



NEDBANK
PRIVATE WEALTH
SINCE 1834

PRIVATE WEALTH SMALL AND MID CAP FUND

Q~~4~~² 2020

see money differently

MARKET REVIEW

December started on a positive note, Q3 GDP figures of +13,5% (q-o-q, not annualised) surprised to the upside as activity rebounded in lockstep with the reopening of the economy and progressive easing of lockdowns. While base effects played a meaningful role, significant exports provided a strong tailwind for the rebound and drove the current account to record the highest quarterly surplus in decades. The fourth quarter is unlikely to maintain this momentum, as key trading partners introduce greater lockdown restrictions and South Africa introduced adjusted level three restrictions.

Local markets ended the quarter on a strong note, lifted by improved sentiment for risk assets as vaccines became available and a weaker US dollar provided a tailwind for emerging market currencies. This supported cyclical sectors, domestically exposed companies and those hardest hit by lockdown measures. Despite the chaos and volatility, equities ended the year stronger than they started. The FTSE/JSE All Share gained +9,8% over the last quarter, helping the asset class end the year up +7,0%. While technology stocks and resources set the tone for the year, the fourth quarter was most beneficial for cyclicals. Noteworthy returns were recorded by the financials sector which gained +20,1% in Q4, with banks gaining as activity picked up and an upgrade in credit ratings for the major banks from credit ratings agency, Fitch, confirmed the sector remains well capitalised. Domestic counters led the fourth quarter charge, with the small cap index returning a healthy +21,9% relative to headline numbers from the mid cap stocks (+13,7%) and Top 40 indices (+8,9%).

FUND PERFORMANCE

The fund posted a return of 13.81% during the fourth quarter, underperforming the 15.73% return achieved by its benchmark. The fund's peer group posted an average return of 14.49% for the quarter. On a one year view the fund returned -9.86% relative to the benchmark's -10.8% return and the peer group average of -6.37%.

Over the past year, overweight positions in Altron (+0.96%), Zeder (+0.81%) and Transaction Capital (+0.75%) contributed positively to the fund's performance. Not holding gold shares – Sibanye (-3.35%), DRD Gold (-0.69%) and Harmony (-0.52%) – detracted substantially from the fund's performance, as did holdings in Adcorp (-1.65%), Ethos Capital (-1.53%) and Curro (-0.94%).



NEDGROUP INVESTMENTS PRIVATE WEALTH SMALL & MID CAP EQUITY FUND



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DECEMBER 2020

RISK RATING



RISK REWARD PROFILE

Equity investments are volatile by nature and subject to potential capital loss. Due to its specialist nature, the portfolio will typically display higher volatility than a general equity portfolio. The portfolio is suitable for investors who require specific exposure to small- and mid-cap sector shares as part of their overall investment strategy, with maximum capital appreciation as their primary goal over the long term.

GENERAL INFORMATION

BENCHMARK / TARGET RETURN

25% FTSE/JSE Small-Cap Index 75% FTSE/JSE Mid-Cap Index

INVESTMENT MANAGER ASSET CLASS

Nedgroup Investment Advisors (Pty) Ltd is authorised as a Financial Services Provider under the Financial Advisory and Intermediary Services Act (FSP No. 1652).

ASISA CATEGORY

South African Equity Mid & Small Cap

REGULATION 28 COMPLIANT

No

INCEPTION DATE

01 May 2004

FUND SIZE

R 25 Million

NET ASSET VALUE¹

4752.14 cpu

MINIMUM INVESTMENT

Lump sum: R50,000

INCOME DISTRIBUTION

Frequency: Annually

December 2020: 58.93 cpu

Previous 12 months: 58.93 cpu

FEES

Annual management fee (excluding VAT): 1.00%

Total expense ratio 1.26%

Transaction costs 0.25%

Total investment charges³ 1.51%

INVESTMENT APPROACH

Stock selection is based on fundamental valuation with the aim of identifying quality companies that will exceed required hurdle rates of return over the medium term. Shorter term opportunities are exploited as and when they arise. Sector and market views are informed through the Nedbank Private Wealth National Strategic Investment Committee's monthly meeting process.

