MAESTRO
Equity Fund

PRESCIENT
MANAGEMENT COMPANY

INVESTMENT OBJECTIVE
The Fund's objective is to produce above average long-term returns by investing in the South African equity market. It will simultaneously aim to assume less risk than the risk inherent in the market itself. The Fund adopts a conservative investment philosophy.

FUND BENCHMARK (BMK)
The Fund will measure itself against the FTSE-JSE All Share Index. It will also use an internal benchmark, the Maestro Equity Benchmark, which consists of an equal weighting of the FTSE-JSE Top40 and Findi30 indices which effectively yields an index that is roughly equally weighted between the resource, financial and industrial sectors.

LEGAL STRUCTURE
The Fund is a scheme in the nature of a trust known as a collective investment scheme. The portfolio manager is Maestro Investment Management, an approved Financial Services Provider in terms of the Financial Services and Intermediary Act, operating under licence number 739, and the Financial Institutions (Protection of Fund) Act. This Fund operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act.

FEE STRUCTURE
The maximum initial fee is 2.0% and the annual investment management fee is 1.75%. The *annual* total expense ratio (TER) for the past year in respect of class A was 2.46%.

FUND SIZE: R17,733,716

MANAGEMENT COMPANY
Prescient Management Company Ltd
Box 31142, Tokai, 7945

TRUSTEE AND AUDITOR
Trustee: Nedbank Limited
Auditor: KPMG Inc.

PORTFOLIO MANAGER
Maestro Investment Management (Pty) Ltd

ENQUIRIES
Maestro Investment Management
Box 1289
CAPE TOWN
8000

Fax: 021 674 3209
Email: equityfund@maestroinvestment.co.za

The Maestro Equity Fund

Quarterly report for the period ended

30 June 2009

1. Introduction

In this Report we comment on the Fund-specific details and analyze the investment returns over time. We will shortly publish a separate document, "Market Commentary – June 2009," which will focus on the environment that prevailed in recent past and in which we will share thoughts of what we believe might happen in the coming months. While this Report focuses on the investment activities of the Maestro Equity Fund during the past quarter it should be read in conjunction with recent editions of *Intermezzo*, wherein we documented some of the salient events during recent months.

2. The investment position of the Fund

The Fund's sector allocation is shown in Chart 1. Exposure to the resource sector totalled 21.2% of the Fund, down from 22.7% in March. Financial exposure declined 1.5% to 8.7% while industrial exposure declined 0.4%% to 56.5%. Cash represented 13.6% of the Fund, up from 10.2% at the end of March.

Chart 1: Asset allocation at 30 June 2009

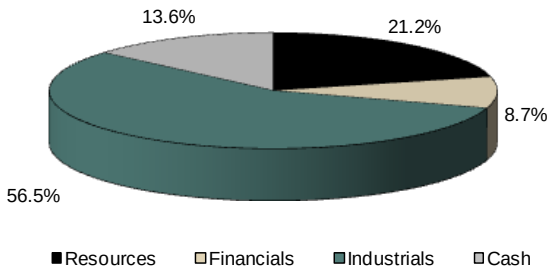
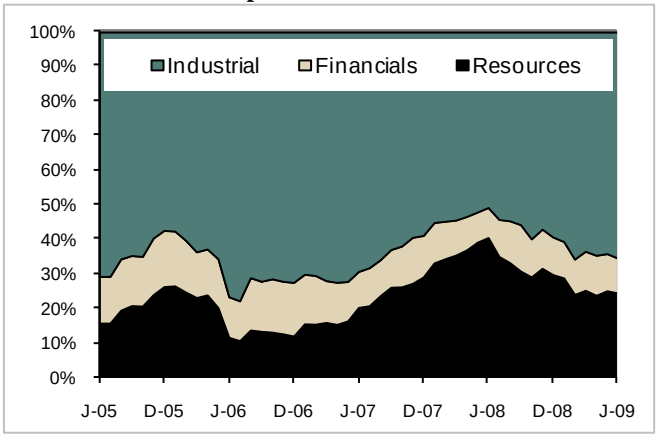


Chart 2 depicts the historical allocation to the three major sectors of the equity market, expressed as a percentage of the equity portion of the Fund.

