

# MAESTRO CAUTIOUS FUND



PRESCIENT  
LIFE

December  
2014

#### 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), 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 licence 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 a white label under the Prescient Life Licence.

#### Fee structure

There is no initial fee charged. The Maestro Cautious Fund is a Fund of Funds with an annual management fee of 1.0% (excl VAT). This is inclusive of investment consulting, all underlying managers, and administrative functions performed by Prescient Life.

#### Fund size

R 745 510

#### NAV

Class A: 1.7281

#### 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

December saw volatility increase dramatically in global markets, as the continued declines in the oil price, dramatic weakening of the Russian rouble, and fears about the possibility of Greece leaving the Eurozone, all added to investors' negative sentiment. Sentiment changed sharply as investors took the view that the time horizon for the US Federal Reserve raising interest rates would be pushed out. Markets rallied into year end, reversing some of their sharp losses seen earlier in the month.

Looking at the performances of global markets in 2014, we saw another year of outperformance by developed market equities over emerging market equities, as the MSCI World Index rose 2.9% ahead of the MSCI Emerging Market Index, which fell 4.6% over the year. Within developed markets, the US led the gains with the S&P 500 Index rising 14.0% ahead of the Japanese Nikkei, which rose 7.1%, and Europe was the laggard with the German DAX gaining 2.7% and the UK FTSE 100 declining 2.7% for 2014. Within emerging markets, China's Shanghai index led the gains, rising 52.9%, India's BSE rose 29.9%, and Turkey's BIST100 gained 26.4%. The notable underperformers were the Brazilian Bovespa, which declined 2.9% and Russian RTS which fell 45.4%.

Commodities were weak over the year, with big declines seen in the bulk commodity space, as the price of coal fell 25.4% and iron ore declined 45.9%. Base metals had a mixed performance, as nickel and aluminium rose 7.4% and 2.6% respectively, while copper declined 14.7%. Gold declined 0.2%, whereas platinum fell 10.6% and silver 19.3%. Brent

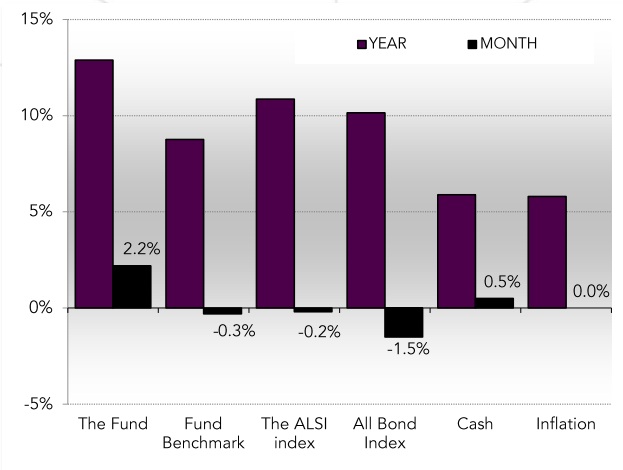
"To achieve great things, two things are needed; a plan, and not quite enough time."

- Leonard Bernstein



crude oil declined a dramatic 47.7% in 2014. its 5th straight month of declines. The index has declined 19.0% so far in 2014.

**Market returns**



Turning attention to the local market, bonds outperformed equities substantially for a third month in a row, with the All Bond index rising 2.6% versus the 0.5% gain on the All Share index. Within the equity space there were, however, again some notable deviations between sectors. The financial and industrial indices rose 3.0% and 2.1% during the month, while the basic materials index ended down 3.2%. The gold index rose by an eye-catching 11.4%. This, however, needs to be seen in the context of a 37.5% decline in the prior two months. The mid and small cap indices ended the month 5.4% and 1.0% higher.

