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 2.23%.

FUND SIZE: R55 359 302

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

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Email: equityfund@maestroinvestment.co.za

The Maestro Equity Fund

Quarterly report for the period ended

30 June 2010

1. Introduction

In this Report we comment on the Fund-specific details and analyze the investment returns over time. Appendix A provides a summary of the market activity during the June quarter. I refer you to the *Market Commentary* document published in February. It has a relatively long shelf-life i.e. the views expressed in it are still valid and I encourage you to read this Report in conjunction with that document. It contains the background to the investment environment against which the returns are measured. This Report focuses on the investment activities of the Maestro Equity Fund during the past quarter but 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 29.0% of the Fund, up from 23.2% in March. Financial exposure declined 0.9% to 12.9% and industrial exposure declined 8.8% to 43.5%. Cash represented 7.2% of the Fund, down from 10.7% at the end of March and preference share exposure of 7.5% was added to the Fund during the quarter.

Chart 1: Asset allocation at 30 June 2010

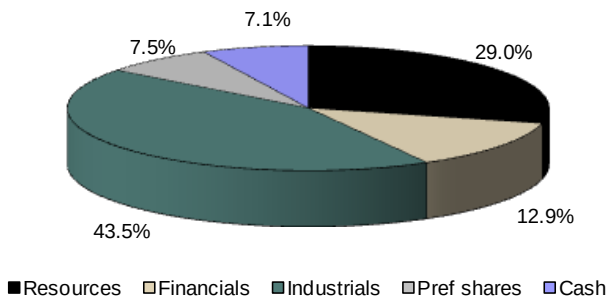
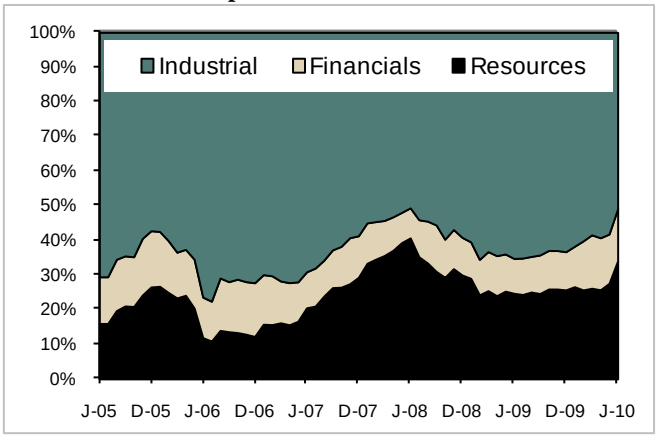


Chart 2 depicts the historical allocation to the three major sectors of the equity market, expressed as a percentage of the equity portion of the Fund.

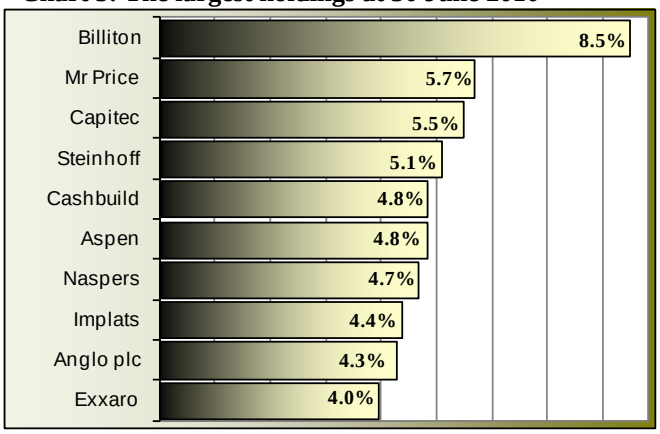
Chart 2: Sector exposure at 30 June 2010



3. The largest equity holdings

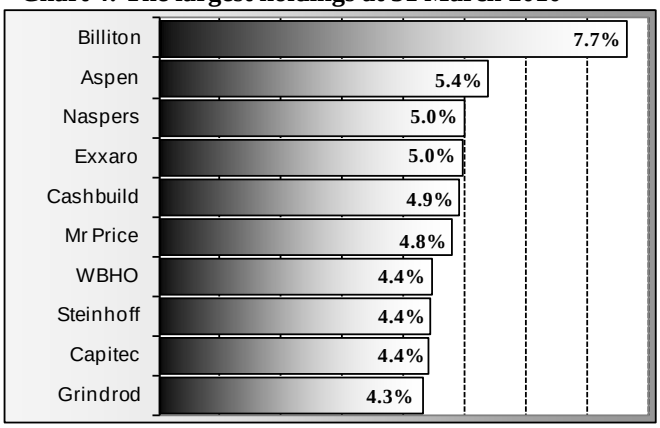
The largest holdings at 30 June are listed in Chart 3, expressed as a percentage of the equity portfolio.

