

# Nedgroup Investments Property Fund

Ian Anderson

Portfolio Manager of the Nedgroup Investments Property Fund

see money differently

January 2024

# Performance to 31/12/2023

## Strong relative performance since the end of 2019

	Quarter	Year	3 Years (p.a.)	5 Years (p.a.)	7 Years (p.a.)
Fund	8.6%	4.5%	15.6%	-3.3%	-5.3%
FTSE/JSE SAPY Index	16.4%	10.1%	14.9%	0.2%	-1.7%
Benchmark (peer group average of ASISA category)	14.3%	8.5%	13.4%	-0.4%	-1.9%

# Fourth quarter performance



The Fund underperformed both the market and the peer group



Market returns driven by recovery in sector heavyweights Growthpoint & Redefine and rand-hedges like NEPI



Positions in Accelerate, Delta and GRIT also detracted from performance



Large overweight positions in Fairvest B and Spear made a positive contribution to absolute and relative performance

# Performance in the fourth quarter

## Driven by recovery in Growthpoint & Redefine and rand hedges

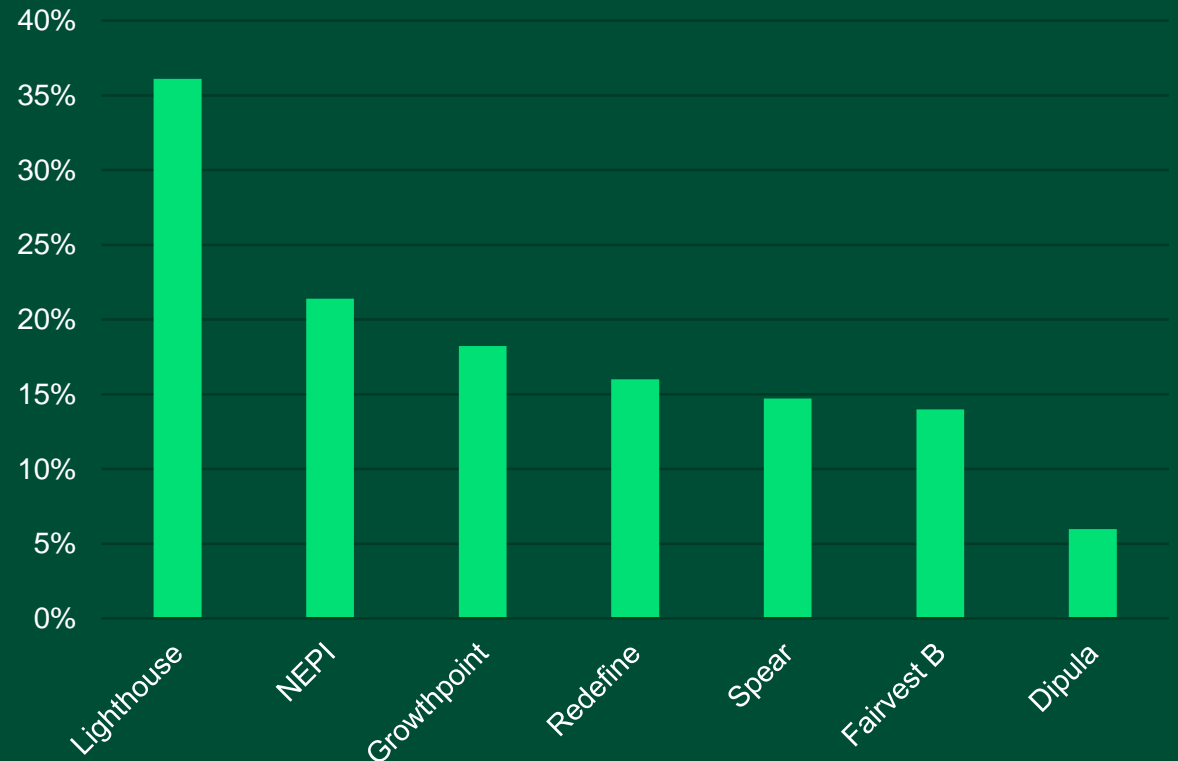
# 36.1%

Lighthouse was the best performer in the fourth quarter benefiting from the weaker rand and low levels of liquidity

# 9.7%

NEPI, Growthpoint & Redefine contributed 9.7% to the sector's return in the fourth quarter

