



See money differently

Quarterly Report: **Nedgroup Investments** **Select Global Equity Fund of Funds**

as at 30 June 2021

Quarterly report: Nedgroup Investments



Domestic asset class returns (ZAR)



SA Equity



Smaller SA Inc. counters demonstrated resilience, but the resources sector had a poor June (-6.5%)

25.1% 1 year

8.1% 3 years

12.3% LT average

SA Property



SA property was the top performer in Q2, with counters like Vukile and Sirius leading the charge

25.2% 1 year

-8.9% 3 years

11.2% LT average

SA Bond



The longer-end of the curve outperformed, suggesting the pricing in of a rate hiking cycle

13.7% 1 year

9.2% 3 years

7.0% LT average

SA Cash



The MPC unanimously decided to keep rates unchanged at 3.5% at the May meeting

3.5% 1 year

5.4% 3 years

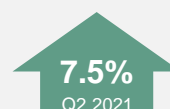
5.9% LT average



Global asset class returns (USD)



Global Equity



Growth stocks outperformed, tech rebounded and the EU benefited from strong corporate earnings

39.9% 1 year

15.1% 3 years

8.7% LT average

Global Property



Property markets globally continue to recover, as investors become more confident of its outlook

34.9% 1 year

7.4% 3 years

6.7% LT average

Global Bond



The US 10-year yield fell on the back of many countries' - incl. the US - inflation exceeding expectations

2.6% 1 year

4.2% 3 years

4.6% LT average

US Cash



The US Fed and other central banks are taking a slightly more hawkish stance on rates

0.2% 1 year

1.5% 3 years

4.3% LT average



Exchange rates (Rand spot rate and quarterly change)



US Dollar R14.28



The rand strengthened by more than 5% to the US dollar in May, reaching its best level since 2019 at the start of June. The demand for SA's mining commodities, resulting in the last two quarters being of the largest current account surpluses in our economic history, was one of the key drivers of rand strength.



British Pound R19.73



A number of the domestically focused areas fell back sharply in June, partly due to concerns around the impact of the covid-19 delta variant on the UK's re-opening plans. Retailers and travel and leisure sectors in particular performed poorly as the UK government delayed the date to further lift social distancing laws.



Euro R16.93



In Europe, the vaccine rollout has gathered pace, and a more sustained reopening of economies is on track for the second half of the year. The flash Markit eurozone composite PMI rose to 59.2 in June, its highest level since June 2006. Eurozone inflation was estimated at 1.9% in June, down from 2.0% in May.

Quarterly report: Nedgroup Investments



Domestic performance drivers



Highlights

- The Constitutional Court found former president Zuma guilty of contempt of court and issued a sentence of 15 months imprisonment. While the rule of law features prominently in the words of the ruling, their consequences perhaps speak even louder.
- Reforms took centre stage in June and appear to be gaining momentum. Government confirmed that Takatso, a consortium of private investors, will be the preferred equity partner for embattled air carrier, South African Airways. Transnet will unbundle the ports business to establish a new, independent Transnet National Ports Authority and the electricity self-generation limit will be increased to 100MW from 1MW previously.



Low points

- With the delta variant of covid-19 spreading rapidly in South Africa, the severity of the third wave prompted a move to Alert Level 4 restrictions for two weeks, to be reassessed in early July. While the global recovery is providing cyclical tailwinds, stricter lockdowns are an unfortunate setback.
- The BER consumer confidence index fell this quarter, after recording four consecutive positive quarters. This survey reflects “very depressed consumer confidence levels” and also highlights the divergence of the impact of covid-19 on the different income groups within South Africa.



Global performance drivers



Highlights

- At the end of the quarter, vaccination rates were close to 50% in the United States and Europe, and over 60% in the United Kingdom. New, more contagious covid-19 variants are spreading, but the existing vaccines seem effective against these variants.
- The European Commission signed off on the first of the national recovery plans which will receive funding from the €800 billion Next Generation EU fund. Spain and Portugal were the first countries to have their spending plans approved.



Low points

- In late June President Joe Biden also secured a deal on an infrastructure package worth about \$1 trillion to upgrade roads, bridges and broadband networks over the next eight years. The agreement fell short of the \$2.3 trillion infrastructure spending plan announced in March, and did not address the social safety-net spending proposed in April.
- Indian hospitals ran out of beds and life-saving oxygen during a devastating second wave of coronavirus in April and May. This devastating surge in covid-19 cases and fatalities, highlighted the importance of rapid vaccination rollouts.

