

MAESTRO CAUTIOUS FUND



PRESCIENT
LIFE

December
2016

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 the Prescient 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. Prescient Life Limited is a linked insurer governed by the Long Term Insurance Act. Prescient Life Limited issues investment linked policies. This Fund operates as white label under the Prescient 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 Life.

Fund size

R 2 420 223

NAV

Class A: 1.8985

Long term insurer

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

Auditor

KPMG Inc.

Portfolio manager

Maestro Investment Management (Pty) Limited

Enquiries

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Market Overview

Announcements from two major Central Banks, the European Central Bank (ECB) and the US Federal Reserve (the Fed) were the key events during December, closing off 2016, a year that will be remembered in history for its dramatic and unexpected political events. In the US, the Fed raised interest rates by 0.25%, only the second such move since the Great Financial Crisis of 2007/9. In Europe, the ECB hinted at the future reduction of their quantitative easing program.

Equity prices in developed markets ended a volatile 2016 on a high, with the MSCI World index gaining 2.3%. Emerging markets lagged during the month, with the MSCI Emerging Market index falling -0.1%. Within developed markets Germany's DAX was the outperformer, gaining 7.9% in December while Japan's Nikkei and the UK's FTSE100 rose 5.3% and 4.4% respectively. In the US the S&P500 rose 2.0%. Amongst the emerging markets, Trump's continued pro-Russian rhetoric assisted in Russia's RTS gaining an impressive 11.6%. Turkey's BIST100 gained 5.6% while China's Shanghai Composite index and Hong Kong's Hang Seng index were the laggards, falling 4.5% and 3.5% respectively. Global Bonds were generally weaker with the Barcap Global Aggregate Bond index falling 0.5%.

The dollar was strong, with the "DXY" dollar index rising 1.0% but the rand performed relatively well, gaining 2.6% against the dollar in December. Precious metals prices fell with the price of gold, platinum and silver falling 2.7%, 2.4% and 2.6% respectively. Base metals were also under pressure: aluminium, copper and nickel fell 2.1%, 4.7% and 9.8% respectively. A decision by OPEC to reduce the

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

- Leonard Bernstein

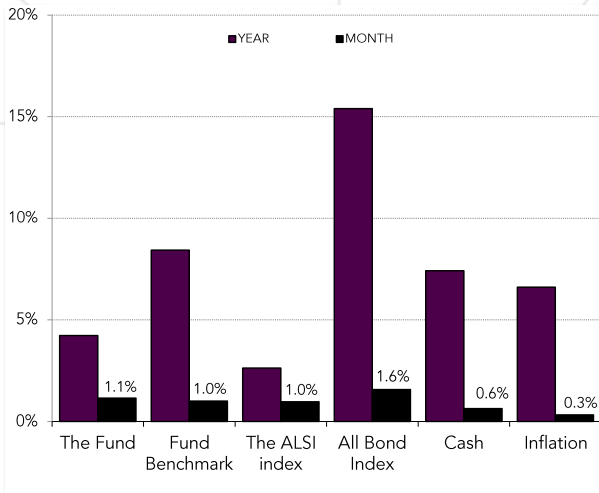


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supply of oil lead to the oil price gaining 10.0%.