Fourth quarter returns



# Performance over past 12 months

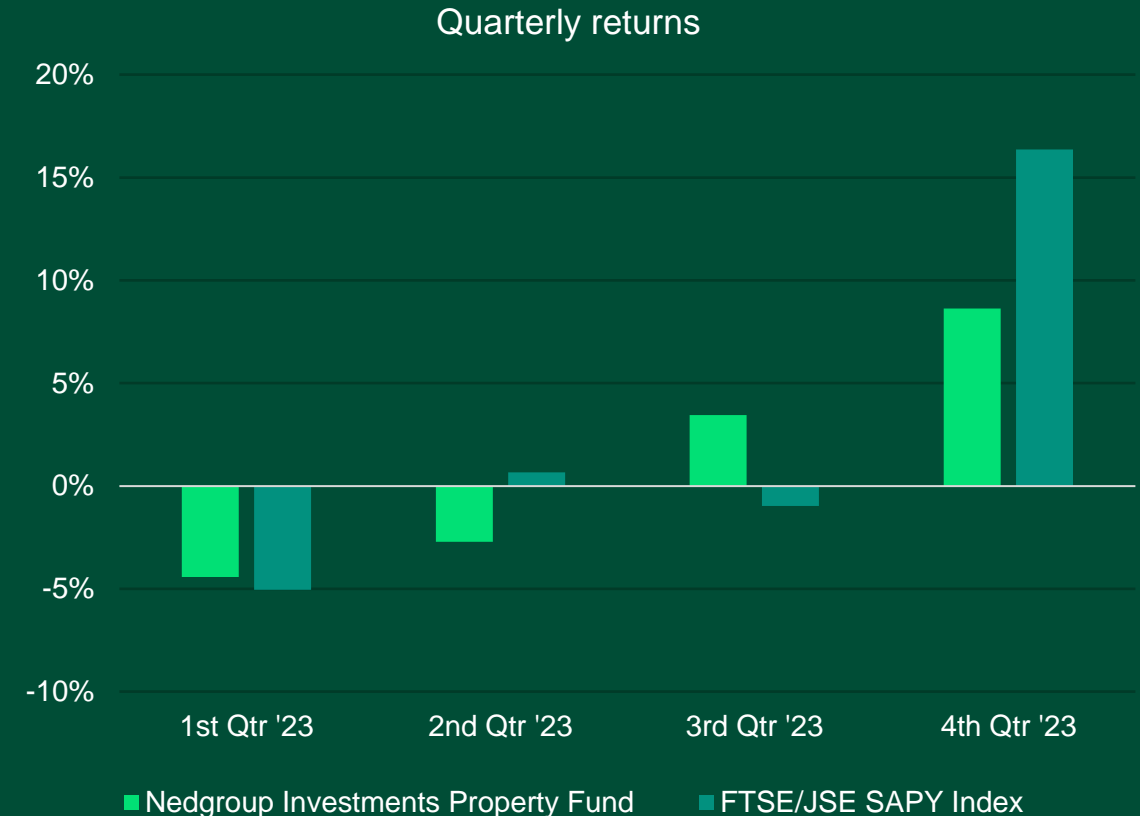
## Prospect of Fed pivot helped drive returns in the fourth quarter

### 8.5%

The Fund underperformed the market over the past 12 months due primarily to the weaker rand – the SAPY index exposure to South Africa is now just 45%.

### 8.6%

Income return (net of fees) was just above 8.5%, lower than expected due to not receiving dividends from Accelerate, Indluplace & NEPI (return of capital).



