

Topped out?

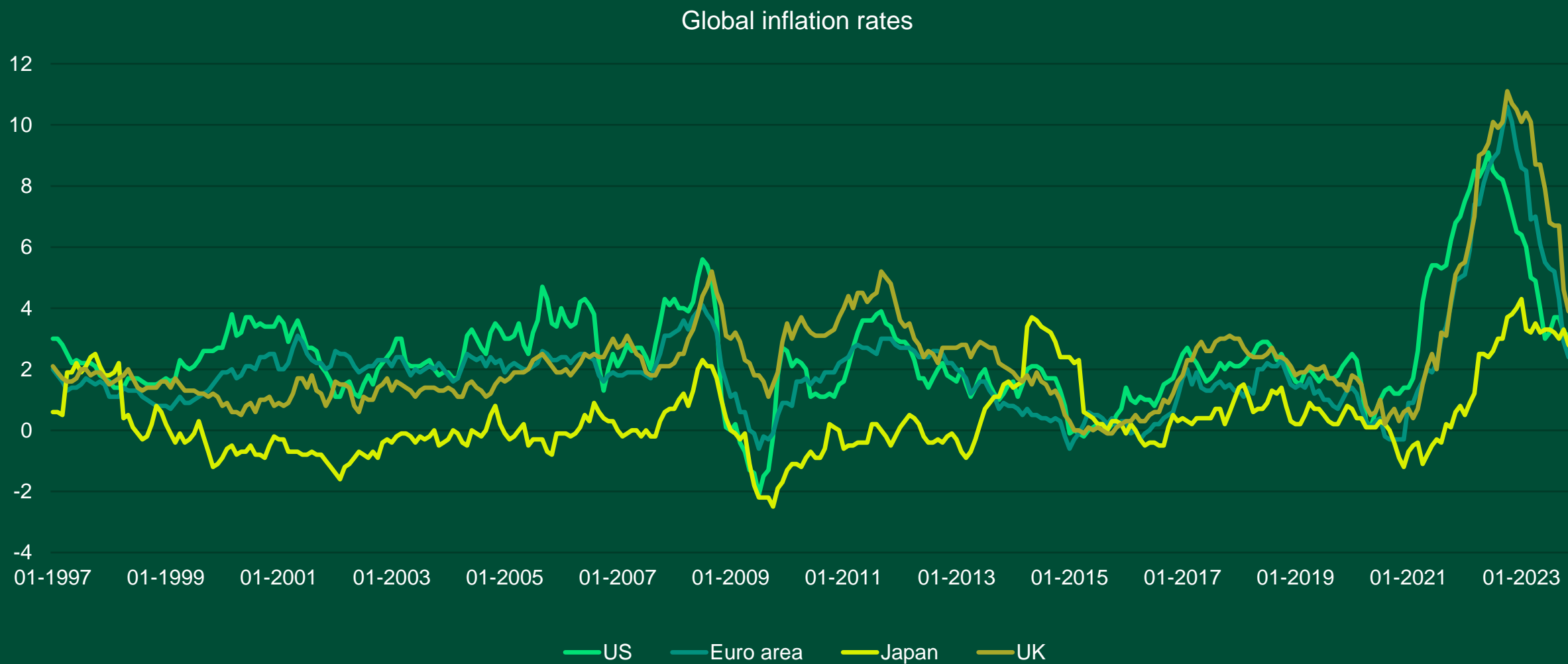
Omri Thomas

Portfolio Manager of the Nedgroup Investments Opportunity Fund