Quarterly report:

Nedgroup Investments Select Global Equity Fund of Funds



Fund overview

Max equity

100%

Time frame

Min **7** years

Benchmark

USD Cash
+6%

Peer group

Global Equity
General

Regulation 28

Non-Compliant

Risk profile

1

2

3

4

5



Underlying fund structure

20% Active

ARDEVORA

Goldman
Sachs

20% Active

DODGE & COX

20% Active

Veritas
— Asset
Management

20% Active

SATRIX

20% Passive



Fund costs (C – clean class)

Management fee* (Excl. Vat)

0.99%

Total expense ratio

1.22%

Transaction charges

0.10%

Total investment charges

1.32%



Benefits of the Select range

Simple, low-cost
Solution



Diversified across
Asset classes



Passive and active
underlying investments



Quarterly
Rebalanced



Tax
Efficient



Ongoing
Due diligence



as at 30 June 2021

**Includes BOTH multi-manager and underlying fund fees. Total Expense Ratio (TER) and Transaction Costs (TC) of the Fund are calculated on an annualised basis, beginning 1st April 2018 to 31st March 2021. Figures displayed here are the best estimates available given insufficient track record.

Quarterly report:

Nedgroup Investments Select Global Equity Fund of Funds



Sector allocation

Communication Services



16.8%

Healthcare



14.8%

Technology



14.3%

Financial Services



12.9%

Consumer Cyclical



12.6%

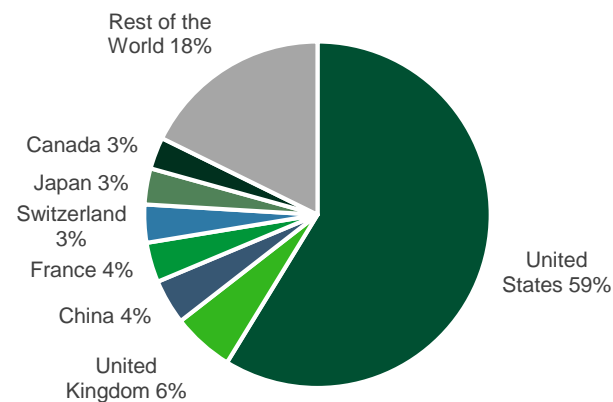
Industrials



11.9%



Country allocation



Top ten holdings

Alphabet

3.8%

Charter
COMMUNICATIONS

2.1%



1.9%



1.8%

amazon

1.8%



1.3%

SANOI
SANOFI

1.3%

UNITEDHEALTH GROUP®

1.2%

Alibaba

1.1%

Unilever

0.9%

Quarterly report: Nedgroup Investments Select Global Equity Fund of Funds



Fund performance (clean class)*

Q2'21 return

2.9%

Peer group average: 3.2%

1yr annualised return

17.2%

Peer group average: 14.5%

3yr annualised return

18.3%

Peer group average: 14.1%

5yr annualised return

16.0%

Peer group average: 12.2%

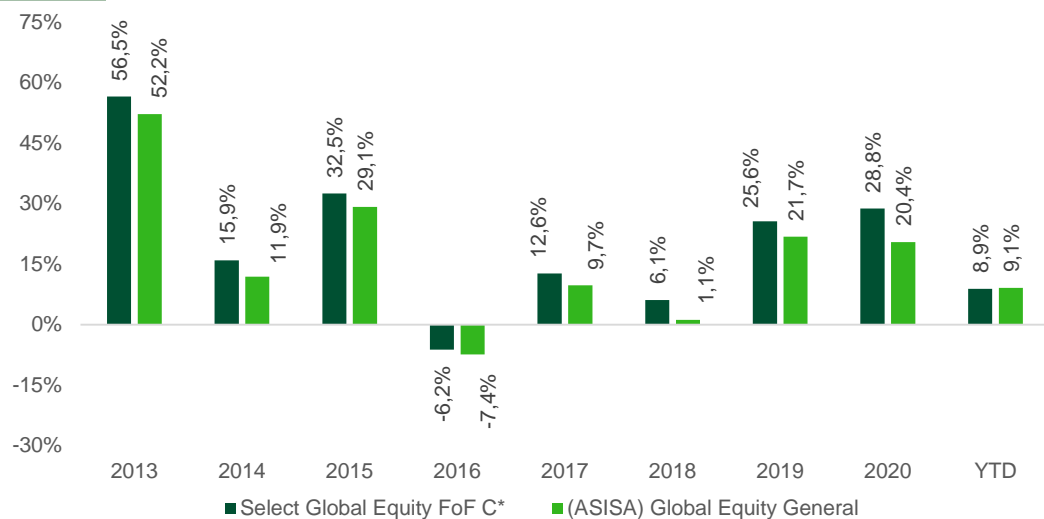
7yr annualised return

15.8%

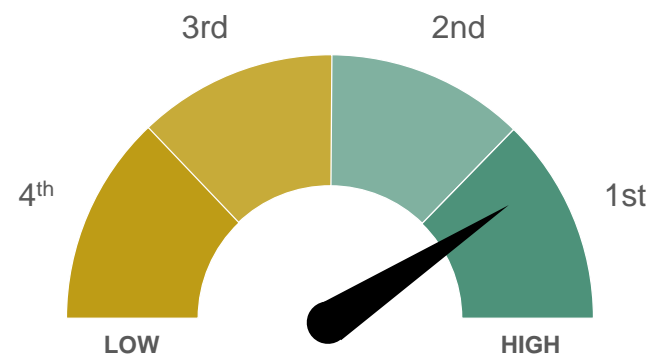
Peer group average: 12.2%



Calendar year performance



Peer group quartile ranking*: 7yr



as at 30 June 2021

*The track record displayed here includes back tested returns from September 2012 to 28 February 2021, thereafter actual performance of the Nedgroup Investments Select Global Equity FoF

