

MAESTRO CAUTIOUS FUND



PRESCIENT
LIFE

October
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 2 365 347

NAV

Class A: 1.8853

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

October was all about the politics. Not only in South Africa, but right the way through Europe and, of course, in the United States. Politics spanning both fiscal and monetary departments continue to influence the short-term direction of markets.

The MSCI Emerging Market index rose 0.2%, ahead of the MSCI World index, which declined 2.0%. In Europe, Germany's Dax rose 1.5%, while the UK's FTSE100 gained 0.8%. Both of these indices were supported by weaker underlying currencies. The euro and pound lost 2.4% and 6.0% respectively against the dollar. The strong dollar weighed on US equity markets, with the S&P500 declining 1.8% and the Dow Jones retreating 0.7%.

The Small and Mid-cap indices were hardest hit, declining 4.5% and 2.8%, respectively. Asia rebounded after a relatively poor September: Japan's Nikkei rose 5.9% while China's Shanghai and India's Sensex rose 3.2% and 0.2% respectively.

The Brazilian Bovespa index continued its charge north, returning 11.2%, followed by far more modest performances from Turkey's BIST100 and Russia's RTS indices, which gained 2.7% and 0.6%, respectively.

The strong dollar put commodity prices under pressure. Palladium fell 15.2%, silver 8.2%, platinum 5.6% and gold 3.8%. Base metals such as, coal and iron ore, bucked the trend, rising 20.1% and 15.6% respectively. Global bonds weakened this month with the Barclays Global Aggregate index dropping 2.8%.

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

- Leonard Bernstein

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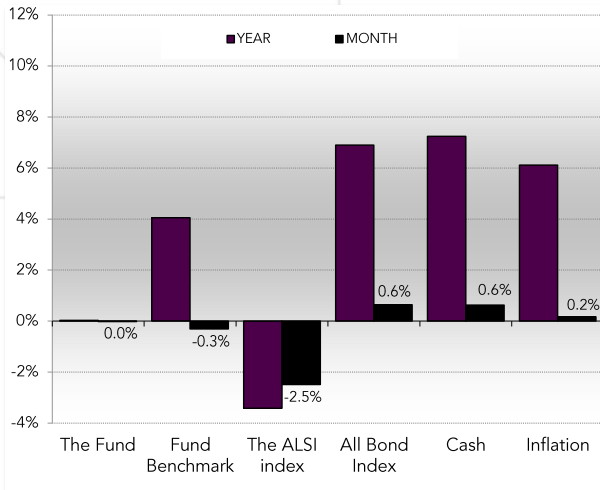
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Local market returns



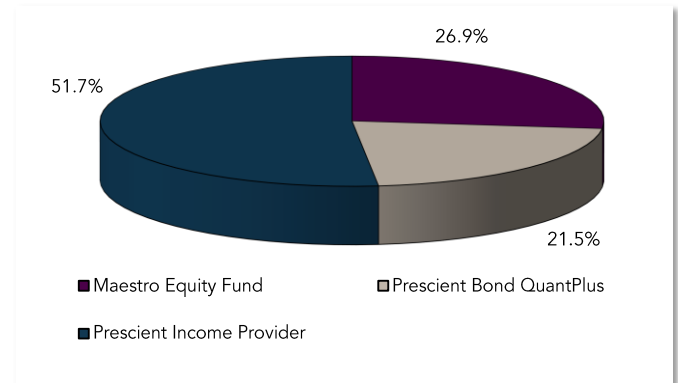
Turning to the South African equity market, the strong rand once again proved to be a headwind for the All Share index, which fell 2.5% in October. Our local market is dominated by rand-hedge stocks, and therefore comes under pressure when the local currency appreciates strongly. The Financial index, a beneficiary of a strong rand, surprisingly declined 0.8% in October. The Small and Mid-cap indices declined 1.5% and 0.8%, respectively. Basic Materials unsurprisingly lost 3.4%, while the Gold mining index slumped 19.2% (but is still up 65.7% year-to-date). The All bond index, which has been strong over the past few months, rose 0.6%.

