



UNIT TRUSTS | INTERNATIONAL | RETIREMENT FUNDS

see money differently

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

NEDGROUP INVESTMENTS

Bravata Worldwide Flexible Fund

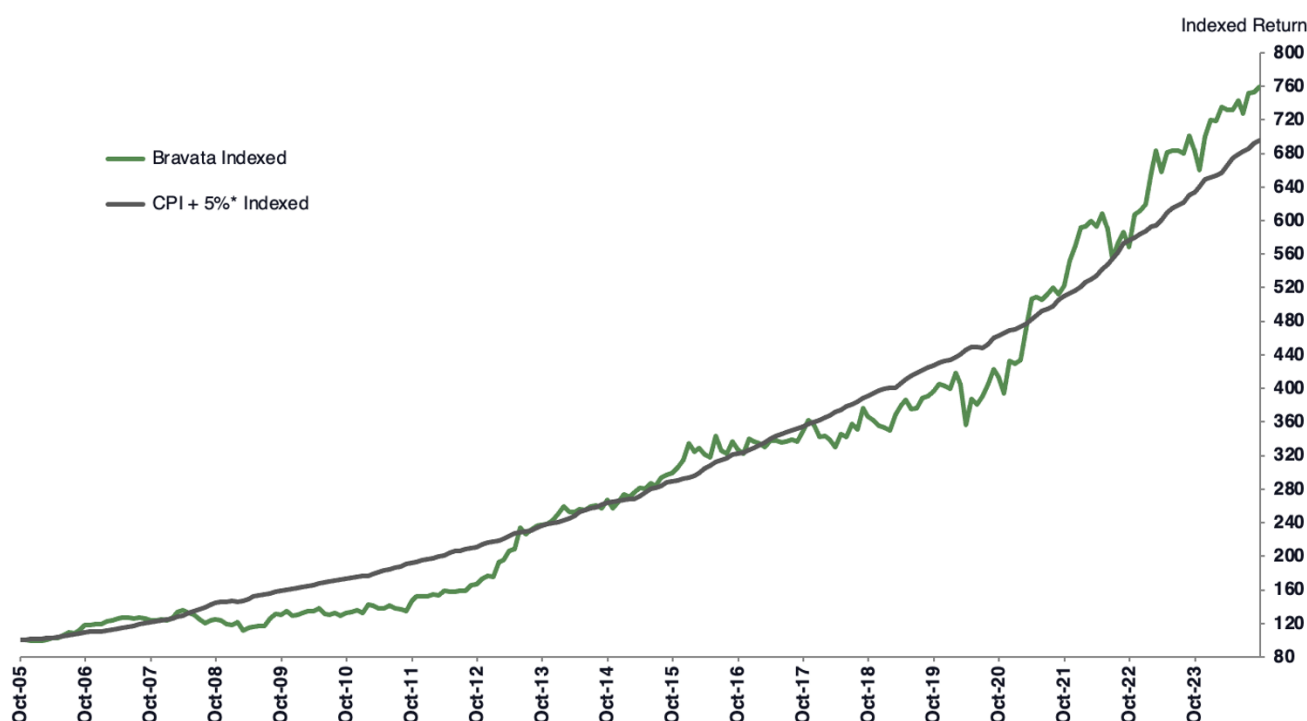
Quarter Three, 2024

MARKET REVIEW

Global markets continued their strong performance with the MSCI ACWI gaining 6.7% for the quarter and 19.1% year to date. All sectors bar energy gained in the quarter, with utilities and real estate being the top-performing sectors. Every sector has shown gains year to date, but the key winners remain the Information Technology and Communication Services, returning 27% and 25% respectively. The narrowness of the market finally reversed in the quarter, with the MSCI ACWI Equal-weighted Index returning 12% versus the MSCI ACWI itself at 6.7%. Year-to-date the equal-weighted index has returned 13%, so it still has a way to go, but it is encouraging to see the broader market catching up with the large-cap technology leaders.

PERFORMANCE

30 September 2024 (Annualised Net returns %)	1 year	3 years	5 years	7 years	10 years	Since Inception
Fund – A Class ¹	11.3	13.3	13.9	11.7	11.0	11.3
Benchmark ²	9.6	10.9	10.2	10.1	10.2	10.7



*Benchmark changed from CPI +4% to CPI +5% 1 January 2007. Past performance is not indicative of future performance.

Source: Stats SA, 30 September 2024

Our relative performance has been subdued owing to our lack of exposure to technology companies. Furthermore, the rand has strengthened and as a result, the yield of foreign cash has not been enough to compensate us. Typically, this is the best time to invest in the fund when some of our best investments are delivering pedestrian returns.