PORTFOLIO PROFILE

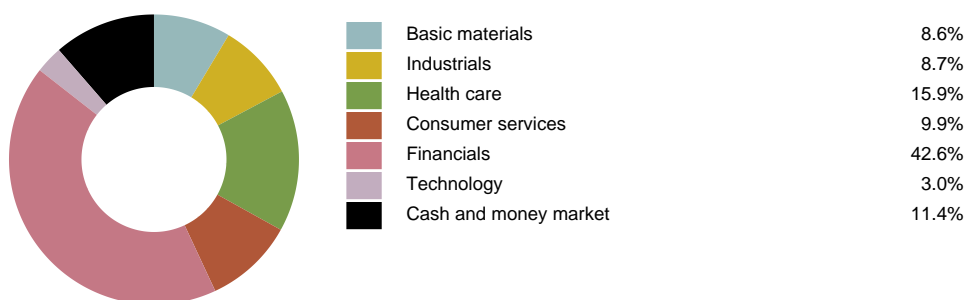
The portfolio is suitable for investors seeking exposure to small and medium sized companies in the domestic equity market with maximum capital appreciation as their primary goal over the long term. Investors should have a tolerance for short-term market volatility in order to achieve long-term objectives. The mandate excludes investment in Real Estate shares.

PERFORMANCE²

Period	Portfolio	Benchmark
1 year pa	-9.8%	-10.8%
3 Years pa	-10.7%	-4.2%
5 Years pa	-6.3%	3.2%
7 Years pa	-2.0%	4.0%
10 Years pa	3.6%	7.5%
Lowest 1 year return	-35.7%	
Highest 1 year return	30.9%	

The annualized total return is the average earned by an investment each year over a given period of time.

PORTFOLIO STRUCTURE



TOP 10 HOLDINGS

Share	Percentage
Reinet Investments SCA	7.8
The Bidvest Group Ltd	7.4
PSG Group Ltd	7.2
RMI Holdings Ltd	7.2
Mediclinic International Plc	6.9
Santam Ltd	5.9
Northam Platinum Ltd	5.4
Netcare Ltd	5.2
Transaction Capital Ltd	5.1
Quilter Plc	5.0
Total	63.0