see money differently

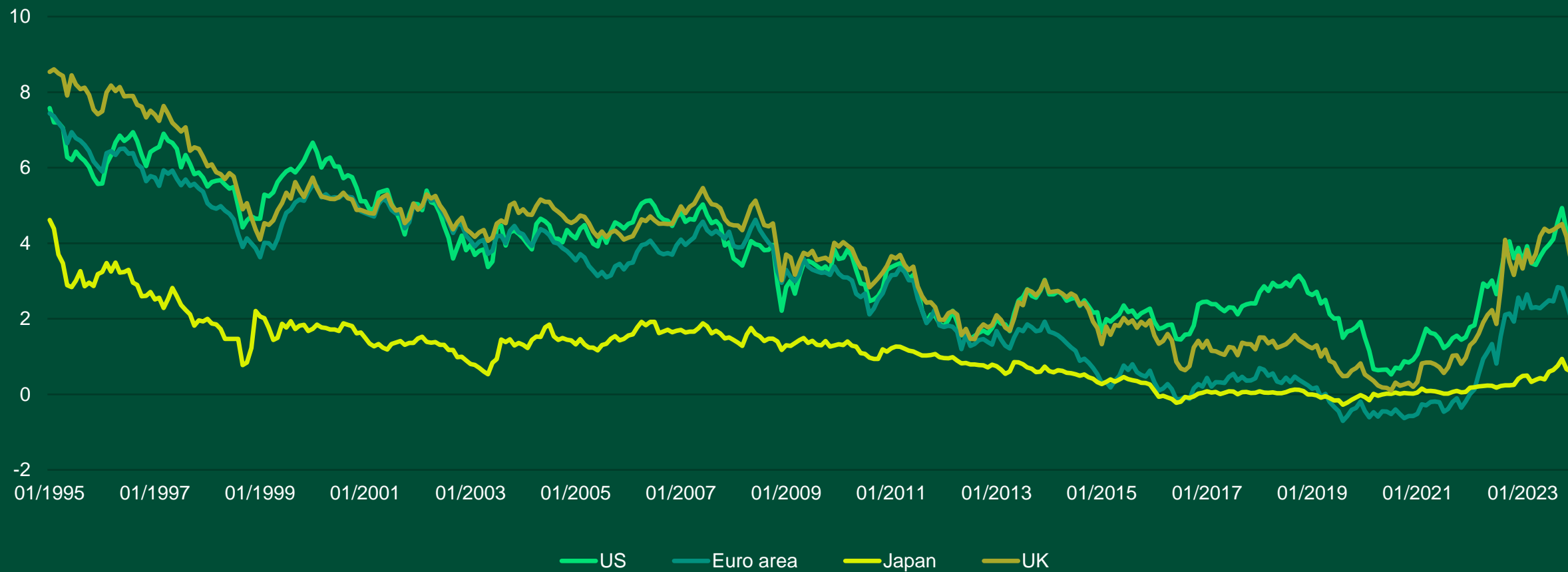
January 2024

Inflation – easy part done...



Global bond yields

Sticky.....