Quarterly report: Nedgroup Investments Select Global Equity Fund of Funds



Risk measures since inception*

Rolling 7yr return

100%

Hit rate: outperforming
peer group average

Volatility

15.5%

Global equity market (ZAR):
15.1%

Max drawdown

-15.6%

Global equity market (ZAR):
-15.0%

Sharpe ratio

0.9

Global equity market (ZAR):
0.9

% Positive months

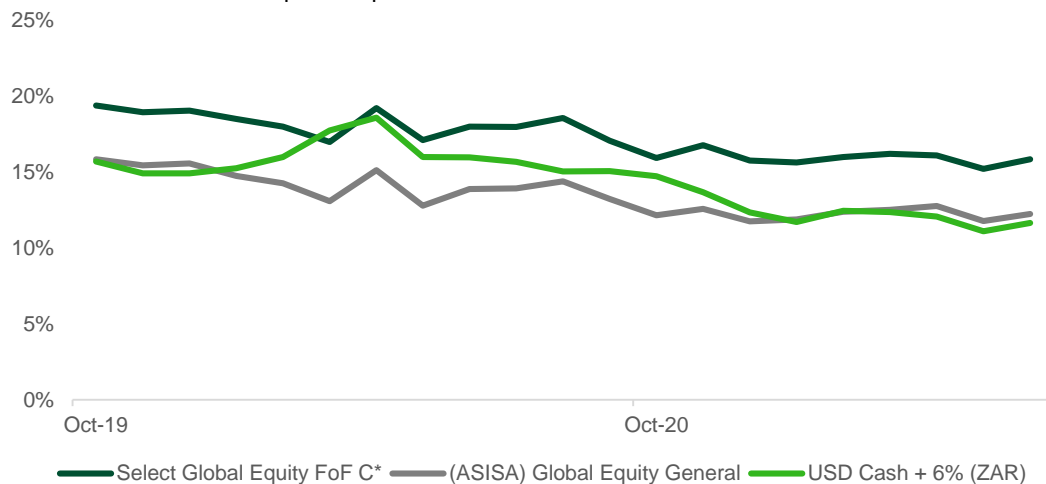
64%

Global equity market (ZAR):
63%

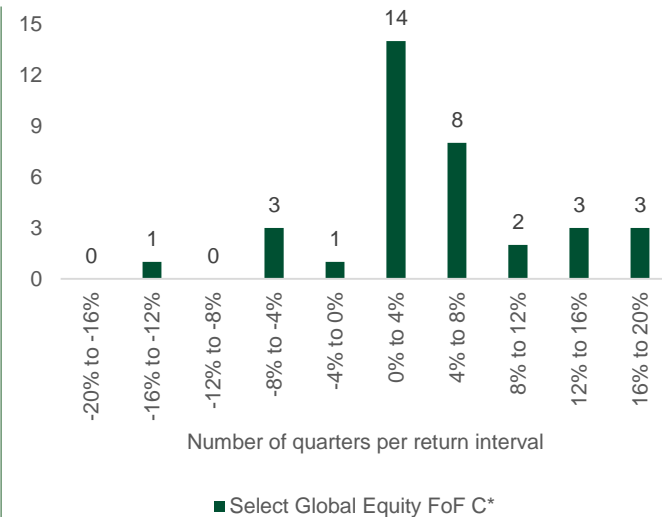


Rolling 7-year annualised return*

Since inception Sep 2012 to date



Quarterly return distribution*



as at 30 June 2021

*The track record displayed here includes back tested returns from September 2012 to 28 February 2021, thereafter actual performance of the Nedgroup Investments Select Global Equity FoF

Quarterly report:

Nedgroup Investments Select Global Equity Fund of Funds



Underlying fund performance (ZAR)

Key	2016	2017	2018	2019	2020	YTD
Dodge & Cox Global Stock	3,3%	16,3%	9,7%	32,5%	63,9%	17,6%
Goldman Sachs Global Millennials	-5,7%	15,0%	9,2%	26,9%	32,4%	9,6%
Nedgroup Investments Global Equity (Ardevora)**	-5,8%	11,1%	5,3%	24,3%	20,4%	8,8%
Nedgroup Investments Global Equity (Veritas)	-9,5%	10,0%	4,8%	23,0%	18,1%	6,7%
Satrix World Equity Tracker	-13,2%	10,0%	1,5%	20,4%	11,4%	4,5%



Positive contributors this quarter

- The Dodge & Cox Global Stock fund has been the top performer this year with its strong stock selection in the Energy sector and its overweight to Financials being the top contributors. Occidental Petroleum, Ovintiv, and Suncor Energy were among the top performers in the Energy sector, while Capital One Financial and Wells Fargo were the top performers in the Financials sector.
- Alphabet, Facebook and Charter Communications, the fund's three largest positions, delivered performance of more than double that of the MSCI World Index this quarter.
- The fund's overweight to the Healthcare sector delivered mixed results this quarter, as different pockets of this market are reacting differently to the current market conditions. Illumina, Cochlear and CVS Health delivered good results.



Detractors this quarter

- The fund's exposure to the Consumer Discretionary sector detracted from performance as this sector lagged the rest of the market, with Alibaba being one of the largest underperformers.
