



UNIT TRUSTS | INTERNATIONAL | RETIREMENT FUNDS

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

# **NEDGROUP INVESTMENTS MINING & RESOURCES FUND**

Quarter Two, 2024

## Nedgroup Investments Mining & Resources Fund

The commentary was produced in conjunction with the sub-investment manager, M&G Investments.

Net performance to 30 June 2024	Fund <sup>1</sup>	Peer Group <sup>2</sup>
3 Months	7.5%	5.7%
6 Months	1.1%	3.31%
12 Months	4.4%	6.0%
3 Years	9.1%	11.00%

1. Nedgroup Investments Mining & Resources Fund, A class.

2. ASISA South Africa Equity Resources category

### Commodity Market Commentary Q2-2024

The commodities market was overall weak in the 2<sup>nd</sup> quarter of the year, with the resources sector on the JSE underperforming and only up 2% despite the good gold performance.

Global manufacturing PMIs have stabilised, but mixed signals remain with a weak Europe, US, and China, although India has remained strong.

The data from China remains weak. With the second quarter GDP being lower than expectations, the property market has seen contractions in new starts and completions. An increased reliance on exports has supported the Chinese steel industry. We will continue to monitor the risk of trade barriers and their impact on the Chinese economy.

The iron ore market has remained soft, with increased supply from traditional markets and high inventory levels at the port capping the commodity prices.

The copper price peaked during the quarter at \$10,000 per ton but has been steadily declining. The momentum that had driven the copper price in Q1 and half of Q2 was predominantly speculation, and this has started to unwind. However, our view holds that over the medium to longer term, the outlook for copper remains strong as this will be a critical metal required for energy transition and insufficient supply.

The gold price performance remained strong, driven by the market expectation of a Fed rate cut and increased physical demand for bullion.

## Portfolio Commentary

The fund's top five performing positions added 7.87% to returns over the quarter, while the bottom five detracted -1.75%.

Contributors	Ave. Weight	Performance Contribution	Detractors	Ave. Weight	Performance Contribution
Anglo American Plc	19.03%	4.63%	AngloAmerican Plat Ltd	3.09%	-0.71%
Exxaro Resources Ltd	6.72%	0.91%	BHP Group Ltd	7.37%	-0.47%
African Rainbow Min Ltd	2.82%	0.83%	Gold Fields Ltd	1.18%	-0.30%
Northam Platinum Holdings	8.46%	0.77%	Sasol Ltd	5.74%	-0.15%
AngloGold Ashanti Plc	8.59%	0.73%	Sappi Ltd	3.37%	-0.12%
		<b>7.87%</b>			<b>-1.75%</b>

### Current positioning and outlook

The sector remained challenged, with commodity prices remaining volatile over the period.

Iron ore continued to detract over the period from weakness in China, which caused BHP to continue to detract from performance in Q2. Our views remain that BHP is well positioned on the curve, and its valuation is attractive compared to other large miners.

Anglo-American's share price rallied in the quarter due to BHP's conditional offer to acquire it. We viewed BHP's initial offer as opportunistic, but it highlighted the underlying value of the rump assets, particularly copper. Anglo-American rejected the BHP conditional offer because it viewed better opportunities to unlock value from demerging Anglo-American Platinum, selling/demerging De Beers, and selling other assets to become a company focused on copper, high-quality iron ore, and fertiliser.

Our preferred PGM equity is Northam, which will benefit from volume growth. We are still cautious about the PGM basket price as there are limited catalysts to improve it. Anglo-American Platinum is a good-quality PGM company that was negatively impacted by the news flow from the Anglo-American corporate action.

Exxaro contributed to this quarter's performance despite the weak iron ore and coal prices; the company continues to generate strong cash flows.



## Responsible Investing

During the quarter, we have had the following key engagements:

We engaged on Sasol's remuneration for the 2024 AGM. We raised specific issues regarding certain components of their remuneration policy and requested additional disclosure. Sasol has considered the feedback.

The Northam engagement focused on understanding our views on the company's policy before the next AGM in 2024.

The M&G ESG team visited Thungela's water plants to see pilot projects on anaerobic and aerobic digestion of sulphur from coal mine plants and meet with related research teams. The site visit also included a visit to the Goedehoop mine to see a project on phytoremediation and treatment of water runoff from mine dams (acidity and heavy metal reduction) before the wetland reintroduction proceeds.

We engaged on Glencore's medium-term climate targets and the progress towards the short-term targets. We also discussed governance, which was centred around remuneration and having a strong independent board.

We met with Harmony's Investor Relations to discuss the group's strategies and progress in reducing its carbon emissions. This engagement falls under M&G's efforts to engage with its top carbon-emitting investee companies. The aim of these engagements is to review, analyse, and encourage companies to have feasible plans and long-term targets in place to reduce their GHG emissions.



# 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.

## 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

Tel: 0860 123 263 (RSA only)

Tel: +27 21 416 6011 (Outside RSA)

Email: [info@nedgroupinvestments.co.za](mailto:info@nedgroupinvestments.co.za)

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

## OUR OFFICES ARE LOCATED AT

Nedbank Clocktower, Clocktower Precinct, V&A Waterfront, Cape Town, 8001

WRITE TO US

PO Box 1510, Cape Town, 8000