Chart 3: The largest holdings at 30 June 2010



The largest holdings at the end of March are listed in Chart 4. During the quarter Implats and Anglo displaced Wilson Bayly and Grindrod in the largest holdings. At the end of June there were 28 counters in the Fund, versus 29 in March, the ten largest of which constituted 51.6% of the Fund, up from 50.2% in March.

Chart 4: The largest holdings at 31 March 2010



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.

In seeking the best value in the equity market the composition of the Fund's portfolio may differ significantly from that of the All share index. This can lead to periods of short-term underperformance, such as that which the Fund experienced during 2009. However, we remain confident that our approach will eventually lead to longer-term outperformance. This has been our experience since Maestro's inception and we see no reason to believe it will not continue into the future.

During the quarter holdings in Anglo and Merafe Resources were added to the Fund. The Fund also experienced substantial inflows during the quarter; the capital was committed across most of the other existing holdings. There were notable increases in the holdings of Billiton, Capitec, Investec Kumba Iron Ore and Standard Bank during the quarter. The entire holdings in Firstrand and Group 5 were sold out of the Fund.

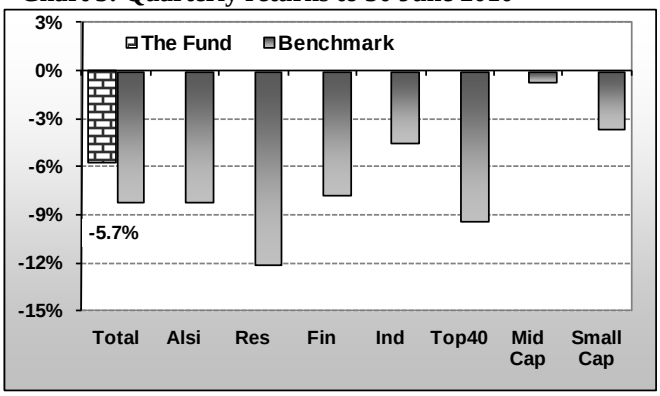
5. The performance of the Fund

Before turning to the Fund's specific returns during the past few months and years, it is important to understand the base off which these returns are being measured. The "base effect" on the returns is described in more detail in Appendix A. For now though, remember that the market rose dramatically from March 2009 and peaked in April 2010. The returns to March 2010 were thus spectacular (the All share index rose 44.1% in the year to March 2010) but because the base off which the returns to June 2010 are now being measured i.e. the period covered by this Quarterly Report, the returns are more modest in absolute terms (the All share index rose "only" 21.8% in the year to June). Moreover, because of the 2007-2009 Global Credit Crisis, the three-year returns to end-June look benign (the All share index rose 0.3% per annum over this period) but of course it hides one of the most dramatic and volatile periods in living memory. Similarly, the year-to-date market returns i.e. the 6-month returns to June, are poor (the All share index fell 4.1% over this period) because the base (December 2009) off which they are measured was very high. Please refer to the Appendix for a detailed description of the "base effect", which is very pertinent when considering the returns to end-June 2010. Bear this base effect in mind when analysing the returns of the Fund. Although the markets have "settled down" to some extent, the periods over which we are measuring returns in this Quarterly Report constitute the most volatile and scary in

history ever, and represent a most abnormal period of market behaviour. The period has been one of the most challenging for us, and other investment managers, as we sought to protect and manage your assets.

Turning to the performance of the Fund Chart 5 depicts the returns for the quarter against the major indices. ***The un-annualised return on the Fund during the June quarter was -5.7%***. By now you should be familiar with what happened in the local equity market; we covered it extensively in the fund summaries and *Intermezzo*. Appendix A summarizes the major developments during the quarter for your convenience.

Chart 5: Quarterly returns to 30 June 2010



The Fund's return of -5.7% was better than the Maestro equity benchmark and All share index returns of -8.2% each. The negative returns reflect the renewed sense of concern about the global economy that emerged in recent months on the back of European sovereign risk concerns and poor US economic data. *The All share index declined in all three months of the quarter*. Despite the 4.3% decline in the rand the basic materials still lost 12.1%. Financials fell 7.8% and industrials ended the quarter down 4.5%. The mid and small cap indices fell only 0.7% and 3.6% respectively, which explains to some extent how the Fund managed to outperform the market during the quarter. It is unusual to see the mid and small cap index outperforming the large cap index (which declined 9.4% during the quarter) during times of market turbulence. It is usually the other way around. We can cite a number of reasons why this strange phenomenon occurred, but we will save them for the forthcoming *Market Commentary* document; for now suffice is to say that it vindicates our ongoing belief in the mid and small cap exposures we hold in the Fund.