# Current fund positioning

## Overweight SA and underweight Eastern Europe

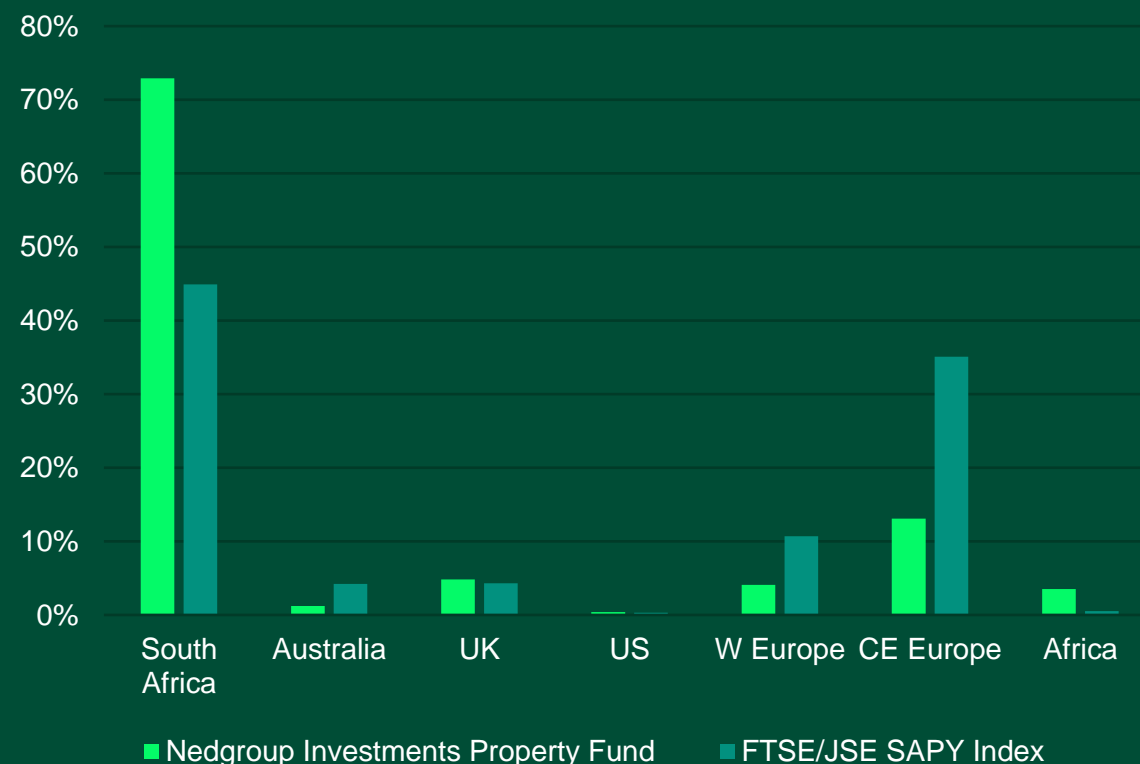
# 72.9%

SA focussed portfolio offering above-average income yield (+2% above the market and peer group). Within SA, the Western Cape remains the preferred region and Gauteng (especially Sandton offices) the least preferred.

# 13.1%

Exposure to Eastern Europe remains below the market average but has been increased during the quarter through higher exposure to NEPI.