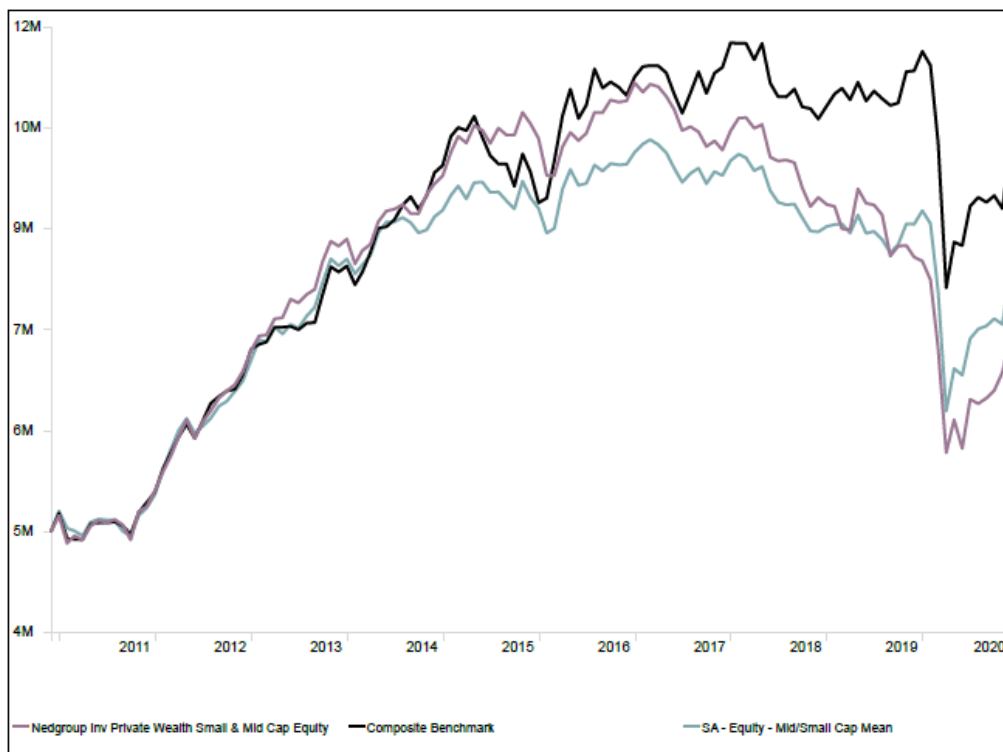
NEDGROUP INVESTMENTS PRIVATE WEALTH SMALL & MID CAP EQUITY FUND



DECEMBER 2020

SINCE INCEPTION CUMULATIVE PORTFOLIO PERFORMANCE

The graph shows growth of R5 000 000 invested in the portfolio plotted against the fund's composite benchmark as well as the average of the ASISA South African Equity Mid/Small Cap category.



Mandatory disclosures:

1. Funds are valued daily at 15:00. Instructions must reach us before 14:00 (12:00 for Nedgroup Money Market Fund) to ensure same day value. Daily prices are available on request from your relationship manager.
2. Performance is calculated for the portfolio and individual investment performance may differ as a result of initial fees, the actual investment, the actual investment date, the date of reinvestment and dividend withholding tax. Data source: © 2015 Morningstar.
3. Total Expense Ratio (TER), expressed as a percentage of the Fund, relates to expenses incurred in the administration of the Fund. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. Transaction Costs (TC), expressed as a percentage of the Fund, relates to the costs incurred in buying and selling the underlying assets of the Fund. TC are a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER. The Total Investment Charges expressed as a percentage of the Fund, relates to all investments costs of the Fund. Both the TER and TC of the Fund is calculated on an annualised basis, beginning October 2017 and ending September 2020.

Whilst Nedbank Private Wealth offers you a choice of investment services, the underlying funds forming part of Nedbank Private Wealth strategy solution, are managed by Nedgroup Investments. More specifically, Nedgroup Collective Investments (RF) Proprietary Limited, is the company that is authorised in terms of the Collective Investment Schemes Control Act to administer the Nedgroup Investment Private Wealth unit trust portfolios. It is a member of the Association of Savings & Investment South Africa (ASISA). Contact: Nedgroup Investments, P O Box 1510, Cape Town 8000, info@nedgroupinvestments.co.za, Tel 0860 123 263 (RSA only). The Standard Bank of South Africa Limited is the registered trustee. Contact: Standard Bank, P O Box 54, Cape Town 8000, Trustee-compliance@standardbank.co.za, 021 401 2002.

Unit trusts are generally medium to long term investments. The value of your investment may go down as well as up. Past performance is not necessarily a guide to future performance. Nedgroup investments does not guarantee the performance of your investment and even if forecasts about the expected future performance are included you will carry the investment and market risk, which includes the possibility of losing capital. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. Certain unit trust funds may be subject to currency fluctuations due to its international exposure. Nedgroup Investments has the right to close unit trust funds to new investors in order to manage it more efficiently. A fund of funds may only invest in other unit trust funds, that levy their own charges, which could result in a higher fee structure. A schedule of fees and charges and maximum commissions is available on request from Nedgroup Investments. For further additional information on the fund, including but not limited to, brochures, application forms and the annual report please contact your relationship manager.

Contact

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