The quarterly returns of the Fund's largest holdings were as follows: Billiton declined 20.3% (it rose 6.3% last quarter), Mr Price 12.4% (13.9%), Capitec 24.8% (19.9%), Steinhoff -11.0% (-3.7%), Cashbuild 0.7% (-0.7%), Aspen -4.3% (8.1%), Naspers -17.9% (5.5%), Implats -15.9% (5.4%), Anglos -15.7% (-0.2%) and Exxaro -12.4% (20.5%). You might be interested to know some of the other returns for the quarter of mid and small cap shares we hold in the portfolio: against the background of a market that *declined* 8.2%, B&W *rose* 12.0% and Blue Label telecoms 1.0%, while City Lodge and Metmar *declined* only 1.5% and 2.4% respectively.

Chart 6: Year to date returns to 30 June 2010

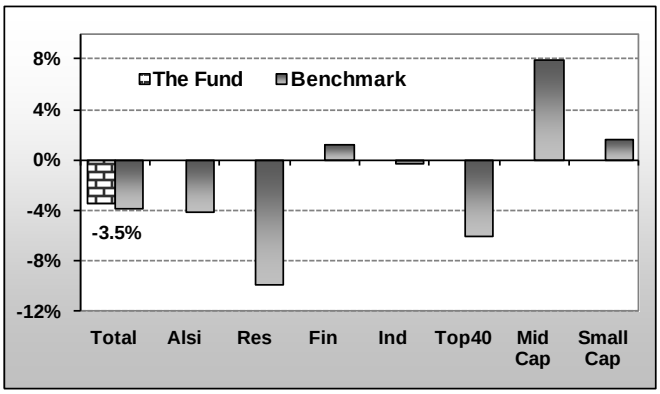
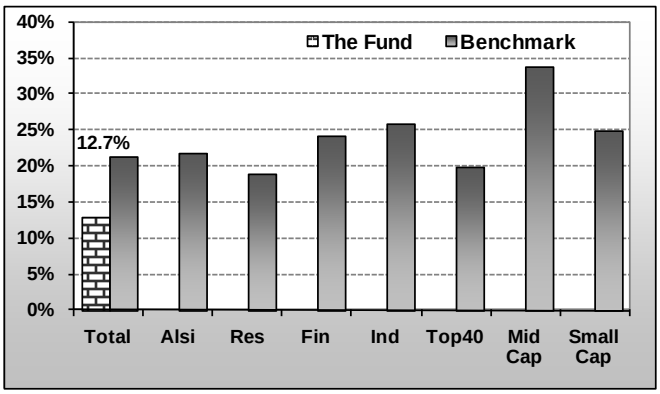


Chart 6 depicts the returns for the year to date. ***The un-annualised return on the Fund during this 6-month period was -3.5%***. This can be compared to the Maestro equity benchmark return of -3.8% and the All Share Index's -4.1%. The mid and small cap indices rose 8.0 % and 1.7% respectively over the same period, in stark contrast to the large cap (Top40) index *decline* of 6.0%.You can start to see what a difference the high base of December 2009 makes to the returns. The market behaviour over this period was dichotomous to say the least: a very strong first (March) quarter saw the All share index rise 4.5% while the June quarter saw the index decline 8.2%. The chart depicts very clearly the largest casualty over this period; the basic materials index fell 9.8% versus the 0.3% decline in the industrial index and the 1.3% rise in financials.

Chart 7: Annual returns to 30 June 2010



The annual returns for the year to June are shown in Chart 7. ***The return of the Fund for the year to June was 12.7%.*** This can be compared to the Maestro equity benchmark return of 21.5% and the All Share Index's 21.8%. The basic materials index rose 18.8% although it never received any assistance from the rand, which rose

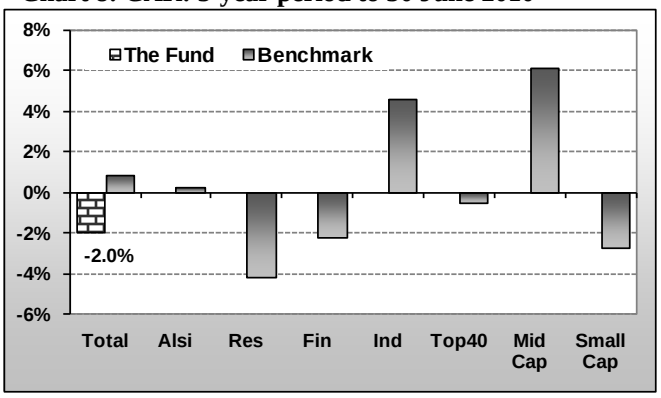
only 0.7% during the year. Financials and industrials rose 24.3% and 25.8%, which is a lot lower than their annual returns to March of 51.3% and 50.2% respectively; the base effect, remember? The mid and small cap indices rose 33.9% and 24.9% respectively (down from 54.4% and 44.6% in the year to March). The main detractors from the Fund during the year to June were Arcelor Mittal down 20.5%, Digicore 18.9%, MTN 14.6%, Blue Label 5.8% and Metmar 1.2% (in fairness it paid a large dividend during the year). Investments that delivered the best returns in the past year included Capitec 178%, Kumba 76.3%, Mr Price 59.4%, Exxaro 45.7%, Aspen 39.0% and Steinhoff 32.9%.

