

see money differently



# **NEDGROUP INVESTMENTS**

## **Cash Solutions Range**

Q3 2022

**Marketing Communication**

## Nedgroup Investments Cash Solutions Range

Past performance is not indicative of future performance and does not predict future returns.

Periodic returns (%) up to 30 Sep 2022	1 month	3 months	YTD 2022	1 year	3 years	Gross Est. Yield*	Modified Duration
Money Market Fund	0.5	1.4	2.6	3.7	4.8	6.75	0.07
Prime Money Market Fund	0.5	1.3	2.4	3.5	4.5	6.19	0.22
Corporate Money Market Fund	0.5	1.4	2.5	3.6	4.7	6.63	0.08
Core Income Fund	0.5	1.5	2.8	4.0	5.3	6.55	0.10
<i>SteFI Call</i>	0.4	1.3	2.4	3.3	4.2		
<i>SteFI Composite</i>	0.5	1.3	2.5	3.6	4.6		

\*All net return for the Nedgroup Investments fund's respective C classes. Source: Morningstar

\*\*Gross Est. yields are available daily at **Cash Solutions** ([nedgroupinvestments.co.za](https://nedgroupinvestments.co.za))

## Macro Overview

On the 22nd of September, the South African Reserve Bank's (SARB) Monetary Policy Committee (MPC) raised the repo rate by 75 basis-points (bps) from 5.50% to 6.25%. This outcome was broadly in line with our, and the analysts' consensus estimates.

The SARB expects headline inflation to average 6.5% in 2022, in line with their previous forecast, but monetary authorities still anticipate upside risks to the current CPI outlook. Rising nominal wages, increasing administered prices and a weaker exchange rate currently underpin this view.

Global policymakers remain resolute in their battle to contain inflation. The MPC's policy decision followed global interest rate hikes to the collective tune of 500 bps across major central banks. The Fed delivered its third straight policy rate increase of 75 bps, signalling another rate hike before year-end.

Financial markets expect rates to move higher. The Forward Rate Agreement (FRA) curve continues to remain elevated, albeit less steep than it was in H1 2022. On the other hand, the amended implied policy path of the SARB's Quarterly Projection Model (QPM) sees the repo rate closer to current levels by year end, from 6.45% at the last MPC meeting.

According to Bloomberg's Global GDP Tracker, world industrial activity has now slid into negative territory, appearing increasingly fragile in absorbing aggressive monetary tightening. Falling demand levels, deteriorating trade conditions and low propensities to invest are expected to reduce cost-push tailwinds from their current lofty levels.

On the back of a moderating macroeconomic backdrop and falling inflation expectations, we conversely anticipate a more measured interest rate approach, as well as the growing likelihood of a near term peak in the current hiking cycle.

In the SA money market, the 3-m JIBAR rate rose 70 bps m/m to end the month at 6.467%, while the 12-m JIBAR rate rose 69.2 bps m/m to 8.592%. In the last 12 months, these rates increased by 279 bps and 367 bps, respectively. These in turn, have led to higher portfolio yields and prospective returns across the Nedgroup Investments range of funds.

## Disclaimer

### WHO WE ARE

Nedgroup Collective Investments (RF) Proprietary Limited is an authorised Collective Investment Scheme and the representative of Nedgroup Investments Funds PLC in terms of the Collective Investment Schemes Control Act. It is a member of the Association of Savings & Investment South Africa (ASISA)..

### OUR TRUSTEE

The Standard Bank of South Africa Limited is the registered trustee.

Contact details: Standard Bank, Po Box 54, Cape Town 8000,

[Trustee-compliance@standardbank.co.za](mailto:Trustee-compliance@standardbank.co.za), Tel 021 401 2002.

### GROSS ESTIMATED YIELD

Gross Yield: means the sum of all expected income over the next 12-months from underlying instruments in the portfolio divided by the cumulative net asset value of the fund. The expected income amounts are approximate and based on market assumptions and forecasts. Actual returns may differ, based on changes in market values, interest rates and changes in costs actually experienced during the investment period.

### MODIFIED DURATION

Modified duration measures how sensitive a bond's price is to a change in the interest rate level and follows the concept that interest rates and bond prices move in opposite directions. In other words, it estimates by how much, measured as '% change', you can expect a bond price to fall for every 1% increase in interest rates and vice versa. The weighted average modified duration collectively measures the total portfolio's sensitivity

### HOW ARE OUR FUNDS PRICED

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. Prices are published daily on our website and in selected major newspapers.

### FEES

A schedule of fees and charges is available on request from Nedgroup Investments. One can also obtain additional information on Nedgroup Investments products on our website.

### DISCLAIMER

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. Our funds are traded at ruling prices and can engage in borrowing and scrip lending.

Some funds may hold foreign securities including foreign CIS funds. As a result, the fund may face material risks, which could include foreign exchange risks, market conditions and macro-economic and political conditions.

A fund of funds may only invest in other funds, and a feeder fund may only invest in another single fund, both will have funds that levy their own charges, which could result in a higher fee structure.

The Nedgroup Investments Money Market Fund offering aims to maintain a constant price of 100 cents per unit. A money market fund is not a bank deposit. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument held. In most cases the return will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of a capital loss. Excessive withdrawals from the fund may place the fund 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. The yield is calculated using an annualised seven day rolling average as at the relevant dates provided for in the fund fact sheet. Nedgroup Investments has the right to close its funds to new investors in order to manage it more efficiently.

### NEDGROUP INVESTMENTS CONTACT DETAILS

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For further information on the fund please visit: [www.nedgroupinvestments.co.za](http://www.nedgroupinvestments.co.za)

### OUR OFFICES ARE LOCATED AT

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