



UNIT TRUSTS | INTERNATIONAL | RETIREMENT FUNDS

see money differently

A photograph of an open book with white pages, tied with a white string bookmark. The text is overlaid on the right side of the image.

NEDGROUP INVESTMENTS

Bravata Worldwide Flexible Fund

Quarter Three, 2023

PERFORMANCE

| 30 September 2023 (Annualised Net returns) | 1 year | 3 years | 5 years | 7 years | 10 years | Since Inception |
|---|-----------|------------|------------|------------|-------------|--------------------|
| Fund – A Class ¹ | 19.8 | 18.1 | 13.2 | 11.1 | 11.1 | 11.3 |
| Benchmark ² | 10.1 | 11.1 | 10.2 | 10.2 | 10.4 | 11.0 |

Against a very difficult quarter, the fund managed to eke out an almost flat return of -0.18 per cent. Overall, with the help of the rand and a higher fixed interest exposure, gave us some protection on an absolute basis. At a sector level, in particular the S&P 500, save for energy and communication services, all sectors delivered negative returns. Below is a table that illustrates the diverse poor returns. Our decision to invest in energy related stocks has been helpful. The dominant force behind year-to-date returns in the US market has been the strong performance of technology stocks. Remarkably, the top 10 stocks in the S&P 500 index currently account for a staggering 32% of the total market capitalization. To put it in perspective, when we compare this to the S&P 500 equal-weighted index, it has yielded a modest return of nearly 2% year to date, while the traditional S&P 500 index has returned 13%. However, it's been disappointing that many of the counters that have been neglected by the market went down in sympathy, despite them reporting reasonable numbers and high dividend yields.

We used the weakness to add to these stocks.

| US Related Asset Class Performance | | | | | | | | | |
|------------------------------------|---------------|-------|------|-------|-----|------------------|-------|------|------|
| ETF | Description | Sept. | Q3 | YTD | ETF | Description | Sept. | Q3 | YTD |
| XLY | Cons Disc | -5.5 | -5.0 | 25.5 | SPY | S&P 500 | -4.7 | -3.2 | 13.0 |
| XLP | Cons Stap | -4.8 | -6.6 | -6.0 | DIA | Dow 30 | -3.4 | -2.1 | 2.6 |
| XLE | Energy | 2.4 | 12.2 | 6.1 | QQQ | Nasdaq 100 | -5.1 | -2.9 | 35.1 |
| XLF | Financials | -3.1 | -1.2 | -1.7 | IJH | S&P Midcap 400 | -5.2 | -4.2 | 4.3 |
| XLV | Health Care | -3.0 | -2.6 | -4.1 | IJR | S&P Smallcap 600 | -5.9 | -4.9 | 0.9 |
| XLI | Industrials | -6.0 | -5.2 | 4.5 | IWB | Russell 1000 | -4.8 | -3.2 | 12.8 |
| XLB | Materials | -4.8 | -4.8 | 2.6 | IWM | Russell 2000 | -5.9 | -5.1 | 2.5 |
| XLRE | Real Estate | -7.2 | -8.9 | -5.4 | IWV | Russell 3000 | -4.8 | -3.3 | 12.2 |
| XLK | Technology | -6.5 | -5.5 | 32.6 | | | | | |
| XLC | Comm Services | -3.0 | 1.0 | 37.6 | | | | | |
| XLU | Utilities | -5.6 | -9.2 | -14.4 | | | | | |
| SMH | Semis | -7.2 | -4.8 | 42.9 | | | | | |

Source: Bespoke Investment Group, 30 September 2023

PORTFOLIO ACTIVITY

After a very good performance, the holding in Booking.com was sold. We hope the market will give us another chance to buy this excellent company again at lower prices. Furthermore, Sonic was sold after some deliberation on our part that the business model was not as strong as envisioned by ourselves. Fortunately, it yielded a small profit for the fund.

¹ Net return for the Nedgroup Investments Bravata Worldwide Flexible Fund (A Class).

² Benchmark is South Africa CPI+5%

On the fixed interest side, the fund decided to increase its exposure to the short end as we anticipate the fundamentals for inflation are positive. Almost 30 per cent of the fund is in one to three year cash earning significant rates in excess of 9.5 per cent. Furthermore, the fund has invested in 1 year dollar and GBP T-bills earning around 5 per cent. These returns are welcome.

OUTLOOK

| Holdings | 30 September 2023 | 31 December 2022 | Change |
|------------------------------|-------------------|------------------|--------|
| | % | % | % |
| Reinet Investments | 7.8 | 9.8 | -2.0 |
| Aylett Global Equity Fund | 5.7 | 5.7 | 0.0 |
| Berkshire Hathaway Inc | 5.2 | 4.6 | 0.6 |
| Delfi Ltd | 3.5 | 2.4 | 1.1 |
| AECI Ltd | 3.2 | 2.8 | 0.4 |
| British American Tobacco Plc | 3.1 | 3.4 | -0.3 |
| Jumbo | 2.8 | 1.9 | 0.9 |
| Bath & Body Works Inc | 2.6 | 3.2 | -0.6 |
| Rubis | 2.5 | 2.7 | -0.2 |
| SBM Offshore | 2.4 | 2.0 | 0.4 |
| Total | 38.8 | 38.5 | |

Source: Aylett & Co Fund Managers

The improvement in the supply of electricity from Eskom appears to have a positive effect on South African assets. However, the fiscal side of the country's balance sheet appears to be somewhat poor as taxes to be collected will be significantly down. It's unlikely the government will introduce strict austerity measures going into an election. We suspect our country finances will deteriorate as the treasury will have to borrow more than anticipated. Furthermore, we will be governed by what happens to the level of US interest rates. Our view is that rates will stay flat for longer but to decrease into the election year of 2024.

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,

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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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