Allow me to comment on the returns achieved during the year. As you are aware, we took a very cautious stance towards the surging markets last year, which cost us some relative (to the market) performance; please refer to my comments in the December and March Quarterly Reports for more detail. We also lagged badly during the December quarter, for reasons that we explained at the time (in short, Old Mutual, SAB and Richemont rose sharply and we don't hold any in the Fund while the basic materials index, to which we are underexposed, rose sharply despite a stronger rand). We are very disappointed about our poor relative returns although we still believe our decisions were based on an appropriate reading of the investment environment at the time. Our *relative* performance improved during the March quarter, although we still lagged the market.

I am happy to report that our *relative* returns during the June quarter have improved dramatically. Sadly they were negative, just less so than the market. Ironically we haven't really changed our view that much over the past year, which illustrates the point very well that at times we will lag the market and at other times outperform it, particularly during times characterized by great volatility and uncertainty, such as those that prevailed during the past three years. We never base our investment decisions on short-term criteria and so we expect that it may take a while before our view, either on the market or on specific companies or both, materializes. We believe it is more appropriate to adopt a conservative stance for our clients.

In short, now more than ever the Maestro team feels comfortable about the underlying companies that constitute the Fund. We have placed a lot of emphasis on strong balance sheets, strong cash flows, sustained dividend payments and reasonable earnings outlooks. Although one can never guarantee future performance, we sleep well at night knowing that the Fund we manage for the investors is robust and should do *relatively* well. That said, we again caution that the investment outlook is anything but certain *and we still think markets are not pricing in all the risk "out there"*. No matter how robust the Fund is, it will not rise in the face of a serious market downturn. But we are confident that the companies in which we have invested are strong and should survive adverse economic conditions in the next few years. With interest rates on cash still low (and likely to decline further) there are a decreasing number of investment options available. We still believe in the case for equities as the best long-term vehicle for capital growth, particularly when, as is currently the case, the dividend yield on many shares exceeds the net (after tax) return on cash. Hence, despite the prevailing uncertainty about the global economy, we retain our preference for equities, over cash and bonds.

Chart 8: CAR: 3-year period to 30 June 2010



The compound annual return (CAR) of the Fund over the three-year period to June 2010, shown in Chart 8 ***was -2.0% per annum*** and can be compared to the returns over the same period of the Maestro equity benchmark of 0.9% and the All Share Index's 0.3%. The returns of the mid and small cap index over this period were 6.1% and -2.7% respectively while the respective CAR for the All Bond index and cash were 8.5% and 10.2%. The rand declined 2.8% per annum over the past three years.

I again highlight the base effect – the market's modest returns seem quite pathetic in light of all that equity investors have had to endure in the past three years, but one needs to bear in mind the base off which the returns are being measured and where we are in the "life cycle" of the present global economic crisis. While I don't for a moment think we have seen the last of the crisis, we have probably seen the worst. And we are a lot wiser now; and only a little poorer.

My comments above about our relative performance over the past few years are placed into perspective by the three-year returns. Although we have underperformed the market the difference between the Fund's returns and those of the market are actually very small in absolute terms. And we are comfortable that throughout this period, the Fund was subject to far less risk than that which prevailed in the market at any given point in time.

A further point to note is that investors into the South African equity markets are significantly better off than those in global markets. I will leave the actual data and comparisons for the *Market Commentary* document, but please take a look at them when we publish the latter.

6. Closing remarks

I refer you again to our *Market Commentary* document, which we hope to publish in early August, for details of our view on the investment environment.

At the time of writing, it is fair to say that the world's equity markets are developing much like we had expected. There is no doubt investors are more cautious than they have been at any stage this year so far. The risks are a bit more visible now and investors are a whole lot wiser than any time since mid-2007. We still hold the view that markets – and economies for that matter - might weaken in the second half of this year as the effects of massive government stimulus begin to wear off. Locally, we expect the rand to remain strong and are relatively comfortable with the market's current level of valuation. Prices are not excessive although they also do not represent screaming value - at least not yet.

We are of the humble opinion that a conservative approach to equity markets is still required. We understand why markets are holding up well despite all the risks. To a large extent this is a function of too few alternatives, given that global interest rates are expected to remain at record lows for years to come. That doesn't mean the markets are correct in their assessment of future conditions. There is still a lot of risk around, although so far this year markets have already weathered their fair share of headwinds, not least of which have been the problems related to sovereign risk in Europe in particular. We think, though, that this is only the start of many similar sovereign risk-related problems. Investors haven't even started focusing on the US yet, where the problems are similar, if not even larger in certain areas.