Local market returns



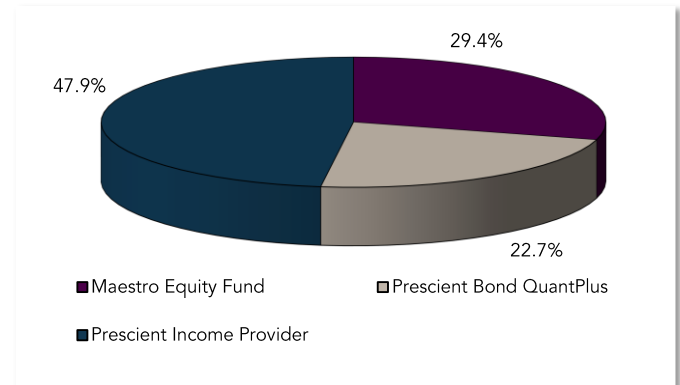
Turning to local markets, the All Share index (Alsi) gained 1.0% which brought its annual return to 2.6%. The Basic Material index declined 3.6% during December but the index's annual gain of 34.3% was nevertheless impressive. The Financial index rose 3.5%, bringing its annual gain to 5.4%. The Industrial index gained 1.8%, but it lagged in 2016, declining by a disappointing 6.6%. The Gold index lost 4.0% during the month, but gained 30.4% over the year. The Top40 (large cap) index rose 0.5% during the month but fell 1.6% over the year. The Mid cap index gained 4.0% and the Small cap index rose 1.6% in December but over the year the annual returns were an outstanding 26.9% and 20.9% respectively. The All Bond index gained 1.6% during the month, which brought its 2016 return to 15.4%.

Monthly fund returns

During December the Maestro Cautious Fund's NAV increased 1.1% versus the Fund's benchmark increase of 1.0%. The [Maestro Equity Prescient Fund](#)

increased by 2.0% versus the 1.0% 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](#) increased by 1.2% versus its benchmark increase of 1.5%. The Maestro Cautious Fund does not invest in the [Central Park Global Balanced Fund](#).

Asset allocation



Largest Holdings

Investment	% of Fund
Prescient Flexible GI	7.4%
Naspers	3.2%
RSA 6.25% R209 310336	2.5%
RSA 8.50% R2037 310137	2.3%
RSA 7.00% R213 280231	2.1%
Steinhoff	1.9%
RSA 8% R2030 31012030	1.6%
R2044 8.75% 31012044	1.6%
Firstrand	1.5%
RSA 6.5% R214 280241	1.2%
Total	25.5%

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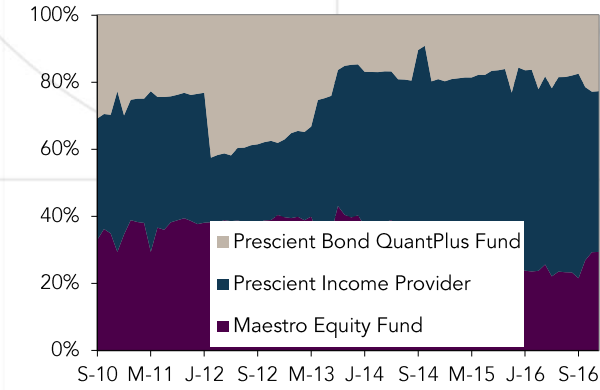
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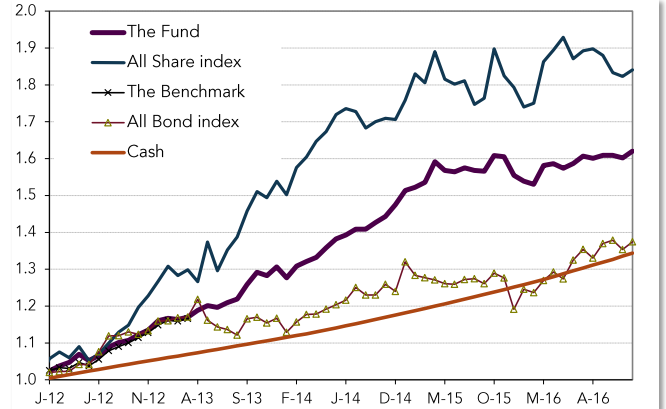
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December 2016

Historic sector allocation



Historic performance



Monthly and annual average return (%)

Investment	1 month	1 year	3 years	5 years
Maestro Cautious Fund	1.1	4.2	7.4	10.2
Maestro Cautious Fund Benchmark	1.0	8.4	6.7	8.7

Monthly and annual average return (%)

Investment	2016	2015	2013	2012	2011	2010
Maestro Cautious Fund	4.2	5.4	12.6	16.1	2.9	12.8
Benchmark	8.4	3.1	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 Prescient Life Limited are members of the Association for Savings and Investments of South Africa (ASISA).