

see money differently



NEDGROUP INVESTMENTS

Cash Solutions Range

Q4 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 31 Dec 2022	1 month	3 months	YTD 2022	1 year	3 years	Gross Est. Yield*	Modified Duration
Money Market Fund	0.5%	1.4%	5.2%	5.2%	5.0%	7.8%	0.08
Prime Money Market Fund	0.5%	1.4%	4.9%	4.9%	4.7%	7.4%	0.30
Corporate Money Market Fund	0.5%	1.4%	5.1%	5.1%	4.9%	7.7%	0.10
Core Income Fund	0.7%	1.8%	5.9%	5.9%	5.5%	7.6%	0.11

SteFI Call	0.5%	1.5%	4.9%	4.9%	4.3%
SteFI Composite	0.6%	1.6%	5.2%	5.2%	4.8%

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)

Macro Overview

On the 15th of December, the U.S. Federal Reserve Bank (Fed) hiked interest-rates by 50 basis-points (bps), raising the target range to a lower and upper bound of 4.25% and 4.50%, respectively. While the outcome was broadly in line with our and the analysts' consensus estimates, forward guidance revealed a rather surprisingly hawkish undertone.

The Fed signalled that tightening would continue and culminate at a level above market expectations. Both the European Central Bank (ECB) and Bank of England (BOE) followed suit and increased their policy rates by half a point. ECB President, Christine Lagarde, indicated that borrowing costs need to further increase to temper soaring consumer prices.

On the other hand, the People's Bank of China (PBOC) vowed to remain supportive amid easing Covid lockdown restrictions. Minutes from a two-day Central Economic Work Conference that wrapped up mid-December concluded that Chinese authorities look to maintain liquidity in financial markets and back M&A activity in the beleaguered property sector.

A slew of weaker than expected global economic data in the last quarter of 2022 largely underpinned this outcome. Elsewhere, softening U.S. jobs market and homes sales data that capitulated to their second lowest reading also infer a more measured hiking pace. Moreover, European nations finally reached a deal to cap natural gas prices at EUR180 per MWh following months of deliberation.

Locally, November 2022 inflation further slowed to a five-month low, well below consensus estimates, bolstering the case for less aggressive interest-rate hikes moving forward. The South African Reserve Bank's (SARB) latest forecast for the terminal repo rate is currently at 6.83%. This implies that if inflation expectations over the next 12 to 18 months do not surprise to the upside, 7.00% is therefore the tentative peak in the prevailing hiking cycle.

In the SA money market, the 3-m JIBAR rate rose 5.8 bps m/m to end the month at 7.258%, while the 12-m JIBAR rate increased by 15.8 bps m/m to 8.683%. In the last 12 months, these rates increased by 337 bps and 325 bps, respectively.

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.

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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 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

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WRITE TO US

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