

# MAESTRO CAUTIOUS FUND



PRESCIENT  
LIFE

May  
2015

#### 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 819 711

#### NAV

Class A: 1.8374

#### 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

Global equity markets were mixed during May with developed markets generally outperforming emerging markets in US dollar terms. The major action was seen in the sovereign bond markets where European government bond yields rose dramatically off their recent record lows, however volatility was expected since the base has been so low (the German ten year bond yields rose to an intra-month high of 0.78% after being 0.07% only a few weeks earlier).

The MSCI World index rose 0.1% outperforming the MSCI Emerging market index which declined 4.2%. Brazil ended down 6.2%, Russia 5.9% and Turkey 3.5% but Indonesia rose 2.6%, India 3.0% and China 3.8%. The latter market has risen 126.2% in the past year. The Japanese market was supported by the weak yen and ended up 5.3%. The German market lost 0.4% while the US equity market rose 1.2%.

The DXY dollar index, which represents a basket of currencies against which the dollar is measured, rose 2.2%. As was to be expected, the firm dollar also took its toll on commodity prices; copper declined 4.9%, the oil price fell 2.0% and the CRB Commodity index ended the month 2.8% lower. On the other hand iron ore continued its recovery; it rose 10.8%.

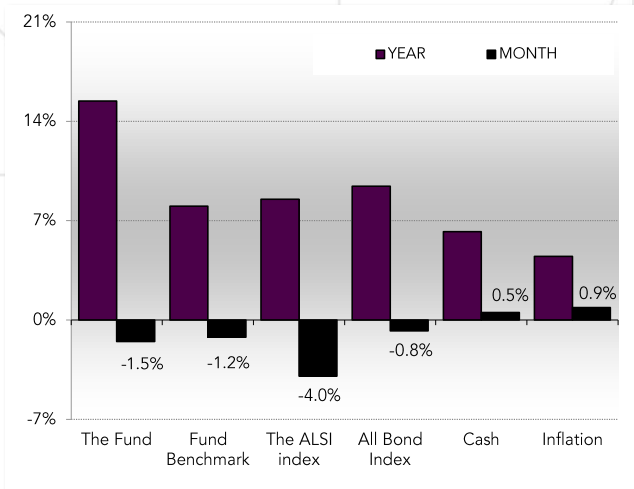
The Barclays Capital Aggregate Global Bond index lost 1.8%. Quantitative easing (QE), mixed economic data, uncertainty about the next US interest rate movement and the dollar are but some of the forces causing havoc on bond markets at present.

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

- Leonard Bernstein



**Local market returns**



Turning to the South African markets, the equity market also fell victim to a strong dollar and general nervousness about emerging markets. The All Share index (Alsi) fell 4.0%, led by the Financial sector, which ended down 5.8%. The Industrial and Basic material indices ended 3.9% and 4.6% respectively. In terms of returns across the size spectrum, mid-caps endured the most pain in May, declining 4.7%, followed by large caps down 4.0% while small caps proved resilient, ending down only 0.7%. The Gold index declined 17.9%. All Bond index ended the month down 0.8%.

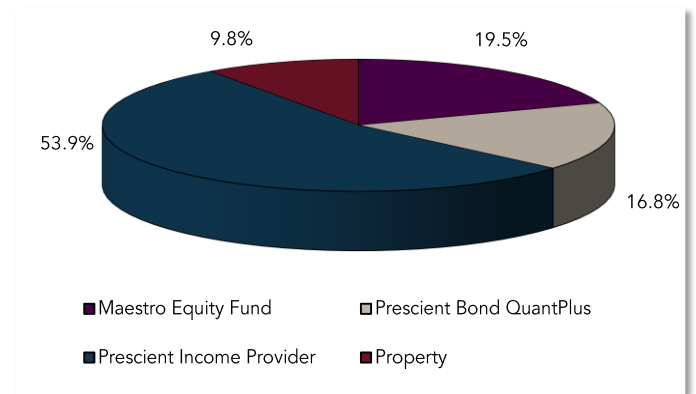
**Monthly fund returns**

During May the Maestro Cautious Fund's NAV decreased 1.5% versus the decrease of the Fund's benchmark of 1.2%. The [Maestro Equity Fund](#) declined 3.6% versus the 4.0% decline in the All share index. The [Prescient Income Provider Fund](#) returned 0.4% against its benchmark of 0.5%. The [Prescient Bond QuantPlus Fund](#) declined 0.6 versus its

benchmark that declined -0.8%.

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

**Asset allocation**



**Largest Holdings**

Investment	% of Fund
Pivotal	9.8%
Prescient Flexible G I	9.5%
ABSA AB011 FRN Tier2 Bond 211	2.9%
Steinhoff	1.8%
Nedbank FRN Non-demat 260	1.8%
Nedbank FRN Non-demat 190	1.5%
Firststrand FRN 160418 Jb3+112.5	1.5%
Naspers	1.4%
Std Bank FRN 2 Tier Bond SBK21 280	1.4%
iNguza FSR Renewable Energy INGR06	1.4%
<b>Total</b>	<b>33.0%</b>

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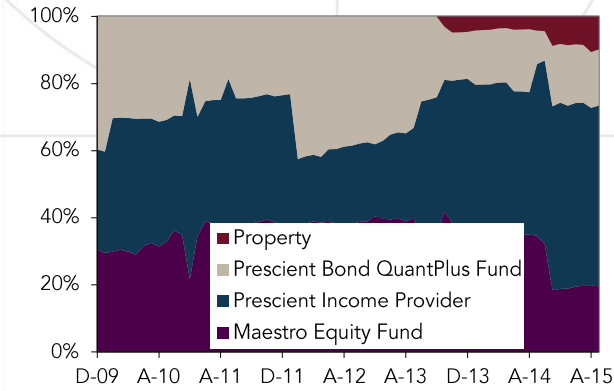
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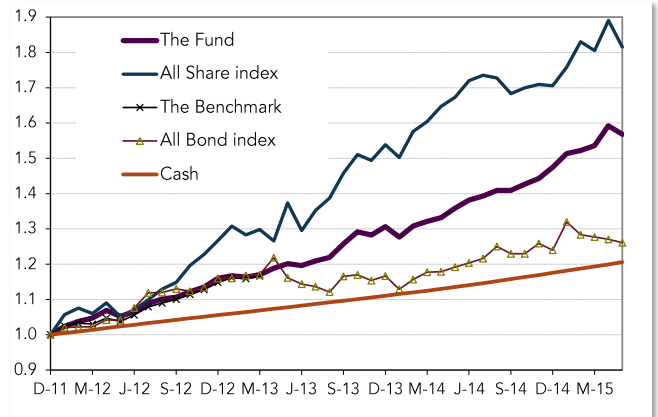
PRESCIENT LIFE

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## Historic sector allocation



## Historic performance



## Monthly and annual average returns (%)

Investment	1 month	1 year	3 years	5 years
Maestro Cautious Fund	-1.5	15.4	14.2	12.3
Maestro Cautious Fund Benchmark	-1.2	8.0	10.7	10.4

## Calendar year performance (%)

Investment	Year to Date	2014	2013	2012	2011	2010
Maestro Cautious Fund	6.3	12.9	12.6	16.1	2.9	12.8
Maestro Cautious Fund Benchmark	3.6	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 Prescient Life Limited are members of the Association for Savings and Investments of South Africa (ASISA).

