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NEDGROUP INVESTMENTS SA EQUITY FUND

Quarter Three, 2024

Nedgroup Investments SA Equity Fund (Class A2)

Performance to 30 September 2024	Nedgroup Investments SA Equity[1]	FTSE/JSE Capped SWIX
3 months	9.8%	9.6%
12 months	20.3%	25.4%

Market Overview

Global markets continued to power ahead, with the MSCI World up 19%, the S&P 500 up 22%, the Euro Stoxx 50 up 15%, the Nikkei 225 up 13% and the MSCI Emerging Markets Index up 17% for the year to date (YTD, all in US dollars).

In September, the US Federal Reserve commenced the cutting cycle with a larger-than-expected 50 basis point cut, accommodated by easing inflation. The South Africa Reserve Bank, which usually adopts a more hawkish stance, followed with a 25-basis point cut.

During the last week of the quarter, the Chinese surprised the market with a significant stimulus package, comprising accommodative monetary policy and liquidity measures to stem the decline in the distressed Chinese property market, as well as to address deflationary concerns and restore confidence. This resulted in a significant rally in Chinese exposed sectors, such as Chinese internet stocks and mining and luxury goods companies. Whilst the measures are clearly market-friendly, question marks remain around how much of this will translate into tangible economic benefits, which most probably require additional fiscal support.
On the domestic front, post-elections and the formation of the GNU, we have certainly seen a turnaround in sentiment, with improving consumer and business confidence.

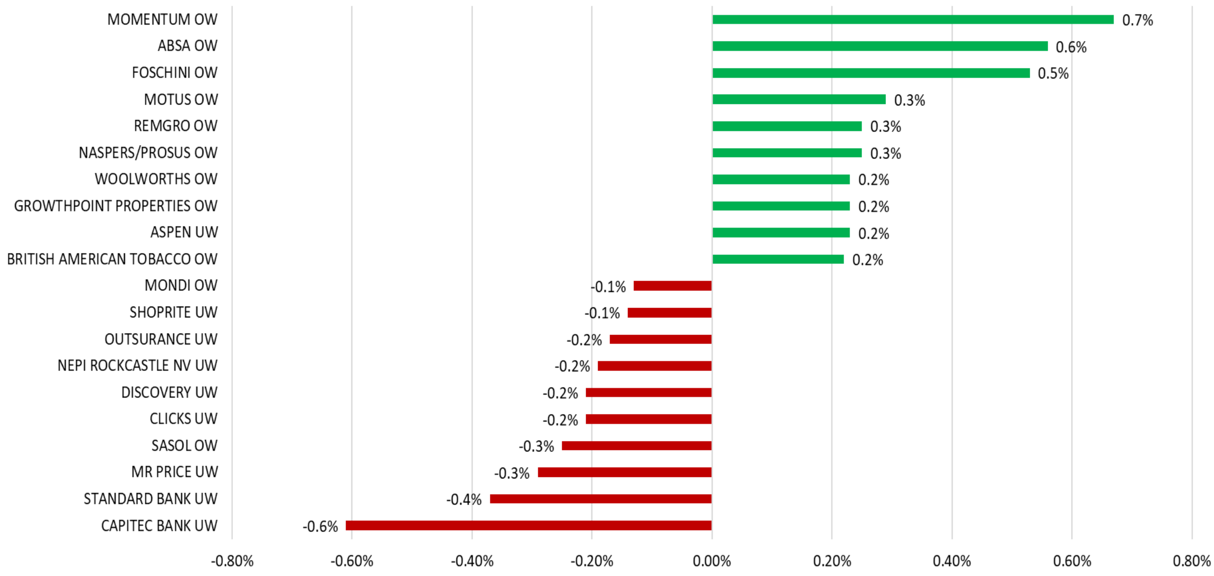
Fund Performance and Contributors/Detractors

The above backdrop has resulted in a spectacular recovery in SA asset performance. The FTSE-JSE Capped SWIX soared 10% during the quarter and is up 15.9% YTD (in Rands), outperforming emerging and developed markets (in US dollars). The rally was broadly driven by Naspers & Prosus and domestic shares (banks, retailers and insurers), as well as gold.

The Nedgroup SA Equity Fund has outperformed the market, up 17.2% YTD ahead of the market's 15.9%. The fund's outperformance was driven by positions in Prosus, The Foschini Group, Remgro, Momentum, ABSA, FirstRand, Momentum, AngloGold and Nedbank. Active decisions not to hold Capitec and Harmony Gold and underweight exposure to Standard Bank continued to detract from benchmark relative performance for the equity funds.

