NEDGROUP INVESTMENTS

Prospectus

Nedgroup Investments Flexible Income 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 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.

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 Flexible Income 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 Flexible Income Fund is a portfolio within the Nedgroup Investments Collective Investment Scheme and is classified by ASISA as a South African – Multi Asset – Income portfolio. The Portfolio is intended to provide investors with diversified exposure to domestic and offshore fixed income asset classes through an actively managed income-focused investment strategy.

The benchmark of the Portfolio is 110% of the STeFI Call Deposit Index. 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.

2. Investment objective

The primary objective of the Portfolio is to achieve returns in excess of 110% of the STeFI Call Deposit Index over time while seeking to avoid capital loss over rolling six-month periods.

The Portfolio seeks to provide investors with enhanced money market type returns through active asset allocation across cash, bonds, property and other fixed interest asset classes.

The Portfolio is intended for investors seeking income generation and capital stability over the short to medium term and who are prepared to accept higher volatility and lower liquidity than that typically associated with traditional money market portfolios.

3. Investment policy

The Portfolio has the flexibility to invest in a diversified range of domestic and offshore fixed income asset classes, including bonds, inflation-linked bonds, money market instruments, listed property, preference shares and offshore fixed income investments.

The Portfolio invests beyond traditional fixed income, money market and bond assets in order to seek additional value opportunities and enhance return generation.

The Portfolio does not hold direct equity exposure, although exposure may be obtained indirectly through listed property investments and convertible bonds.

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

The Portfolio is managed as a diversified portfolio of income-generating assets with the objective of producing consistent returns over time.

4. Risk profile

The Portfolio carries a low risk profile but may nevertheless be exposed to market fluctuations arising from changes in interest rates, credit spreads, property markets, foreign exchange movements and broader macroeconomic conditions.

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.

The Portfolio may display higher volatility and lower liquidity than a traditional money market portfolio due to its broader exposure to fixed income and listed property investments.

Listed property investments are volatile by nature and may be subject to potential capital loss. The Portfolio may also be affected by currency fluctuations arising from its offshore exposure.

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

5. Distributions

The Portfolio distributes income on a quarterly basis.

Distributions may comprise interest income, rental income, foreign 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 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 Abax Investments (Pty) Ltd, an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act, 2002 (FSP No. 856).

Abax Investments was founded in 2003 and focuses exclusively on investment management. The company is majority owner-managed and all employees are shareholders.

The investment management team comprises experienced investment professionals with expertise in South African equity, global equity, fixed interest, derivatives and asset allocation. The investment team at Abax has managed the Flexible Income Fund since October 2012.

7. Investment philosophy

The Investment Manager adopts a diversified alpha approach in seeking attractive investment opportunities across a broad range of fixed income asset classes and investment strategies.

The investment process is focused on diversifying sources of return while balancing portfolio risk through disciplined asset allocation, return modelling and risk management.

The Investment Manager seeks to construct portfolios that generate consistent returns above cash across a range of market conditions and economic scenarios.

Risk management and portfolio diversification form an integral part of the investment process and are applied consistently in portfolio construction and ongoing portfolio management.

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 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.

Investors should refer to the latest Minimum Disclosure Document for detailed information regarding fees and charges, portfolio performance, benchmark comparisons, risk statistics, portfolio metrics, TER and TIC calculations, 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, portfolio metrics, maturity profiles, credit ratings and portfolio composition.

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.

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.

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