Within the Fund we are focusing on companies with sound and sustainable business models, strong cash flows, astute management and in some cases unique strategic opportunities. That inevitably means we invest in companies that are more cautious by nature, which in turn means that when markets rise very strongly the companies in which we have invested may lag the All share index a little. The corollary though is that they are more able to withstand any headwinds that we think will inevitable begin to blow stronger in the second half of 2010.

We will continue to keep you informed about developments on the Fund in the Fund Summaries and will continue to use *Intermezzo* as an important means of sharing our views on developing stories and topics we think could play a major influence on the global investment environment.

At this juncture in the *March* Quarterly Report I passed comment about the upcoming FIFA Soccer World Cup Final. I am writing this Report the day after the final game between the Netherlands and Spain, which brought to a conclusion, by many accounts, the most successful and unique World Cup Final in history. Well done South Africa and all the people who made it into what it was. I can add very little to what has already been said, read and experienced. If you got anywhere near to the action, you will know what I mean. And if you didn't – it's too late; and you will not experience anything like it again in this country. We have every reason to be proud of our efforts and hospitality as a nation. I believe the benchmark has been raised against which our leaders and politicians will be measured in the near to medium-term. In the longer-term the benefits of hosting the Final will hopefully become evident, although they will be hard to distinguish from all the other economic factors at work every year in our country. Still, let's be hopeful that the benefits, too, will "surprise on the upside". Last night's soccer game and closing ceremony bring to an end a remarkable event which made me, at least, proud of my country and its citizens and gave me more hope than ever that we have an attractive economic and social future to work towards. Let's hope our leaders share the same vision; sadly, I'm not holding my breath if their past and current record is anything to go by, but that takes nothing away from our achievement as a country and the joy experienced as we celebrated together, as one nation and people, and basked in the sunshine the world afforded us for a brief moment.

Thank you again, on behalf of the Maestro team, for your ongoing support. We look forward to continue being of service to you in the coming months and years.

Andre Joubert
12 July 2010

Appendix A

A summary of market behaviour – June 2010

We will deal in detail with the market movements during the March and December quarter in our next *Market Commentary*, which will be published in early August. However, in order to make this Quarterly Report more meaningful and to place the returns in perspective, we provide the following summary of the salient features of investment markets during the June quarter.

Global investment markets

One needs to revisit the market movements in the March quarter to fully appreciate what happened in the June quarter; after an initial upturn, global equity markets headed down in February as Greece's debt problems came to light. However, in mid-February markets turned around and surged higher, peaking in mid-April i.e. just into the start of the June quarter. Despite optimistic growth forecasts and unrealistic (>30%) earnings forecasts, investors took fright when it became apparent that the European sovereign risk problems were not about to disappear and that the US labour market was in greater distress than initially thought. Not even a €750m rescue package by the European authorities could turn sentiment around, despite the initial euphoria that greeted the plan. Chart 1 shows the steep decline heading into May and the subsequent unsuccessful attempt to move higher.

Chart 1: The US Equity market (S&P 500 index)
More volatile by the day

Source: Saxo Bank

Don't be fooled by the dramatic start to the September quarter i.e. the sharp uptick in the US market in the first week of July – imagine how sad the chart would look if it wasn't for that uptick. Indeed, that would be more representative of the June quarter's events. Global equity markets registered declines in all three months during the quarter; the MSCI World and Emerging indices ended the quarter down 13.3% and 9.1% respectively. Chart 2 depicts the movements of selected markets during the quarter and year to end-June.

Chart 2: Global returns for periods to 30 June 2010

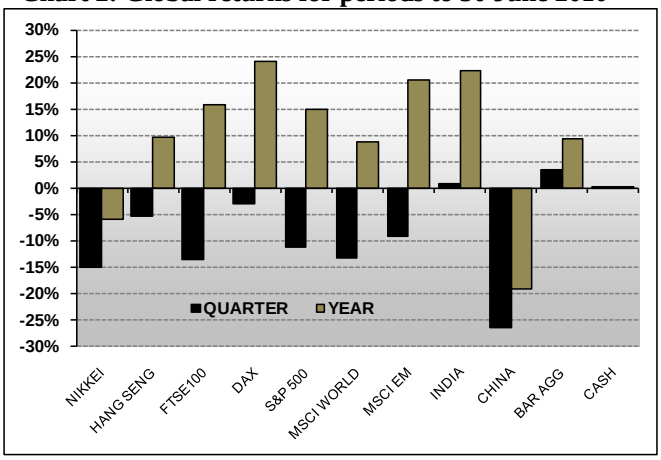
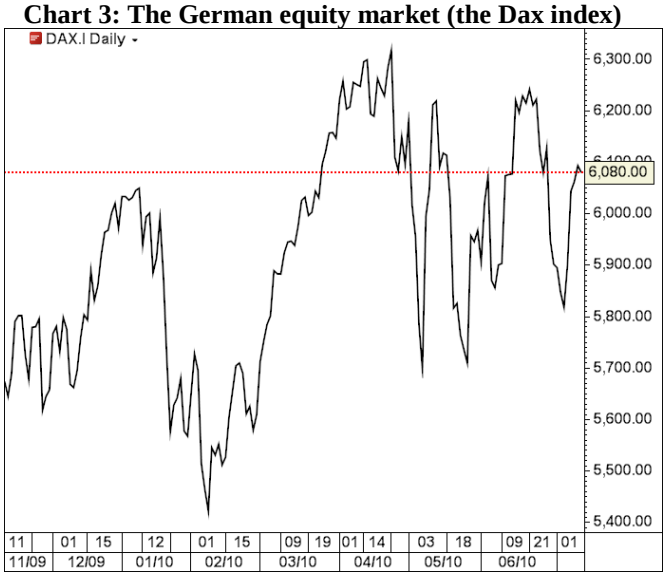