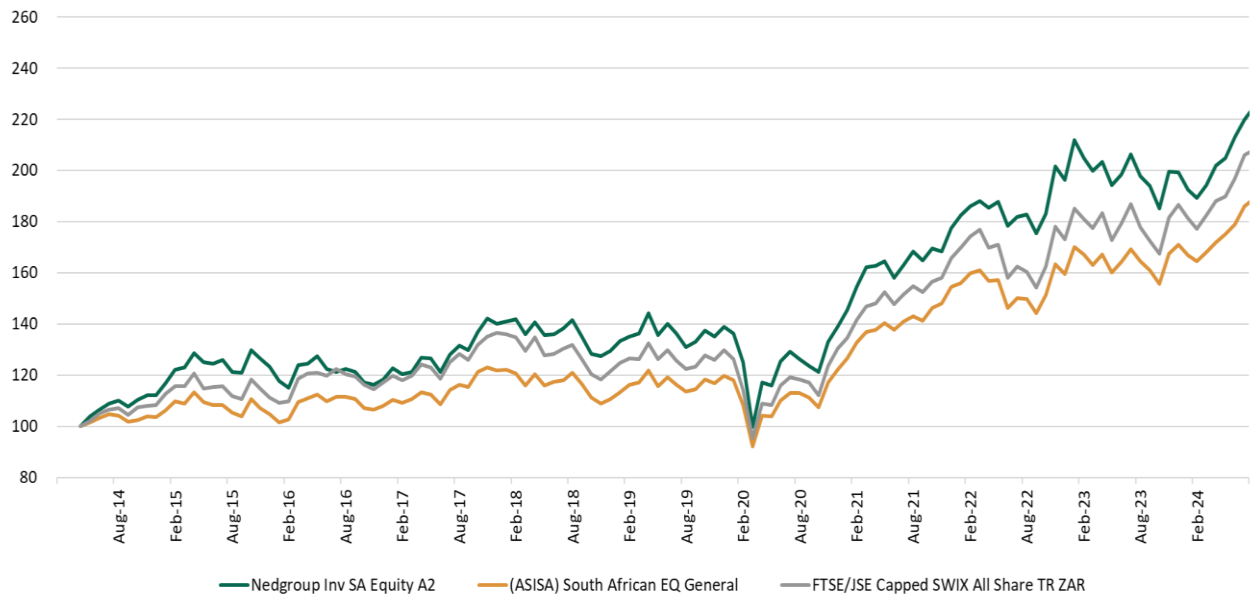
Graph 1: Nedgroup SA Equity Fund Attribution vs. Capped SWIX: Top 10 Winners and Losers QTD 30 September 2024

[1] Net return for the Nedgroup Investments SA Equity Fund, A2 class. Source: Morningstar (monthly data series).



Source: Laurium Capital

<u>Graph 2: Cumulative Returns Since Inception 27 Mar 2014 to 30 September 2024 vs Fund Benchmark (Capped SWIX)</u>



Source: Morningstar Direct

Fund Positioning

Despite the strong market performance, we continue to see significant upside, especially so given the improved macro outlook driven by expectations of lower interest rates and signs of early wins post the formation of the GNU. It is worth noting that the strong equity performance is really a rebound off an extremely low base, both in terms of earnings and rating. While many shares have only rerated back to their longer-term averages, we are cautiously optimistic on the upside risks to corporate earnings in an improving macro environment. We are already seeing structural improvements with no loadshedding for over the last 6 months and increasing engagement between government and the private sector on key focus areas, (like logistics and security), while lower interest rates will also be a welcome boost to consumer confidence.

The Fund continues to have large exposure to South African banks (via Absa and FirstRand), which trade at relatively low valuations and attractive dividend yields. The banks should capitalise on any increase in domestic infrastructure investment and continuing structural reforms. The fund's exposure to investments in Remgro, Woolworths, Bidvest and The Foschini Group position it well for any improvement in the South African economy. The fund's cyclical exposure remains via the diversified miner Anglo American, Mondi, Anglogold and Impala Platinum.

The fund benefited from the Chinese stimulus led rally through the fund's large holdings in both Prosus and Naspers. The fund also has exposure to both Anheuser-Busch InBev and Bid Corp, two well positioned global companies, trading, on our assessment, at a discount to their long-term valuation multiples.

Conclusion

We believe our SA Equity portfolio is well positioned to benefit from upside based on the above factors. Given the depressed nature of expectations, incremental positive changes are expected to be well received and generate returns for our clients.

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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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.

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