



See money differently

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

as at 31 March 2023

# Quarterly report: Nedgroup Investments



## Domestic asset class returns (ZAR)



### SA Equity



4.9% 1 year

24.2% 3 years

12.3% LT average

Strong performance from Industrial sector and index bellwethers Naspers and Prosus drove returns

### SA Property



-3.4% 1 year

18.2% 3 years

11.3% LT average

The property sector continues to struggle with high interest rates and high office vacancy rates

### SA Bond



5.8% 1 year

11.6% 3 years

7.0% LT average

SA bond market was resilient despite SA being grey listed and the turmoil surrounding the US and European banks

### SA Cash



5.7% 1 year

4.4% 3 years

5.9% LT average

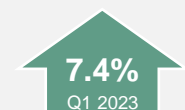
The SARB hiked the repo rate by 25bps in Jan and another 50bps in Mar, taking it to 7.75%



## Global asset class returns (USD)



### Global Equity



-7.0% 1 year

15.9% 3 years

8.5% LT average

Reopening of China led to a strong Jan, with the rest of the quarter boosted by constructive economic data

### Global Property



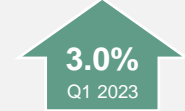
-20.6% 1 year

7.6% 3 years

6.2% LT average

Globally REITs lagged equity stocks with the office sector in general the largest detractor

### Global Bond



-8.1% 1 year

-3.4% 3 years

4.3% LT average

Bond markets swiftly priced in cooling inflation figures and the possibility of easier monetary policy

### US Cash



3.6% 1 year

1.4% 3 years

3.7% LT average

The US Fed hiked rates by 25bps in Feb and Mar taking the policy rate to the highest since 2007 at 4.75% - 5.0%



## Exchange rates (Rand spot rate and quarterly change)



### US Dollar R17.74



The rand appreciated by 3.0% against the US dollar in March, supported by hawkish tones from the SARB and a weaker US dollar. However, market confidence towards the rand remains low amid political uncertainty and the delayed response to the energy crisis which is not being adequately addressed.



### British Pound R21.94



UK headline CPI increased to 10.4% in February from 10.1% the prior month, setting the scene for the Bank of England (BoE) to increase interest rates by 25bps in March, following a 50bps hike in February. The pound is trading in a narrow band relative to the US dollar, that has weakened in March.



### Euro R19.28



The ECB raised interest rates by 50 basis points in both February and March. The Eurozone inflation declined to a one-year low in March. The US dollar depreciated by 2.3% on a trade weighted basis in March, with the euro making up c.60% of this index, leaving the greenback 1.0% weaker over the quarter.

# Quarterly report: Nedgroup Investments



## Domestic performance drivers



### Highlights

- The Budget 2023 confirmed a gross tax revenue overrun of R93.7bn relative to the Budget 2022, enabling improved fiscal metrics for the financial year. R9bn was earmarked for incentives to support residential and business investment in rooftop solar.
- The much-anticipated cabinet reshuffle confirmed Dr Ramokgopa as the new Minister of Electricity.
- Public sector wage negotiations concluded with a two-year deal, with an effective increase of 7.5% this year.



### Low points

- Fourth quarter GDP printed at -1.3%, a much lower figure than anticipated. This brings economic growth for 2022 to 2.0% but also reaffirms the poor momentum going into 2023.
- Credit ratings agency, S&P, downgraded the outlook for the sovereign's credit rating to stable from positive, raising concerns about the impact of the energy crises and the state of network industries on economic growth.
- Headline inflation for the year to Feb 2023 increased to 7.0% from 6.9% in Jan 2023, with core inflation increasing to 5.2%. Both figures were higher than market expectations and reflected continued upward pressure in food prices, while annual medical aid tariff increases led to higher core inflation.



## Global performance drivers



### Highlights

- After some upside surprises in the previous month, headline inflation across several regions continued to moderate as the impact from high energy prices subsided.
- The relaxing of China's zero Covid policy resulted in improved sentiment due to "the Chinese reopening effect". This, and a tapering of China's regulatory clampdown on the tech sector, supported a recovery in Chinese shares.
- US employment data confirmed robust and broad-based job growth, with unemployment recorded at 3.4%, the lowest figure since 1969.