- American multinational health care company - Baxter International - and American multinational medical devices and health care company – Abbott Laboratories – delivered poor performance this quarter.
- Canadian Pacific Railway, the first stock outside of the fund's top 10, had a poor quarter relative to the benchmark, detracting from performance.

As at 30 June 2021

**The track record of the sub-fund (Ardevora Global Long Only Equity) on which this fund is modelled is used due to short track record of the Nedgroup Investments funds

Quarterly report:

Nedgroup Investments Select Global Equity Fund of Funds



Performance across classes

	B2 Class (lisp)	C Class (clean)	C1 Class (product)	Peer group	SA inflation
Quarter	N/A	2.9%	2.8%	3,2%	2,3%
1 year	N/A	N/A	N/A	14,5%	6,0%
3 year	N/A	N/A	N/A	14,1%	4,2%
5 year	N/A	N/A	N/A	12,2%	4,5%



Costs across classes

	Management fee* (excl. Vat)	Financial planner	Total expense ratio	Transaction Charges	Total investment charges
B2 class (lisp)	0.84%	N/a	1,05%	0.10%	1.15%
C class (clean)	0.99%	N/a	1,22%	0.10%	1.32%
C1 class (product)	1.14%	N/a	1,39%	0.10%	1.49%

as at 30 June 2021; N/A – the fund does not yet have a formal track record long enough to display

**Includes BOTH multi-manager and underlying fund fees. Total Expense Ratio (TER) and Transaction Costs (TC) of the Fund are calculated on an annualised basis, beginning 1st April 2018 to 31st March 2021. Figures displayed here are the best estimates available given insufficient track record.

Disclaimer

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 Investments unit trust portfolios. 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 schedule of fees and charges and details of our awards are available on request from Nedgroup Investments. 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. Nedgroup Investment Advisors (Pty) Ltd (the 'Investment Manager') an authorised as a financial services provider under the Financial Advisory and Intermediary Services Act (FSP No. 1652), is the appointed Investment Manager of the Management Company.

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. 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.

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).