Geographic exposure



# Current fund positioning

## Underweight large malls and overweight residential and self-storage

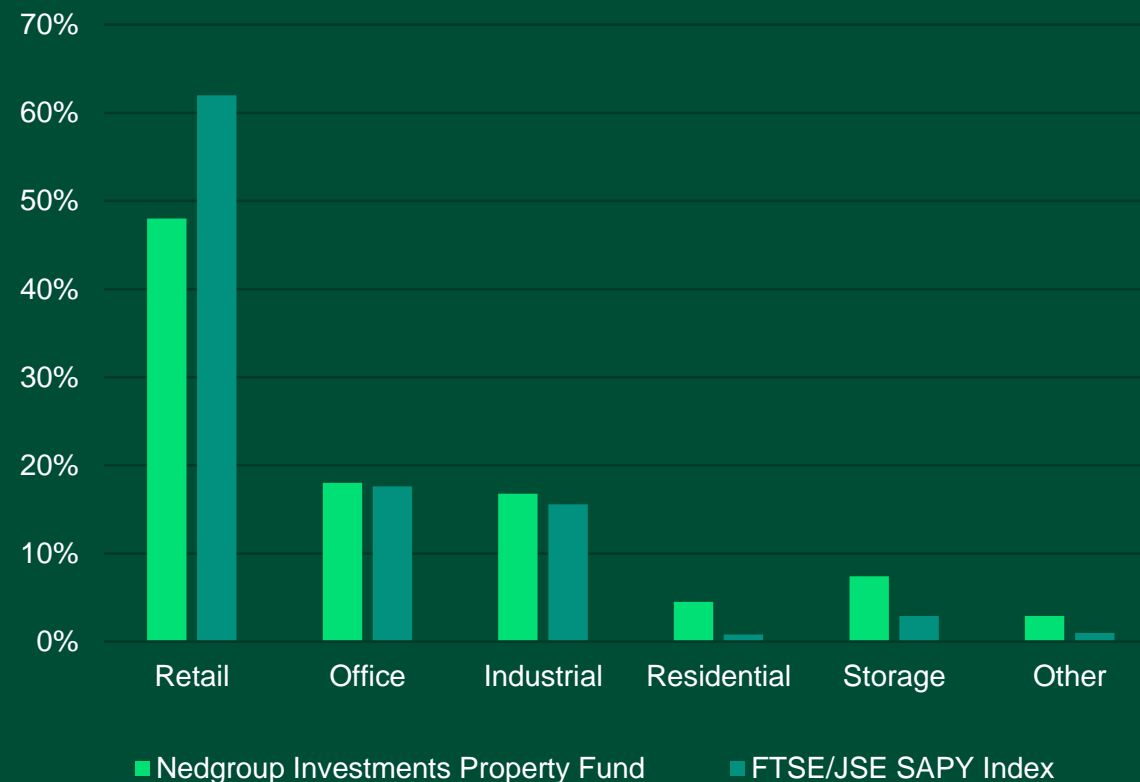
# 22.5%

Convenience and neighbourhood retail remains the single largest property type exposure in the portfolio and has continued to deliver above-average growth in rental income.

# 11.9%

Residential and self-storage exposure is high but has reduced substantially following SA Corporate's acquisition of Indluplace.

Property type exposure



# Outlook for 2024



Distributions for the Fund are forecast to grow in excess of 10% given the artificially low base created in 2023



Following strong capital growth in the fourth quarter and some downward revisions to forecast dividends, the forward income yield is now just above 10%



The outlook for the sector has improved given fewer and less severe incidences of loadshedding and expectations that globally, interest rates have peaked and central banks should start cutting rates in 2024



There is still significant value in the sector although most of that value now sits in companies that are not in the major indices



# Thank you.

see money differently

Nedgroup Collective Investments (RF) Proprietary Limited administers the Nedgroup Investments unit trust portfolios and is authorised to do so as a manager in terms of the Collective Investment Schemes Control Act. Collective Investment Schemes (unit trusts) are generally medium to long-term investments. The value of participatory interests (units) or the investment may go down as well as up and past performance is not necessarily a guide to future performance. Nedgroup Investments does not guarantee the performance of your investment and the investor will carry the investment and market risk, which includes the possibility of losing capital. Collective Investment Schemes are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from Nedgroup Investments. Certain Nedgroup Investments unit trust portfolios apply a performance fee. For the Nedgroup Investments Flexible Income Fund and Nedgroup Investments Stable Fund, it is calculated daily as a percentage (the sharing rate) of total positive performance, with the high watermark principle applying. For the Nedgroup Investments Bravata World Wide Flexible Fund it is calculated monthly as a percentage (the sharing rate) of outperformance relative to the fund's benchmark, with the high watermark principle applying. All performance fees are capped per portfolio over a rolling 12-month period. Certain Nedgroup Investments unit trust portfolios include international assets, whereby a change in the exchange rates may cause the value of those investments to rise and fall. The Nedgroup Investments money market portfolios aims to maintain a constant price (e.g. R1.00) per unit. A money market portfolio is not a bank deposit. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument and that in most cases the return will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the portfolio. The yield is calculated using an annualised seven day rolling average as at the relevant dates provided for in the fund fact sheet. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and that in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. A fund of funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for the fund of funds. A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levy its own charges, which could result in a higher fee structure for the feeder fund.

Please note that Nedgroup Collective Investments (RF) Proprietary Limited is not authorised to and does not provide financial advice. This presentation is of a general nature and intended for information purposes only. It is not intended to address the circumstances of any investor and cannot be relied on as legal, tax or financial advice, either express or implied. Whilst we have taken all reasonable steps to ensure that the information in this document is accurate and current on an ongoing basis, Nedgroup Investments shall accept no responsibility or liability for any inaccuracies, errors or omissions relating to the information and topics covered in this presentation. Nedgroup Collective Investments (RF) Proprietary Limited is a member of the Association for Savings & Investment SA (ASISA).