### Low points

- The collapse of Silicon Valley Bank (SVB) sparked an exit from depositors and investors, which quickly impacted risk appetite for the broader banking complex and saw bank share prices hit hard. While SVB was a regional bank, largely exposed to the tech sector, with specific nuances, the impact of higher interest rates on their bond holdings and poor sentiment quickly turned a spotlight on other entities with possible vulnerabilities.
- With February marking a year since Russia invaded Ukraine, Russia announced it would cut oil production by 500 000 barrels a day from March in response to price caps imposed by Western countries, while tensions between China and the US regarding alleged surveillance reemphasised that geopolitics remains prominent as an ongoing risk.

# 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**

20% Active

**Goldman  
Sachs**

20% Active

**DODGE & COX**

20% Active

Veritas  
— Asset  
Management

20% Passive

**SATRIX**



### Fund costs (C – clean class)

Management fee\* (Excl. Vat)

**0.99%**

Total expense ratio

**1.27%**

Transaction charges

**0.05%**

Total investment charges

**1.31%**



### 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 31 March 2023

\*\*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 1 January 2020 to 31 December 2022. Figures displayed here are the best estimates available given insufficient track record.

# Quarterly report:

## Nedgroup Investments Select Global Equity Fund of Funds



### Sector allocation

#### Technology



15.0%

#### Healthcare



14.8%

#### Communication Services



13.1%

#### Financial Services



12.9%

#### Industrials



12.4%

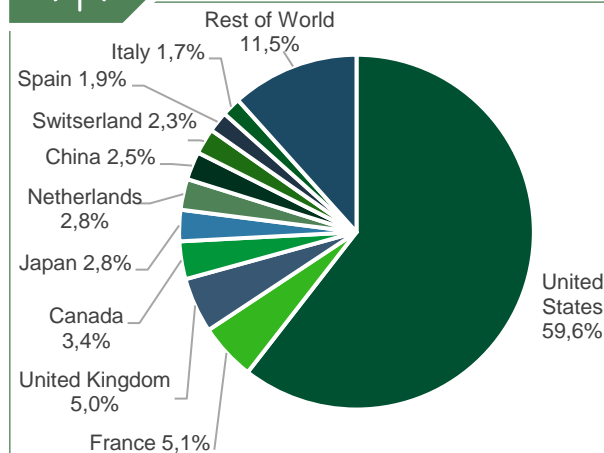
#### Consumer Cyclical



12.2%



### Country allocation



### Top ten holdings | 18% of the fund

Alphabet

3.4%

amazon

2.6%



2.4%



2.1%

Meta

1.4%



1.3%

Charter  
COMMUNICATIONS

1.2%

fiserv.