Monthly fund returns

During October the Maestro Cautious Fund's NAV was flat versus the Fund's benchmark decrease of 0.3. The [Maestro Equity Prescient Fund](#) decreased by 2.0% versus the 2.5% decrease of the All Share index. The [Prescient Income Provider Fund](#) returned 0.5% against its benchmark return of 0.6%. The [Prescient Bond QuantPlus Fund](#) increased by 0.7% versus its benchmark increase of 0.6%. The Maestro Cautious

Fund does not invest in the [Central Park Global Balanced Fund](#).

Asset allocation



Largest Holdings

| Investment | % of Fund |
|-------------------------------|--------------|
| Prescient Flexible GI | 7.0% |
| Naspers | 3.0% |
| RSA 6.25% R209 310336 | 2.2% |
| RSA 7.00% R213 280231 | 2.1% |
| RSA 8% R2030 31012030 | 1.8% |
| Prescient Flexible GI Class C | 1.7% |
| Steinhoff | 1.6% |
| RSA 6.5% R214 280241 | 1.5% |
| R2044 8.75% 31012044 | 1.5% |
| Firstrand FRB16 FRN 080720 | 1.3% |
| Total | 23.7% |

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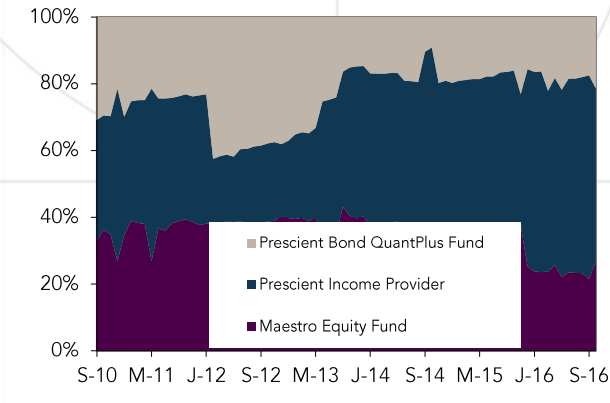
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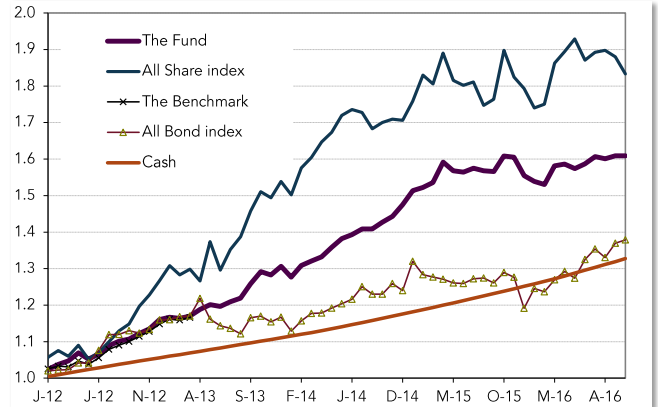
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Historic sector allocation



Historic performance



Monthly and annual average return (%)

| Investment | 1 month | 1 year | 3 years | 5 years |
|---------------------------------|---------|--------|---------|---------|
| Maestro Cautious Fund | 0.0 | 0.0 | 7.6 | 10.0 |
| Maestro Cautious Fund Benchmark | -0.3 | 4.1 | 6.8 | 8.7 |

Monthly and annual average return (%)

| Investment | Year to Date | 2015 | 2013 | 2012 | 2011 | 2010 |
|-----------------------|--------------|------|------|------|------|------|
| Maestro Cautious Fund | 3.5 | 5.4 | 12.6 | 16.1 | 2.9 | 12.8 |
| Benchmark | 7.9 | 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).