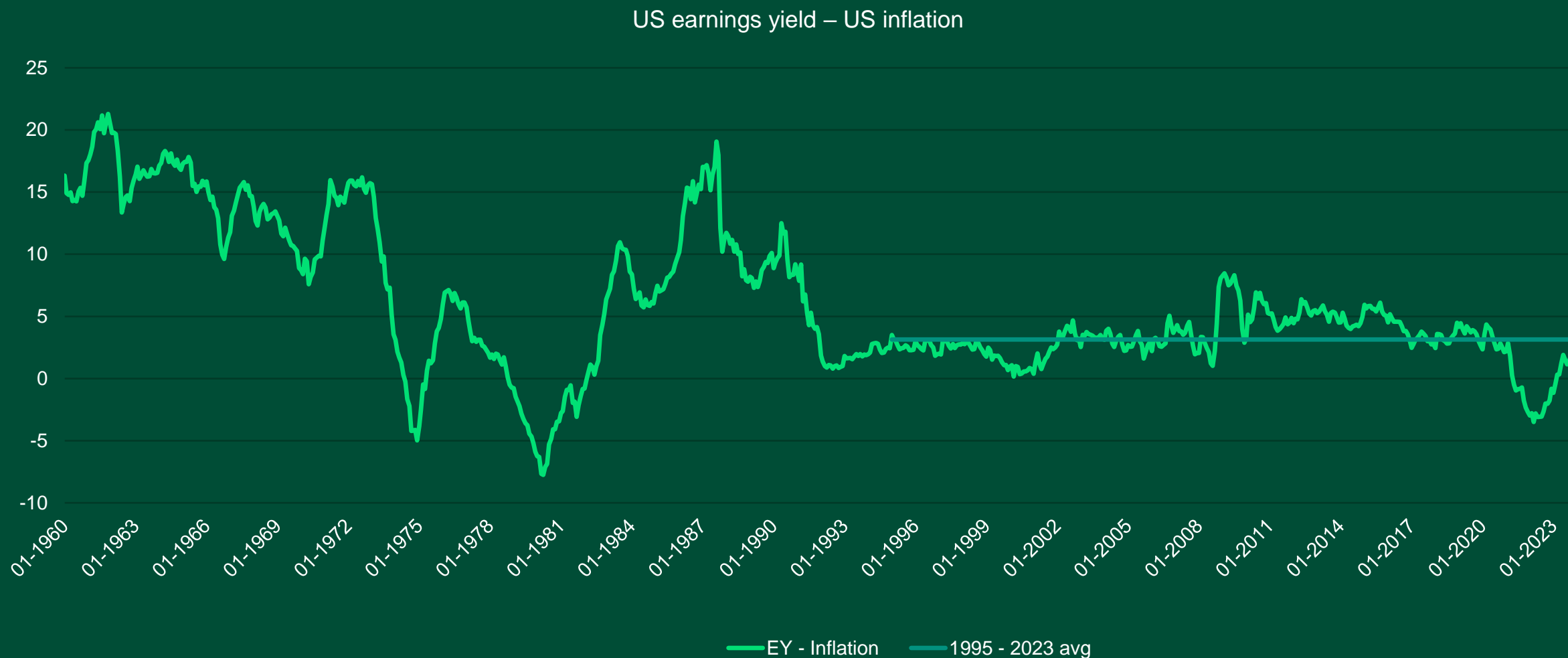
Global Real yields

Only 1 positive...