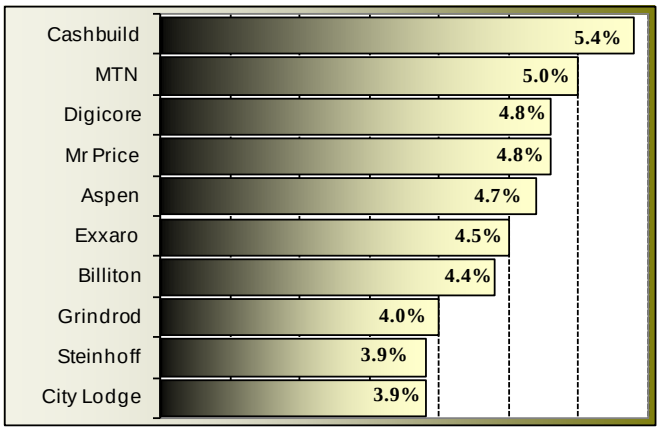
Chart 2: Sector exposure at 30 June 2009



3. The largest equity holdings

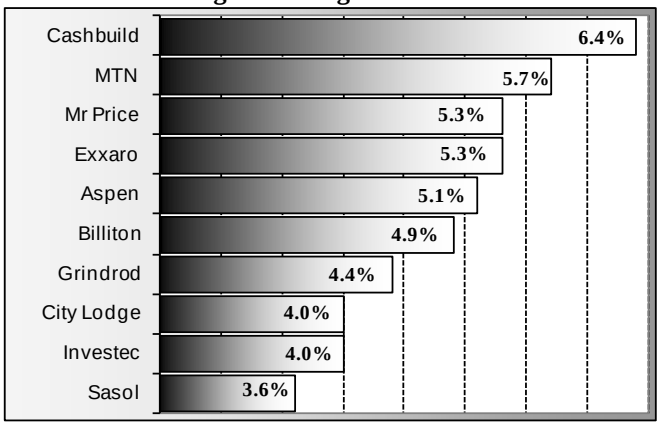
The largest holdings at 30 June are listed in Chart 3, expressed as a percentage of the equity portfolio.

Chart 3: The largest holdings at 30 June 2009



The largest holdings at the end of March are listed in Chart 4. During the quarter Digicore and Steinhoff displaced Investec and Sasol in the largest holdings. At the end of June there were 29 counters in the Fund, versus 28 in March, the ten largest of which constituted 45.4% of the Fund, up from 48.7% in March.

Chart 4: The largest holdings at 31 March 2009



4. Recent activity on the Fund

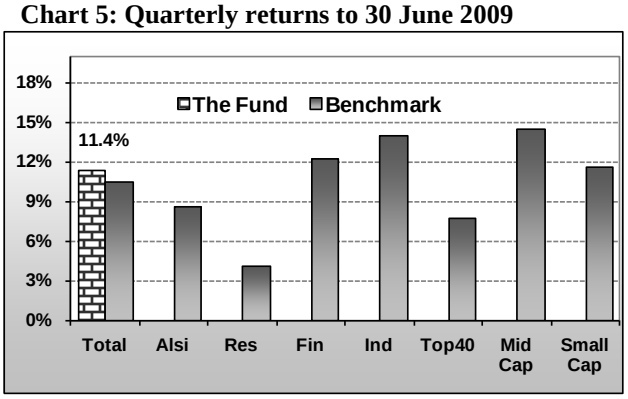
The investment objective on this Fund is to *achieve long-term growth through the assumption of moderate risk.* We would emphasise the "long-term" aspect of this objective; we are confident that the companies in which the Fund is invested will deliver long-term capital growth together with a steady increase in dividends over time. However some of the companies in which the Fund is invested are not typical large-cap companies and may take longer, particularly in the prevailing market conditions, to generate the above-average returns we expect of them over the long-term.

During the quarter the holdings in Billiton, Cashbuild, City Lodge, Digicore, Implats, Metmar, Merafe, Sanyati and Steinhoff holdings were increased. A new counter, Altech was introduced into the Fund.

5. The performance of the Fund

Turning to the performance of the Fund Chart 5 depicts the returns for the quarter as well as those of the major indices.

