peru (3)	17.7	-31.0	6.2	10.7
Developed Markets (1612)	32,427	24.1	0.8	1.6
Emerging Markets (822)	3,790	-5.0	0.1	-0.7
World (2434)	36,217	20.3	0.7	1.4

Source: Merrill Lynch

Issued by: Maestro Investment Management (Pty) Ltd, Box 1289, Cape Town, 8000. Maestro Investment Management is an Authorised Financial Services Provider operating under Licence number 739 granted by the Financial Services Board on 12 November 2004. The information and opinions in this document have been recorded and arrived at in good faith and from sources believed to be reliable, but no representation or warranty is made to their accuracy or correctness. Maestro accepts no liability whatsoever for any direct, indirect or consequential loss arising from the use of this document or its contents. Please do not reproduce wholly or in part, distribute or publish this document without the consent of Maestro.