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

² Benchmark is South Africa CPI+5%

CONTRIBUTORS AND DETRACTORS

Positive Contributors	%	Negative Contributors	%
Southern Sun Ltd	0.8	Dollar General Corp	-0.9
Netcare Ltd	0.6	Bath & Body Works Inc	-0.4
St James's Place Plc	0.5	Melco International Development	-0.2
British American Tobacco Plc	0.5	Rubis	-0.2
Victoria's Secret & Co	0.5	Super Group Ltd	-0.2

Date: 30/06/2024 to 30/09/2024

Southern Sun was our top contributor for the quarter, with solid capital allocation by management starting to play out. British American Tobacco performed well this quarter, driven by a combination of decent results, growth in the new-generation products business and the long-awaited launch of a share buyback program. Sentiment had become too negative, and this has started to change, however, we still think there is a significant margin of safety in the valuation. St James' Place also contributed again as results showed progress in working through legacy issues and the overall investing environment in the UK improved. Other positive contributors to performance were Netcare and Victoria's Secret.

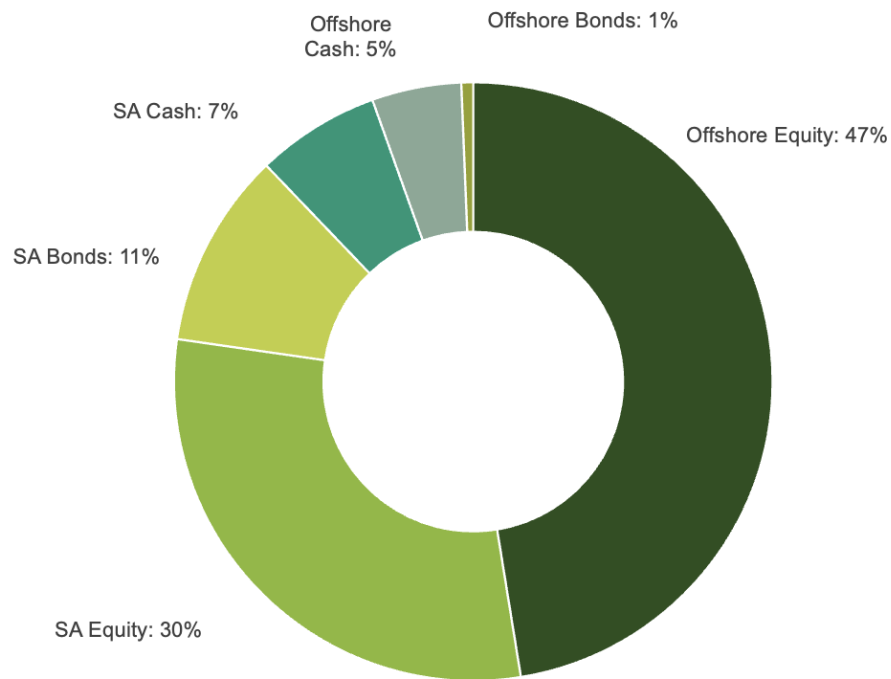
Dollar General was the top detractor during the quarter. After some initial signs of progress under the returning CEO, results were weaker than expected. Even though the US economy continues to be robust at a high level, the core consumer for Dollar General is lower income, and inflation has been a material headwind to their spending power. These headwinds manifested in weaker sales in the most recent results. Dollar General retains a strong value proposition to their customers, and we believe the fundamental value of the business is compelling. We switched some Melco International Development (the holding company) for Melco Resorts (the subsidiary) as the holding company briefly traded at a premium to the underlying, which is unusual. Other detractors included Bath & Body Works, Rubis and Super Group.

TOP EQUITY HOLDINGS

Holdings	September 30, 2024	June 30, 2024	Change
	%	%	%
Aylett Global Equity Fund	7.9	7.3	0.6
Reinet Investments	7.6	7.8	-0.2
Berkshire Hathaway Inc	4.5	4.6	-0.1
British American Tobacco Plc	3.3	2.9	0.4
We Buy Cars	3.1	3.0	0.1
SBM Offshore	3.0	2.8	0.2
Netcare Ltd	2.8	1.9	0.9
AECI Ltd	2.7	3.1	-0.4
Rubis	2.5	2.9	-0.4
Southern Sun Ltd	2.5	1.8	0.7
Total	39.9	38.1	



ASSET ALLOCATION



ACTIVITY

Entries	Holding	Change
	%	%
Melco Resorts & Entertainment	0.8	0.8
Spar Group Limited	0.3	0.3
Curro Holdings Ltd	0.2	0.2
Stor-Age Property Reit Ltd	0.1	0.1