Chart 3 provides an example of the effect of currencies on regional markets. During the quarter the euro *declined* 9.5% against the dollar; this had the effect of supporting the German market (the Dax index) – Germany is a net exporter so a weak currency boosts exporter earnings. So while the US equity market declined 11.3% in the June quarter the German market declined only 3.1%. Chart 3 depicts the Dax's movements; although the absolute declines were less than in other markets the Dax was no less volatile! In contrast, the yen *firmed* 5.3% against the dollar during the quarter, which contributed to a 15.0% *decline* in the Japanese market over the period.

Chart 3: The German equity market (the Dax index)



After rising 1.6% in the March quarter global bonds – at least those were not directly affected by sovereign risk concerns – posted another positive quarter. The Barclays

Capital US Aggregate bond index rose 3.5% over the quarter although it is fair to say that investors fled to US bonds out of fear rather than attraction. Rightly or wrongly US government bonds are still seen as a bastion of safety in troubled times. This quarter was no different; investors pushed bond prices higher and yields lower, so much so that the 10-year US government bond yield ended the quarter just below 3.0% while the 2-year yield ended around 0.6%. As has been the case for more than a year now, interest rates in most developed markets are so low you can virtually ignore any cash returns.

Chart 4: The euro dollar exchange rate
Still weak, but enjoying a face-saving rally in June

Source: Saxo Bank

The events in Europe, not surprisingly, put enormous pressure on the euro; this is very evident from Chart 4. Similarly sterling came under pressure as the extent of their fiscal crisis became more apparent, recovering only after a new coalition government had taken charge. Chart 5 depicts sterling's fortunes, or the lack thereof, in recent times.

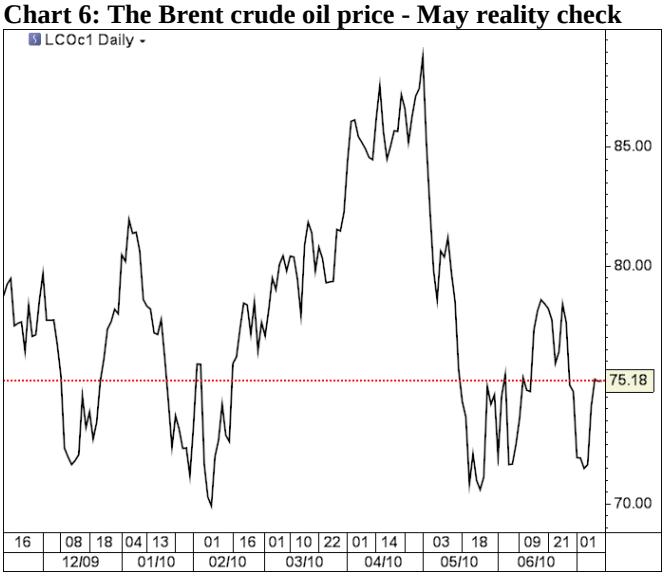
Although precious metal prices held up relatively well, base metal and commodity prices, other than soft (food) commodities, declined sharply on the back of fears that the rate of the global economic recovery would slow. The gold price rose 11.5% during the quarter but the prices of platinum, palladium and oil declined 6.9%, 9.3% and 6.9% respectively. The prices of copper, nickel and aluminium declined 16.6%, 22.5% and 19.8% during the quarter, highlighting how fragile investor confidence in the economic recovery is.

Chart 5: The sterling dollar exchange rate
Enough weakness to bring down the government

Source: Saxo Bank

Chart 6 shows the (Brent crude) oil price's recent movements. Note how sharply the price dropped in May, testimony to the shock experienced by the market in the face of the disappointing US jobs data and the European sovereign risk concerns. The oil price declined as investors scaled back their estimates for global growth.

