NEDGROUP INVESTMENTS

Prospectus

Nedgroup Investments Core Bond Fund

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Contents

This Supplemental Prospectus forms part of, and must be read together with, the Prospectus of the Nedgroup Investments Collective Investment Scheme ("the Scheme"), the applicable Deed and Supplemental Deed of the Scheme, the relevant Minimum Disclosure Document ("MDD"), and the Investment Agreement entered into between the investor and the Manager.

This Supplemental Prospectus contains portfolio-specific information relating to the Nedgroup Investments Core Bond Fund ("the Portfolio"). In the event of any inconsistency between this Supplemental Prospectus and the main Prospectus, the provisions of the main Prospectus, applicable legislation and the Deed shall prevail unless otherwise required by law.

The information contained herein has been derived from the applicable Minimum Disclosure Document.

1. The portfolio

The Nedgroup Investments Core Bond Fund is a portfolio within the Nedgroup Investments Collective Investment Scheme and is classified by ASISA as a South African – Interest Bearing – Variable Term portfolio. The Portfolio is intended to provide investors with exposure to the South African bond market as part of a broader investment strategy.

The benchmark of the Portfolio is the FTSE/JSE All Bond Index ("ALBI").

The Portfolio is not managed in accordance with Regulation 28 of the Pension Funds Act, 1956 and may therefore exceed the prudential limits applicable to retirement funds.

The recommended minimum investment horizon for the Portfolio is three years.

2. Investment objective

The primary objective of the Portfolio is to provide investors with exposure to the South African bond market through investment in bonds and interest-bearing securities.

The Portfolio seeks to generate long-term income and capital growth through active management of duration, yield curve positioning and bond selection.

The Portfolio is suitable for investors seeking specific exposure to South African fixed income markets and who are prepared to tolerate the higher levels of volatility associated with variable term bond portfolios relative to money market portfolios.

The Portfolio aims to deliver competitive risk-adjusted returns relative to the South African bond market over the long term.

3. Investment policy

The Portfolio invests primarily in bonds and other interest-bearing securities which are consistent with the investment objective.

The Portfolio may invest in government bonds, corporate bonds, parastatal bonds, inflation-linked bonds, money market instruments and other fixed income securities permitted in terms of applicable legislation.

Underlying collective investment schemes, both local and offshore, may also be held where considered appropriate by the Investment Manager.

Derivative financial instruments may be utilised for efficient portfolio management, hedging, duration management and investment exposure purposes, subject to the limits and conditions prescribed by applicable legislation, the Deed and the Manager's internal risk management framework.

The Portfolio may hold assets in liquid form from time to time in accordance with the requirements of applicable legislation and prudent portfolio management practices.

The Portfolio is intended to provide diversified exposure to South African fixed income securities across varying maturities, issuers and credit ratings.

4. Risk profile

The Portfolio carries a low to medium risk profile and may be exposed to fluctuations arising from changes in interest rates, credit spreads, inflation expectations, issuer creditworthiness, liquidity conditions and macroeconomic developments.

Fixed income instruments, including corporate and government bonds, may experience capital loss in the event that an issuer defaults on interest or principal repayment obligations.

Bond portfolios are sensitive to changes in interest rate expectations and bond yields. As interest rates rise, bond prices may decline and vice versa.

The Portfolio typically displays higher volatility than a traditional money market portfolio due to its exposure to longer duration fixed income instruments.

The Portfolio may also be exposed to liquidity risk and concentration risk arising from holdings in specific issuers or sectors.

Investors should carefully consider the suitability of the Portfolio in light of their investment objectives, financial position, risk appetite and investment horizon.

5. Distributions

The Portfolio distributes income on a quarterly basis.

Distributions may comprise interest income and other distributable amounts generated by the underlying assets of the Portfolio, net of permissible deductions, charges and expenses.

Investors may elect for distributions to be reinvested or paid out in accordance with the administrative processes of the Manager and the terms of the applicable Investment Agreement.

The frequency and level of distributions are not guaranteed and may vary depending on prevailing market conditions, portfolio positioning and the income generated by the Portfolio from time to time.

6. Investment manager

The appointed investment manager of the Portfolio is Taquanta Asset Managers, an authorised financial services provider.