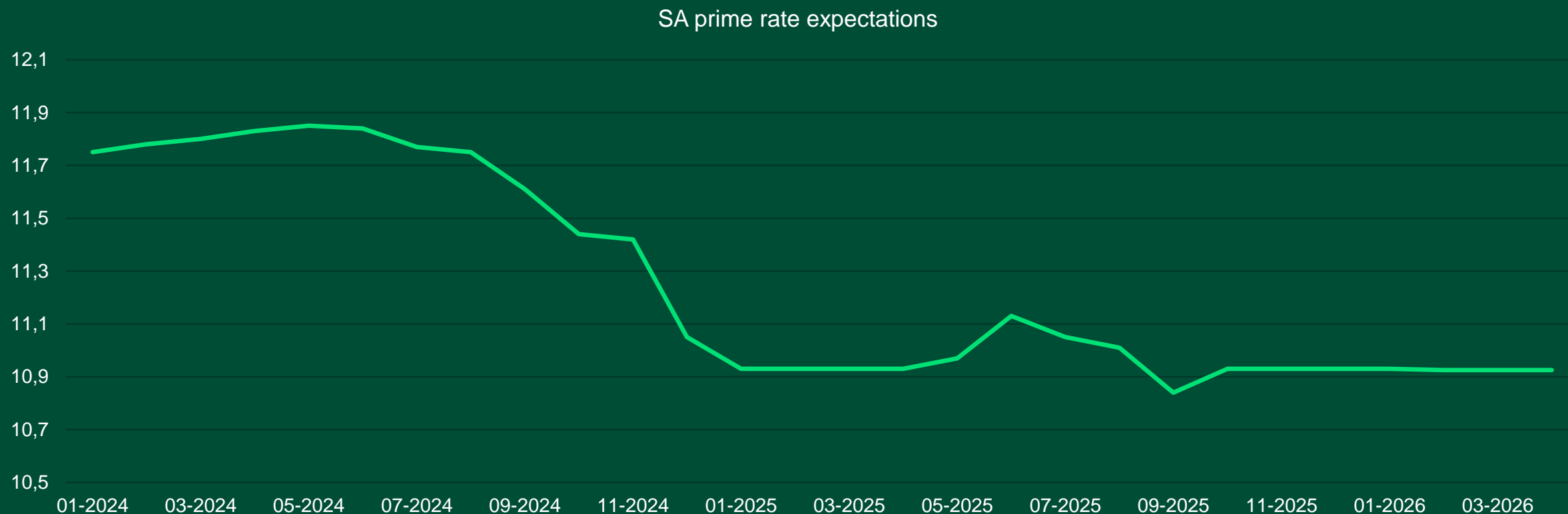
Inflation versus valuation

Approaching 30 year average



SA prime rate

Limited rate cuts priced in



SA – US long bonds

Real differential narrowing as US inflation subsiding



Fund performance



Performance to 31 Dec 2023	Nedgroup Investments Opportunity Fund A1	Inflation + 5%	ASISA med equity average	Alpha vs ASISA category
3m	2.7%	2.7%	5.8%	-3.1%
1 year	6.4%	10.8%	11.3%	-4.9%
3 years p.a.	15.6%	11.4%	9.4%	+6.1%
5 years p.a.	12.0%	10.3%	8.6%	+3.4%
10 years p.a.	9.0%	10.5%	6.8%	+2.2%

1yr performance attribution/contribution

Contributors	Ave. Weight	Performance contribution
Alphabet	1.0%	1.1%
R2040	11.0%	0.9%
Abax Global Equity	3.5%	0.8%
Firststrand	2.2%	0.7%
R2037	5.0%	0.7%
Total		4.2%

- ▶ Exposure to leading global Franchise businesses through Alphabet and Abax Global Equity contributed.
- ▶ Final quarter bond rally contributed.

Detractors	Ave. weight	Performance contribution
BAT autocall	1.6%	-1.1%
Thungela Resources	0.8%	-1.1%
Transaction Capital	3.1%	-0.6%
Sasol	0.9%	-0.6%
Impala Autocall	1.8%	-0.5%
Total		-3.9%

- ▶ Structured notes on both BAT and Implats detracted. Attractive upside optionality from current levels exist.
- ▶ Transaction Capital – disappointing results with write down of their taxi business. Got it wrong....
- ▶ Sasol impacted by lower oil price.
- ▶ Thungela - lower coal price down and Transnet bottle necks

- ▶ Inflation – rolling over, but sticky and above average
- ▶ Global rate cuts being priced in
- ▶ Tight US labour market keeping pressure on inflation
- ▶ Nasdaq/ S&P new highs.... VIX low
- ▶ Chinese stocks under pressure
- ▶ High cash rates – locally and globally
- ▶ Rate cuts expected locally (75-100bps)
- ▶ Select SA equities continue to offer value
- ▶ SA bonds continue to offer attractive real returns

Asset class outlook

Attractive	Fair	Expensive
SA Bonds. Linkers	US Bonds. Linkers	US Equities
SA Equities	DM Equities (ex US)	DM Bonds (ex US)
SA Cash	ZAR	
EM Equities. esp China	Global cash	
Protection		

Fund positioning

Asset Class	Jul 2023	Jan 2024
SA Equities	27.2%	26.4%
SA Bonds	26.7%	33.9%
SA Property	4.1%	4.6%
Convertibles & Prefs	1.2%	1.1%
SA Cash	12.6%	0.6%
Offshore equities	14.4%	17%
Offshore bonds	11.6%	14.6%
Offshore cash	2.2%	2.0%