Chart 6: The Brent crude oil price - May reality check

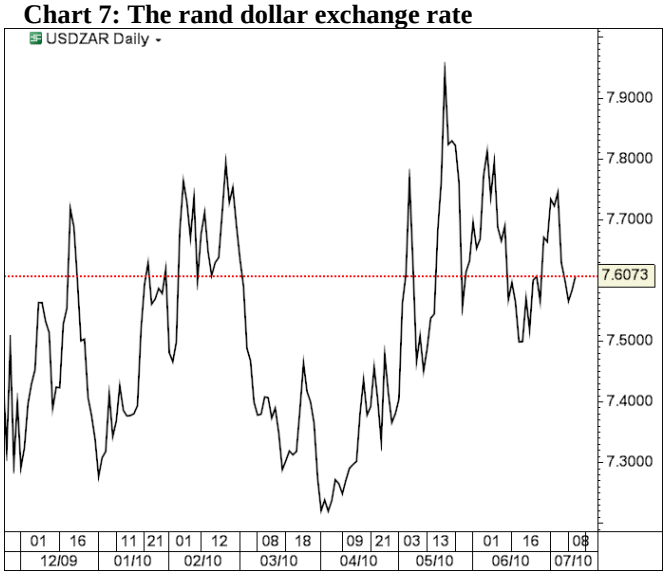


Source: Saxo Bank

Local investment markets

The SA equity market followed the rest of the world down. It was encouraging to see the rand holding up relatively well (Chart 7) in the midst of the turmoil. It did decline in April and May, but off a very low base (R7.34); it declined 4.2% during the quarter against the dollar and is essentially flat (0.7%) for the year to June.

Chart 7: The rand dollar exchange rate



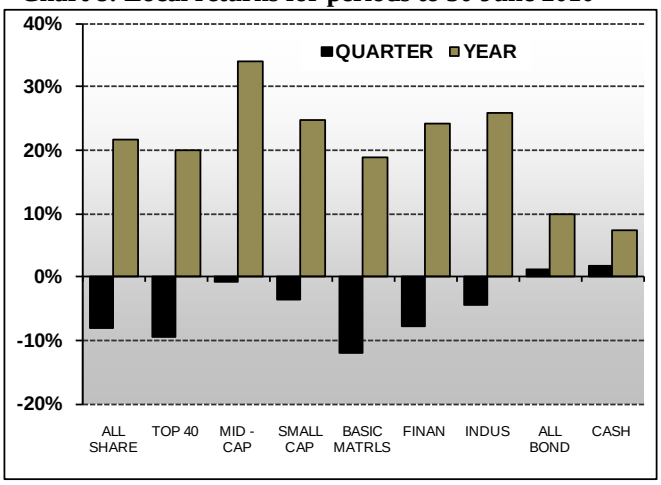
Source: Saxo Bank

The weak rand was unable to prevent the basic materials index from declining 12.1% during the quarter; the setback to global growth expectations proved too strong a headwind. The financial index declined 7.8% while the industrial index held up relatively well, posting a decline of 4.5%. Even more significant was the relative strength in the mid and small cap indices, at a time when you would have thought they would have borne the brunt of the headwind. The mid cap index declined only 0.7% , through the use during the quarter – compare that to the 9.4% quarterly decline in the large cap index – while the small cap index fell 3.6%, still better than the industrial index. When all was said and done the All share index ended down 8.2% for the quarter, which was a smaller decline than the MSCI World (-13.3%) and Emerging market (-9.1%) indices. The All Bond index ended the quarter with a 1.1% gain, not far off the 1.7% quarterly cash return. The relevant returns are depicted in Chart 8.

A few comments on the base effect

In the March Quarterly Report we drew attention to the base effect i.e. the fact that the annual market returns were being measured off an extremely low base (of March 2009). It therefore gave rise to a false sense of well-being and the annual returns should certainly be regarded as normal. This quarter I want to again highlight the base effect, but this time in an attempt to explain the base's effect of lowering the returns - at least relative to what they were in March this year. As in March but this time with the opposite effect, the annual returns could leave you with a false sense of impending doom; excellent returns in March have turned into terrible ones just three months later. How could that be? The answer lies in the base effect i.e. one has to take cognisance of the base off which the returns are being measured in order to place those returns into proper perspective. And when markets are volatile, as they been during the past three years, the base effect is all the more dramatic and important.

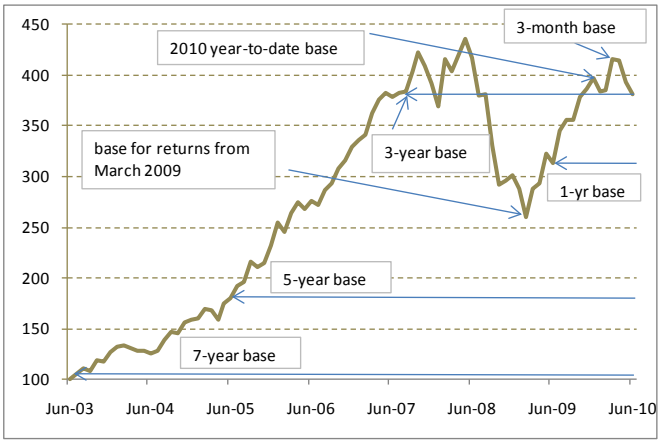
Chart 8: Local returns for periods to 30 June 2010



I hope, through the use of Chart 9 and Table 1, to help you appreciate the base effect, particularly when measuring market returns the quarter, 1 and 3 year period to June. Chart 9 depicts the history of the All share index over the past seven year; it is based to 1 June 2003 and delineates the respective bases off which the returns over different periods are measured. It is easy to see why the 1-year market returns look better than the 3-year returns.

