



NEDBANK
PRIVATE WEALTH
SINCE 1834

PRIVATE WEALTH SMALL AND MID CAP FUND

1Q 2021

see money differently

MARKET REVIEW

It was announced that the South African economy grew by 1,5% q/q (not annualised) during the fourth quarter of 2020, which exceeded market expectations. The ongoing recovery in trade and manufacturing supported production, while lower levels of restriction boosted expenditure on restaurants and other recreational activities. An economic contraction of -7,0% for 2020 (compared to 2019) was also confirmed; the biggest annual contraction since 1920.

The February 2021 State of the Nation Address (SONA) sought to balance immediate challenges from the pandemic with the difficult task of reviving an economy that was already in dire straits going into the crisis. Rather than reiterate the long list of reforms required to change the economic trajectory, the speech focused on the most critical economic reform priorities. The focus was welcomed, but execution remains key.

The 2021 National Budget walked an equally tight rope, balancing the need to support while demonstrating fiscal prudence. A combination of higher commodity prices and a decent economic recovery over the latter half of 2020 left the Finance Minister with circa R100bn of additional revenues relative to the Medium-Term Budget estimates. While the deficit and debt ratios are still well in excess of comfortable levels, the outcome of the National Budget was better than the market expected and allowed for the funding of vaccines and extension of COVID relief measures without additional direct taxes outside of the usual increases in the fuel levy and excise duties.

The FTSE/JSE All Share index gained 12,5% in USD terms over the quarter, which compares favourably with the 5,0% gain from the MSCI World index over the same period. In local currency terms, this translated into a 13,1% gain from the All Share index over the three months to March. A strong performance from the resources sector, which advanced 18,7%, continued to set the tone.

Small cap stocks outperformed as counters that were previously affected by trade restrictions and a flight to safety benefited from resumed demand as investors began to position for an economic recovery. The Small Cap index advanced 21,2%, compared to 9,4% from the Mid Cap index and 13,2% from the Top 40.

FUND PERFORMANCE

The Fund delivered a return of 9,4% during the quarter. This compared to a 12,3% gain in the Fund's benchmark and a 16,4% return from the peer group. Over the last 12 months, the Fund returned 39,4% against the benchmark's return of 53,5%.

On a one-year view, overweight positions in Impala Platinum (+2,6%) and Transaction Capital (+2,2%) were standout performers. Underweight positions in resource counters like Royal Bafokeng Platinum (-2%), African Rainbow Minerals (-1,4%) and Northam Platinum (-1,4%) detracted from the Fund's performance, however. The Group's holdings in Reinet (-2,6%) and African Rainbow Capital Investments (-2,5%) further contributed to the Fund's relative underperformance.



NEDGROUP INVESTMENTS PRIVATE WEALTH SMALL & MID CAP EQUITY FUND



MARCH 2021

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 21 Million

NET ASSET VALUE¹

5134.26 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 1.31%

Transaction costs 0.35%

Total investment charges³ 1.66%

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

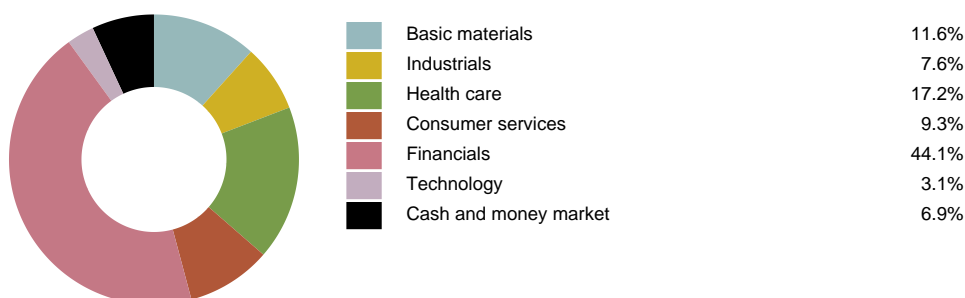
The portfolio is suitable for investors seeking exposure to small and medium sized companies in the domestic equity market with maximum capital appreciation as their primary goal over the long term. Investors should have a tolerance for short-term market volatility in order to achieve long-term objectives.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

PERFORMANCE²

Period	Portfolio	Benchmark
1 year pa	39.4%	53.5%
3 Years pa	-8.1%	0.5%
5 Years pa	-4.3%	2.4%
7 Years pa	-0.6%	5.3%
10 Years pa	5.0%	9.2%
Lowest 1 year return	-35.7%	
Highest 1 year return	39.4%	

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	8.7
PSG Group Ltd	7.5
RMI Holdings Ltd	7.5
Netcare Ltd	6.6
Northam Platinum Ltd	6.6
Transaction Capital Ltd	6.3
The Bidvest Group Ltd	6.2
Mediclinic International Plc	5.6
Santam Ltd	5.2
Impala Platinum Holdings Ltd	5.1
Total	65.2



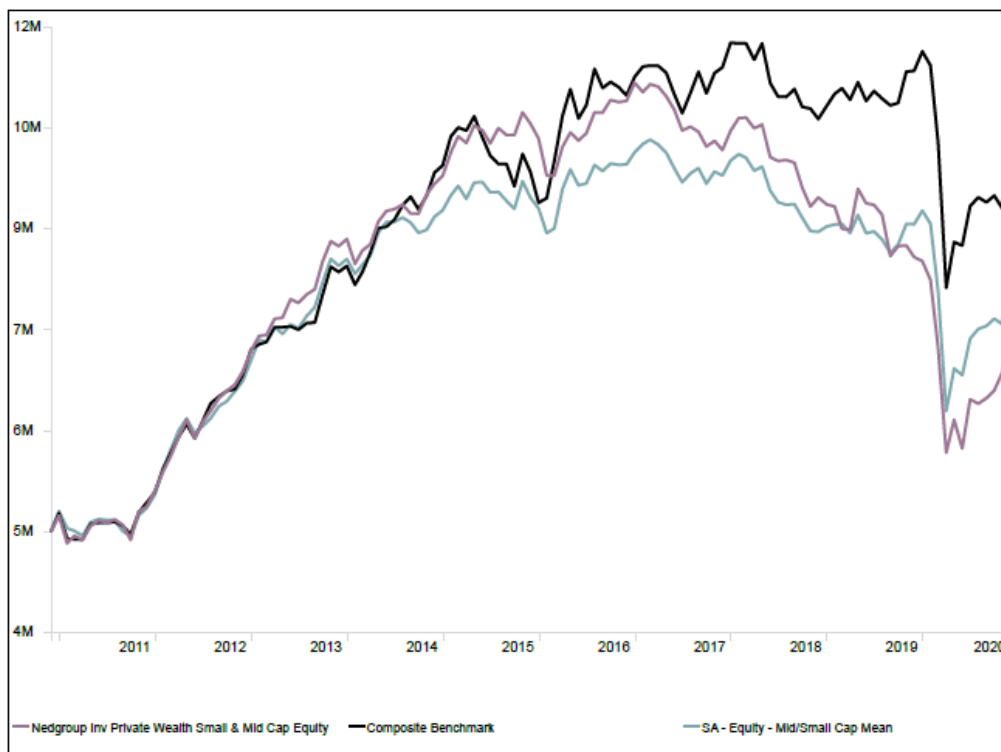
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SINCE INCEPTION CUMULATIVE PORTFOLIO PERFORMANCE

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 January 2018 and ending December 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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