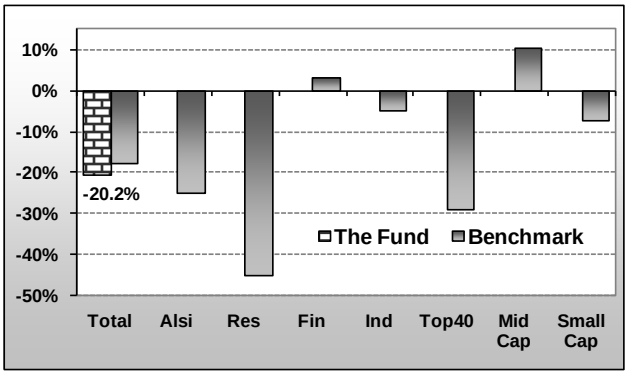
Chart 5: Quarterly returns to 30 June 2009



The Fund's equity return of 11.4% compares favourably with that of the Maestro equity benchmark and All share index returns of 10.6% and 8.6% respectively. The return displays the defensive character of Maestro's investment style, which is also evident from the longer-term returns of the Fund. As is clear from Chart 5, which depicts the quarterly returns of the resource, financial and industrial indices, the underweight exposure to the resource sector contributed to the Fund's outperformance during the period. The quarterly returns of the mid and small indices were 14.5% and 11.6% respectively; the Fund's bias in favour of these sectors contributed to its return.

The returns of the Fund's largest holdings during the quarter were Cashbuild -5.9% (down 30.8%), MTN 12.7% (-3.2%), Digicore 15.9% (-28.4%), Mr Price 15.8% (-2.0%) and Aspen 20.1% (35.7%).

Chart 6: Annual return to 30 June 2009

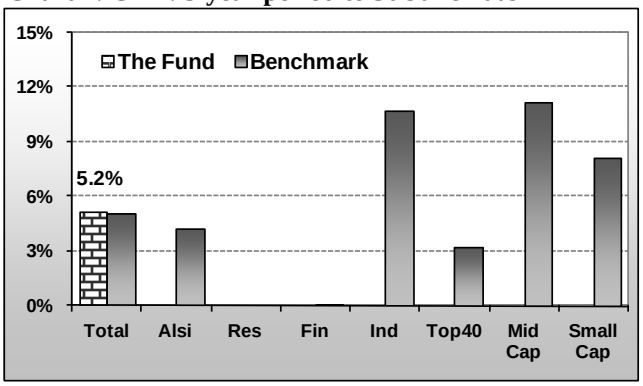


That brings us to the annual returns for the year to end-June, shown in Chart 6. ***The annual return of the total Fund to June was -20.2%*** compared to the Maestro equity benchmark return of -17.5% and the All Share Index -24.9%. The materials (resource) index *declined* 44.9% and industrials 4.7% although financials actually rose 3.4%. The mid cap index rose 10.6% while the *the* small cap index declined 7.0%.

The main detractors from the Fund's returns during the year were Arcelor Mittal *down* 57.2%, Dawn 48.0%, Exxaro 47.6% and Digicore 46.2%. Despite the market decline of 24.9% some of the Fund's investments performed remarkably well, including Mr Price which rose 87.2% over the period, Aspen 72.2% and Cashbuild 32.7%, all of which are in the Fund's ten largest holdings. All of these gains *exclude* the dividends received from these companies during the period, so in actual fact their total returns were even greater.

The compound annual return (CAR) of the Fund over the three-year period to June 2009, shown in Chart 7 ***was 5.2% per annum***; it can be compared to the returns over the same period of the Maestro equity benchmark of 5.1% and the All Share Index's 4.2%. Unlike markets offshore, the SA equity market's returns over the three-year period are still positive. The CARs for the large (Top40), mid and small cap indices to June are 3.3%, 11.2% and 8.2% respectively. You would be aware that, for a number of years, Maestro has employed a strategy in the Fund which has favoured mid and small caps. If the latter returns are anything to go by this strategy has been correct. It has provided a lot of the outperformance the Fund achieved relative to the All share index; most importantly, the excess returns were achieved *without the assumption of unnecessary risk*. We would argue the Fund was actually exposed to *less risk than the market* in general, which makes the excess returns even more welcome and significant.

Chart 7: CAR: 3-year period to 30 June 2009



6. Closing remarks

I refer you again to the forthcoming document "Market Commentary – June 2009" for detail of our views on the global investment environment. I'm sure you will appreciate that the prevailing nervousness in the market means that any forecast or view, including Maestro's, needs to be treated with caution. But as we said last quarter, the longer-term returns reflected in this Report provide sufficient evidence of the merits of long-term investment, despite temporary periods of equity market weakness.

We will continue to be conservative in our management of the Fund and will seek out and retain investments we believe offer value and which will lead to respectable long-term returns in the years to come.

Please feel free at any stage to contact either myself or any other member of the Maestro team about your investment in the Maestro Equity Fund. We remain at your disposal at all times and look forward to being of further service to you throughout the remainder of the year.

Andre Joubert
10 July 2009