1.2%

SANOFI

1.2%

NVIDIA

1.2%

# Quarterly report: Nedgroup Investments Select Global Equity Fund of Funds



## Fund performance (clean class)\*

Q1'23 return

**12.6%**

Peer group average: 10.9%

1yr annualised return

**8.9%**

Peer group average: 10.7%

3yr annualised return

**13.3%**

Peer group average: 12.0%

5yr annualised return

**15.8%**

Peer group average: 13.0%

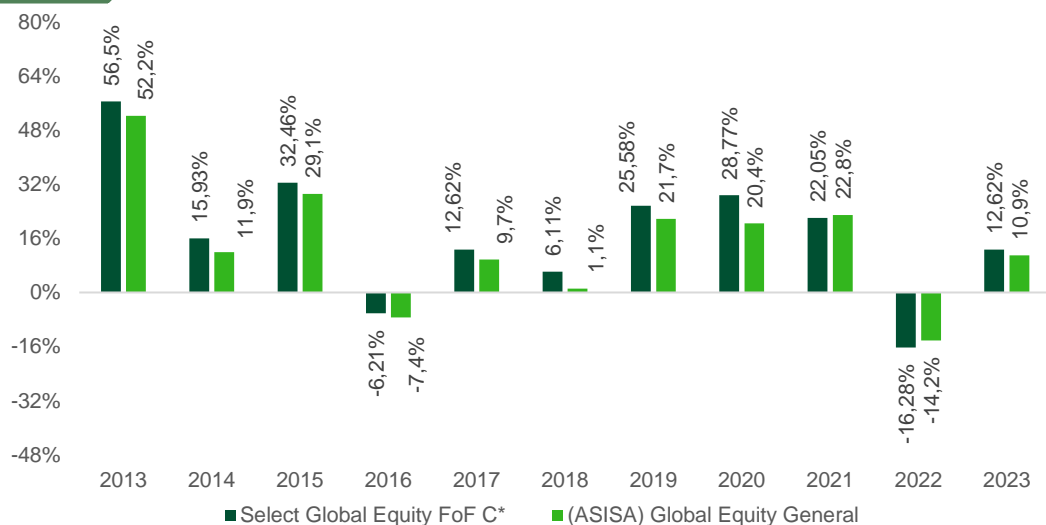
7yr annualised return

**12.1%**

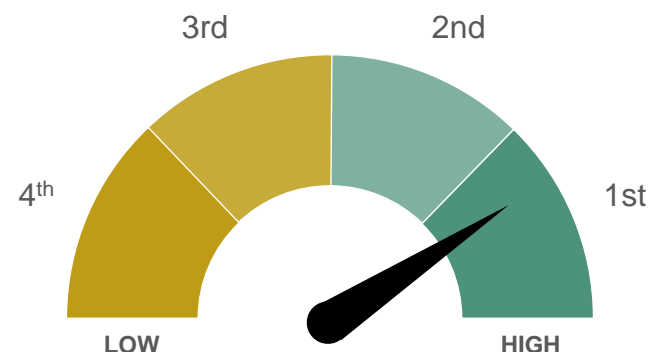
Peer group average: 9.4%



## Calendar year performance



## Peer group quartile ranking\*: 7yr



as at 31 March 2023

\*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

**15.4%**

Global equity market (ZAR):  
15.4%

### Max drawdown

**-18.5%**

Global equity market (ZAR):  
-18.4%

### Sharpe ratio

**0.8**

Global equity market (ZAR):  
0.8

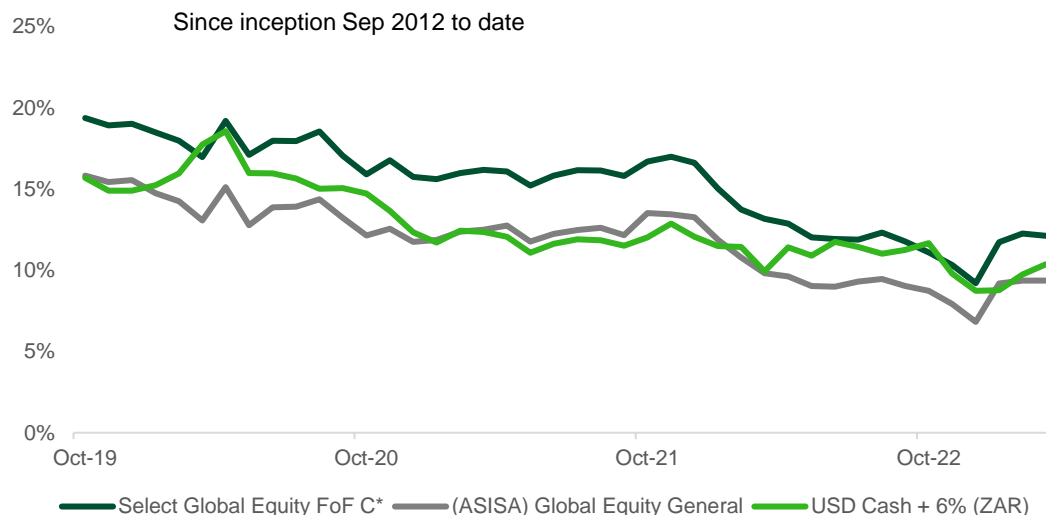
### % Positive months

**62%**

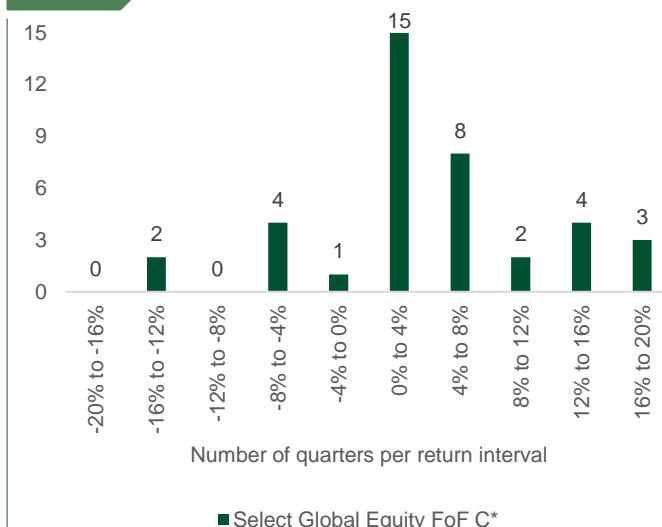
Global equity market (ZAR):  
60%



## Rolling 7-year annualised return\*



## Quarterly return distribution\*



as at 31 March 2023

\*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	2021	2022	2023
Dodge & Cox Global Stock	3.3%	16.3%	9.7%	32.5%	63.9%	32.0%	-0.1%	19.0%
Goldman Sachs Global Millennials	-5.7%	15.0%	9.2%	26.9%	32.4%	30.5%	-12.8%	14.3%
Nedgroup Investments Global Equity (Ardevora)**	-5.8%	11.1%	5.3%	24.3%	20.4%	24.6%	-14.4%	11.0%
Nedgroup Investments Global Equity (Veritas)	-9.5%	10.0%	4.8%	23.0%	18.1%	20.4%	-19.9%	9.9%
Satrix World Equity Tracker	-13.2%	10.0%	1.5%	20.4%	11.4%	17.6%	-34.6%	9.6%



#### Positive contributors this quarter

- Goldman Sachs benefitted from the material sentiment shift towards growth stocks, particularly Information Technology (+20,5% in Q1 in US dollars), Communication Services (+17,2%), and Consumer Discretionary (+14,2%), with most of these companies rallying, especially in January, off their October 2022 lows.