From 30 June 2024 to 30 September 2024

Exits	Holding	Change
	%	%
SA Government Bond R2030	0.0	-3.9
Exxon Mobil Corporation	0.0	-1.0
Firststrand Ltd	0.0	-0.6
Spirit Aerosystems Holdings	0.0	-0.6

From 30 June 2024 to 30 September 2024

The local markets continue to attract our capital as we find the potential return of other international markets to be less appealing. With the exception of Dollar General and Galaxy, the rest of the purchases were in the local region of South Africa, an area we know well. We were fortunate to participate in the listing of We Buy Cars at a price we considered far below the price we were prepared to pay. It was at a time when pessimism was at its extreme in South Africa. Normally a listing is undertaken either for the founders to sell their stake or to raise further capital. This was not the case with We Buy Cars. It was forced upon by the parent, Transaction Capital, which had debt issues in one of its other subsidiaries, SA Taxi. This provided us with an exceptional buying opportunity. Furthermore, we initiated new positions in South African companies such as Remgro, Netcare, Super Group, and added to Transaction Capital.

We were quite active on the fixed interest side where we lengthened the duration of SA sovereign bonds, namely the R2032. We have been positive on the bond market for some time and had only one regret - that we did not purchase more.

Up Weights	Traded Value as % of NAV
Remgro Ltd	1.0
Aylett Global Equity Fund	1.0
Super Group Ltd	0.9
Bath & Body Works Inc	0.9
Heineken Holding	0.8
Dollar General Corp	0.6
Netcare Ltd	0.5
Transaction Capital	0.5
St James's Place Plc	0.4
Galaxy Entertainment Group L	0.3

From 30 June 2024 to 30 September 2024

Down Weights	Traded Value as % of NAV
Melco International Development	-0.5

From 30 June 2024 to 30 September 2024

COMMENTARY

It has been 19 years since the fund started and is fair to say that it has been one of the longest partnerships within the Nedgroup stable. I have managed the fund since inception and over these 19 years, we have witnessed all kinds of uncertainty, fear and greed from the markets. Furthermore, there has been no shortage of man-made catastrophes. To name a few: The aftermath of 911 and the ensuing wars in the Middle East in Afghanistan and Iraq, the Global financial crisis of 2008, and the potential demise of European Union, followed by the Brexit debacle. Just to make sure, a pandemic called Covid gently reminded us that Mother Nature would not miss out on contributing to some additional mayhem. Finally, Russia chose to invade the Ukraine and the Middle East strife came back with great gusto.

At a market level interest rates got to such low real returns that the banks started charging depositors for keeping cash with them! Not to be left out the tech stocks decided to perform with a small number of companies reaching the \$3 trillion market cap level. Who said elephants cannot gallop? We have even had a few attempted assassinations of presidents and the cold war has seemingly returned.

Domestically, the local markets joined the fray of uncertainty with the economy going nowhere for the last 10 years, and government debt soaring to record levels. The politicians, the stewards of the economy, did a poor job of managing it, and the local currency reflected this by being one of the weakest currencies in the world, while our interest rates ranked amongst the highest too.

Against this background of such a poor investment environment our electricity from Eskom has been restored (fingers crossed!), we do not have water shortages in the Western Cape, we hosted the soccer World Cup in 2010 quite successfully, replaced an unpopular president as we were staring into the abyss, and to our surprise as I write we have a government of national unity. I am sure we have missed out on more distressing events and successes but what I take out from all of the above is that life goes on and despite all the negative news, investments are made and returns in general, rise.

In conclusion, I am more than convinced that worrying about all things beyond your control are a waste of time and that the facts are what matters in making wise investments. Against this background of such pessimism, Bravata delivered a return of 11.3% per annum for 19 years. An investment of R100 000 at inception would have yielded a return of over 650%, coming in at R682 000. The message is clear to investors, a bottom-up approach has a significant advantage over trying to forecast macro and predict top-down.

LOOKING FORWARD

The fund is not only undervalued, but the yield is also quite attractive - the stocks are out of favour yet the dividend yields are quite high. If weakness persists, we will accumulate and add to these positions.

We have great concerns for asset returns in developed markets two to three years out as governments face rising debt levels and equity markets are fairly priced. Inflation, in our opinion, has not gone away and we expect it to pick up once more in the next few years. Europe as a region has a declining population with the associated problems that brings. It is also a major exporter and faces huge challenges in the form of China as a competitor. Finally, there is no shortage of wars.

Rest assured, we are not focusing on forecasting the future, a futile exercise, but we are acutely aware of the risks involved and we need to be paid for that. Until this risk is reduced, we will remain on the sidelines patiently waiting to act. Cash may be trash but gives one wonderful optionality.

Walter Aylett

30 September 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,

Trustee-compliance@standardbank.co.za, Tel 021 401 2002.

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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