Taquanta Asset Managers is one of the largest independent specialist cash and fixed income managers in South Africa and was established as an independent investment management business in 2007.

The fixed income investment team comprises experienced treasury and fixed income professionals with specialist expertise in South African bond and cash markets.

Taquanta Asset Managers has managed the Core Bond Fund since October 2012 and has developed a strong track record in managing fixed income portfolios against published and proprietary benchmarks.

7. Investment philosophy

The Investment Manager seeks to provide investors with low-cost exposure to the South African bond market through disciplined portfolio construction and efficient implementation.

The investment philosophy is based on the view that superior risk-adjusted returns in the South African bond category can be achieved through reducing explicit and implicit investment costs while maintaining a largely neutral duration profile relative to peers.

The Portfolio is implemented in a cost and tax-efficient manner through the utilisation of specialist fixed income expertise and disciplined risk management practices.

The Investment Manager focuses on diversification across issuers, maturities and credit exposures while actively managing portfolio duration and yield curve positioning.

8. Fees and charges

The Portfolio is subject to management fees, operating expenses, transaction costs and other charges permitted in terms of applicable legislation and the Deed.

The annual management fee applicable to the Portfolio is disclosed in the applicable Minimum Disclosure Document.

The Total Expense Ratio ("TER"), Transaction Costs ("TC") and Total Investment Charges ("TIC") applicable to the Portfolio are disclosed in the applicable Minimum Disclosure Document and are updated regularly by the Manager.

The Portfolio may also engage in securities lending activities in accordance with applicable legislation and the Manager's securities lending framework.

Investors should refer to the latest Minimum Disclosure Document for detailed information regarding fees and charges, portfolio performance, benchmark comparisons, portfolio metrics, duration measures, gross estimated yield calculations, TER and TIC calculations, securities lending revenue and other material portfolio information.
Past performance is not necessarily indicative of future performance.

9. Performance reporting

Performance information relating to the Portfolio is published in the applicable Minimum Disclosure Document and updated monthly.

Such information includes annualised returns, cumulative performance, benchmark comparisons, rolling performance periods, volatility statistics, portfolio composition, maturity profiles, credit ratings, gross estimated yield measures and modified duration statistics.

The latest Minimum Disclosure Document is available from the Manager upon request and on the Manager's website.

10. Valuation and pricing

The Portfolio is valued daily at 15:00 South African time in accordance with CISCA, the Deed and the valuation policies adopted by the Manager. Instructions received prior to the applicable cut-off time will generally be processed at the ruling price applicable to that business day.

Prices are published daily through approved publication channels and on the Manager's website.

The Manager reserves the right, subject to applicable legislation and trustee oversight requirements, to suspend pricing, repurchases or transactions in exceptional circumstances where this is considered necessary to protect investors or ensure the fair treatment of participatory interest holders.

11. Important disclosures

Collective investment schemes are generally medium to long-term investments. The value of participatory interests may go down as well as up and investors may not receive back the full amount originally invested.

The Manager does not guarantee the capital or performance of the Portfolio. Past performance is not necessarily indicative of future results.

The Portfolio may engage in securities lending in accordance with applicable legislation and the Manager's securities lending policies.

The Portfolio may also hold foreign securities and offshore collective investment schemes and may therefore be exposed to foreign exchange risks, macroeconomic risks, liquidity constraints and repatriation risks.

Investors should read the main Prospectus, this Supplemental Prospectus, the applicable Minimum Disclosure Document, the Investment Agreement and all supporting disclosure documentation prior to making an investment decision.

NEDGROUP INVESTMENTS

Contact us

Phone:	0800 123 263 (within South Africa)
	+27 21 412 2003 (outside South Africa)
Email:	clientservices@nedgroupinvestments.co.za
Write To Us:	Po Box 1510, Cape Town, 8000

Our offices are located at

South Africa:	Nedbank Clocktower, Clocktower Precinct, V&A Waterfront, Cape Town, 8001
London:	12 Arthur Street, London, EC4R 9AB
Isle Of Man:	First Floor, St Mary's Court, 20 Hill Street, Douglas, Isle Of Man, IM1 1EU, British Isles

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