- Louis Vuitton, French luxury fashion house, is the largest luxury goods position in the fund and is up 25% in US dollars this quarter, benefitting to a large extent from Asian consumers.
- Nvidia (+90%), American multinational technology company that invents the GPU and drives advances in AI, HPC, gaming, creative design, autonomous vehicles, and robotics, was the largest contributor to performance. The stock recovered off its lows last year, benefitting from the increased focus on AI.



#### Detractors this quarter

- Financials holdings, most notably Charles Schwab, as well as Fidelity National Information Services and Axis Bank were amongst the largest detractors from performance for the Dodge&Cox Global Stock fund – in addition to an overweight position in the financials sector.
- Energy stock, Ovintiv Inc. and Occidental Petroleum Corp were also amongst the largest detractors as the Energy sector in general came under pressure and ended the quarter as the worst performing sector.
- Healthcare (-1,5%) was the other poor performing sector this quarter with stocks like United Health and CVS Health Corp detracting from performance

As at 31 March 2023

\*\*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)	S class (sip)	Peer group	SA inflation
Quarter	2,4%	12,6%	12,6%	12,6%	10,9%	1,0%
1 year	7,4%	8,9%	8,7%	8,8%	10,7%	7,0%
3 year	N/A	N/A	N/A	N/A	12,0%	5,2%
5 year	N/A	N/A	N/A	N/A	13,0%	4,8%



### Costs across classes

	Management fee* (excl. Vat)	Financial planner	Total expense ratio	Transaction Charges	Total investment charges
B2 class (lisp)	0.84%	N/a	1.10%	0.05%	1.15%
C class (clean)	0.99%	N/a	1.27%	0.05%	1.31%
C1 class (product)	1.14%	N/a	1.44%	0.05%	1.48%
S class (sip)	1.04%	N/a	1.32%	0.04%	1.37%

as at 31 March 2023

\*\*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 1 January 2020 to 31 December 2022. 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).