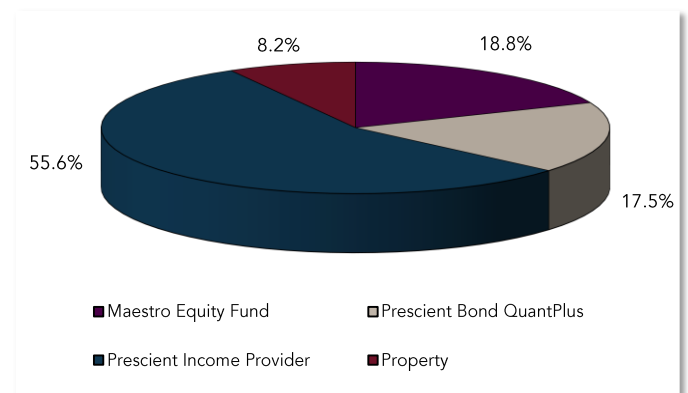
**Monthly fund returns**

During December the Maestro Cautious Fund’s NAV increased 2.2% versus -0.3% return of the Fund benchmark. The [Maestro Equity Fund](#) rose 0.3% versus the 0.2% decline in the All share index. The [Prescient Income Provider Fund](#) returned 1.5%

against its benchmark of 0.5%. The [Prescient Bond QuantPlus Fund](#) declined -1.4% against its benchmark of -1.6 %.

The Maestro Cautious Fund does not invest into the [Central Park Global Balanced Fund](#).

**Asset allocation**



**Largest Holdings**

Investment	% of Fund
Prescient Flexible GI	10.5%
Pivotal Property Fund	8.2%
ABSA AB011 FRN Tier2 Bond	3.3%
RSA 10.50% R186 211226	2.1%
Nedbank FRN Non-demat 260	2.0%
Absa FRN 220615 Jb3+97.5	1.8%
Nedbank FRN Non-demat 190	1.7%
Std bank FRN 2 Tier Bond SBK15 230	1.5%
Prescient Income Saver Fund B3	1.5%
Rockcastle Global Real Estate	1.5%
<b>Total</b>	<b>34.1%</b>

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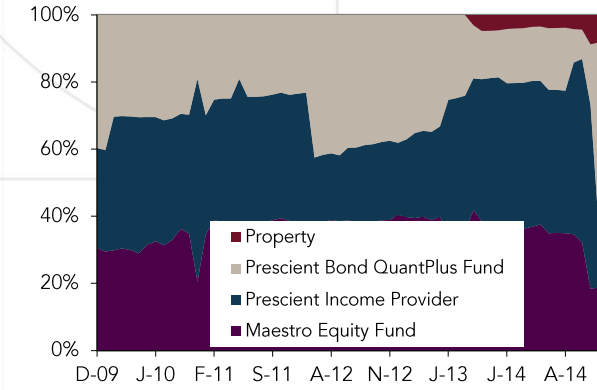
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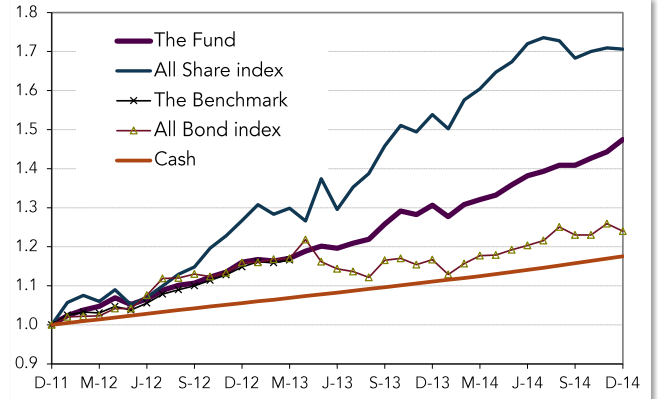
PRESCIENT LIFE

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## Historic sector allocation



## Historic performance



## Monthly and annual average returns (%)

Investment	1 month	1 year	3 years
Maestro Cautious Fund	2.2	12.9	13.9
Maestro Cautious Fund Benchmark	-0.3	8.8	10.7

## Calendar year performance (%)

Investment	2014	2013	2012	2011	2010
Maestro Cautious Fund	12.9	12.6	16.1	2.9	12.8
Maestro Cautious Fund Benchmark	8.8	8.7	14.8	5.8	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).