Chart 9: Respective bases for returns to June 2010 (%)

The All share index based to 100 from 1 June 2003



Although it is not shown the chart (to prevent it from being too cluttered), the March 2009 market trough forms the base off which the annual returns for the last quarter were measured. It is thus easy to see why the annual returns between March 2009 and March 2010 look so different from those between June 2009 and June 2010.

Table 1 compares the quarterly and annual returns to March and June. You can see from this table what a difference the base makes when measuring returns.

Table 1: What's in a base?
Comparing returns to March and June 2010 (%)

	Quarterly returns to		Annual returns to	
	March	June	March	June
US large caps	5.4	-11.3	49.8	14.8
SA large caps	3.8	-9.4	42.5	19.9
US mid caps	8.7	-9.9	61.5	23.1
SA mid caps	8.7	-0.7	54.4	33.9
US small caps	8.3	-9.0	62.0	22.2
SA small caps	5.5	-3.6	44.6	24.9
Hong Kong	-2.9	-5.2	56.5	9.5
China	-0.5	-26.4	37.4	-19.0
India	0.4	1.0	80.5	22.1
Japan	5.2	-15.0	36.8	-5.8
Germany	3.3	-3.1	50.7	24.1
UK	4.9	-13.4	44.7	15.7
MSCI World index	2.7	-13.3	51.5	8.8
MSCI Emerg. market	2.1	-9.1	80.0	20.6
CSFB Hedge index	3.1	-2.5	21.2	11.2
US high yield bonds	4.8	-2.1	57.2	26.1
US 10-year bonds	1.0	3.2	-6.3	7.8
Barcap US Agg bond index	1.6	3.5	7.7	9.5
Brent oil price	6.1	-9.3	68.0	7.3
Gold	1.0	11.5	21.7	33.1
JSE All gold index	-8.2	16.7	-19.4	12.1
Platinum	12.6	-6.9	46.4	29.2
Palladium	21.9	-6.9	122.8	79.1
Silver	3.0	7.1	33.5	34.4
Baltic Dry index	-0.2	-19.8	85.6	-36.0
CRB commod. index	-3.5	-5.4	24.3	3.6
GSCI commod. index	0.3	-6.7	50.0	7.3

Source: Maestro, Merrill Lynch

And finally Table 2 lists the returns for the June quarter and year, for the sake of completion. It is fair to say that although the worst of the 2007/9 financial crisis may be over, its effects are still being felt in the minds and lives of investors, in no uncertain terms.

Table 2: Select asset returns to 30 June 2010 (%)

	Returns to 30 June '10		2009
	3 months	1 year	
US large caps	-11.3	14.8	26.5
SA large caps	-9.4	19.9	31.8
US mid caps	-9.9	23.1	35.0
SA mid caps	-0.7	33.9	35.7
US small caps	-9.0	22.2	23.8
SA small caps	-3.6	24.9	28.3
Hong Kong	-5.2	9.5	52.0
China	-26.4	-19.0	80.0
India	1.0	22.1	81.0
Japan	-15.0	-5.8	12.9
Germany	-3.1	24.1	23.9
UK	-13.4	15.7	22.1
MSCI World index	-13.3	8.8	27.0
MSCI Emerging markets	-9.1	20.6	74.5
CSFB Hedge index	-2.5	11.2	18.6
US high yield bonds	-2.1	26.1	57.5
US 10-year bonds	3.2	7.8	-9.7
Barcap US Agg bond index	3.5	9.5	6.1
Brent oil price	-9.3	7.3	94.1
Gold	11.5	33.1	27.6
JSE All gold index	16.7	12.1	7.8
Platinum	-6.9	29.2	62.7
Palladium	-6.9	79.1	114.1
Silver	7.1	34.4	57.5
Baltic Dry index	-19.8	-36.0	288.2
CRB commodity index	-5.4	3.6	23.5
GSCI commodity index	-6.7	7.3	61.6

Source: Maestro, Merrill Lynch

That concludes the summary of market developments during the second quarter of 2010. We will shed more light on our views for the coming months in our *Market Commentary* document which we hope to publish in early August. In it we will also provide a case study presenting the investment merits of selective mid and small cap investing and will also shed some light of the characteristics of the equity portfolio, such as the collective dividend yield and earnings prospects for the portfolio as a whole.

The Maestro Investment Team
12 July 2010

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Equity Fund

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