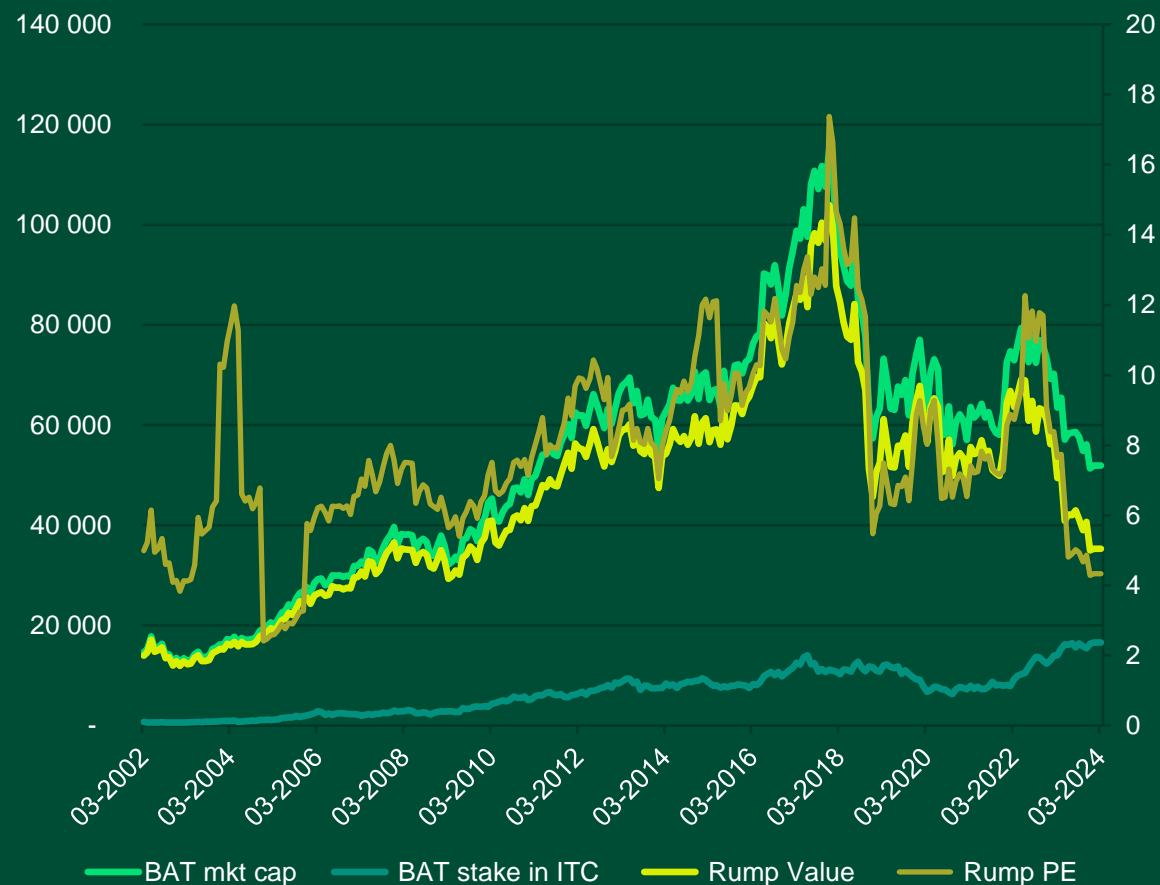
Top 10 equity positions

	Stock	% of Total Portfolio
1	ABSA	3.1%
2	British American Tobacco	2.7%
3	Autohome	2.7%
4	Sasol	2.3%
5	TBC Bank	1.6%
6	Naspers/Prosus	1.4%
7	MOMO	1.3%
8	Zeda	1.1%
9	Alibaba	1.1%
10	MTN	1.0%

- ▶ Increased ABSA weighting as dividend yields outstrips PE. Switched from Standard Bank and Firstrand.
- ▶ BAT rump <5 PE. ITC 38% of BAT market cap.
- ▶ Autohome: Cash > Market Cap
- ▶ SASOL: Low quality exposure to rand oil price at 4x PE
- ▶ TBC Bank: Attractive exposure to high ROE and growing Georgian economy
- ▶ Naspers: Bought in after Chinese regulatory sell-off.
- ▶ MOMO: Chinese Tinder. Growth industry and attractive valuation
- ▶ Zeda: SA tourism beneficiary
- ▶ Alibaba: Attractive entry into Chinese platform business
- ▶ MTN: provides an attractive dividend yield as well as value unlock opportunities

BAT attractive entry

BAT Rump PE



ITC stake as a % of BAT



Thank you.

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