



UNIT TRUSTS | INTERNATIONAL | RETIREMENT FUNDS

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A photograph of an open book with white pages, viewed from a low angle. A white bookmark is visible in the center. The text is overlaid on the right side of the image.

NEDGROUP INVESTMENTS

Bravata Worldwide Flexible Fund

Quarter Four, 2024

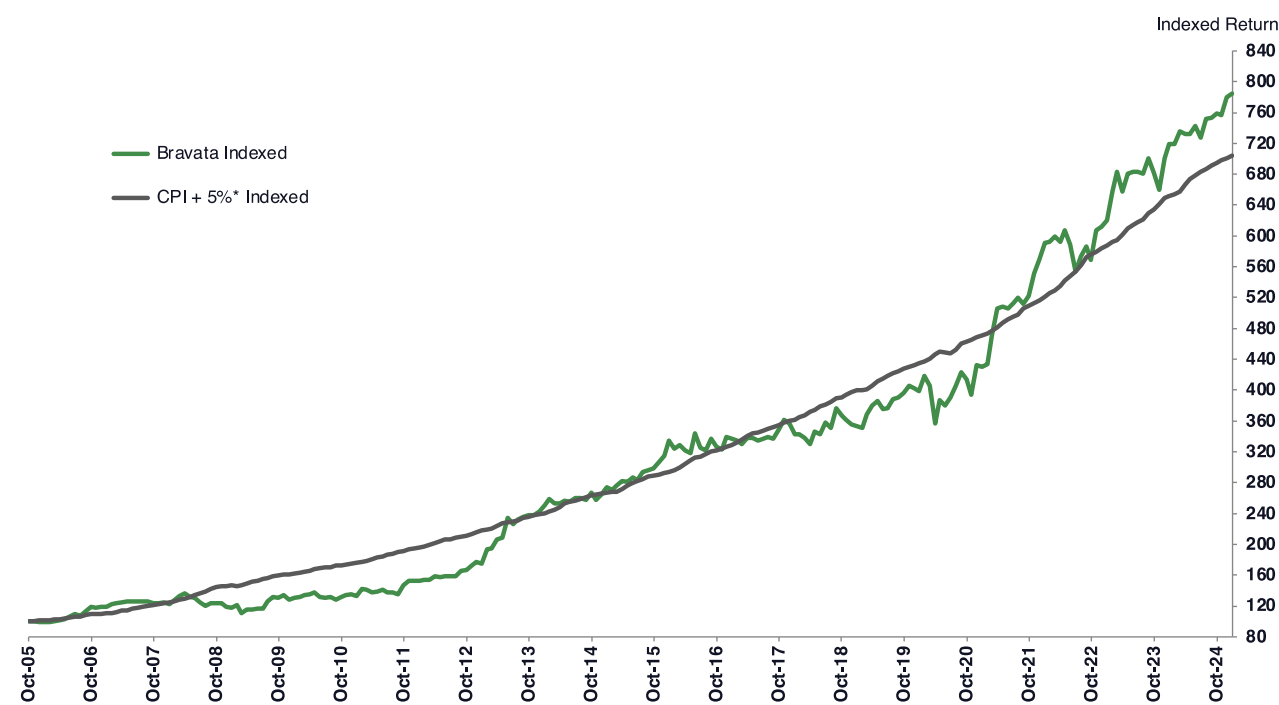
MARKET REVIEW

Volatile global markets continued into year-end as the MSCI ACWI lost 1% in US dollars for the quarter but gained 8.9% in Rands as election results were digested; October was down, followed by a rally that was somewhat curtailed in December. Interest rate cuts took place, but the forecasts for more were seemingly dampened as inflation worries continued. Alternatives performed admirably following the election result too.

The technology sector benefitted from the volatility, as did the financial sector, consumer cyclicals, and communication services. All other sectors were down for the quarter. For the year, those same sectors led the way, and the MSCI ACWI ended the year up 18% in US dollars.

PERFORMANCE

31 December 2024 (Annualised Net returns %)	1 year	3 years	5 years	7 years	10 years	Since Inception
Fund – A Class ¹	9.0	9.9	14.5	12.6	11.1	11.3
Benchmark ²	8.1	10.5	10.1	10.0	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, 31 December 2024

When measured against local asset market choices and our competitors with similar mandates, the fund has continued to deliver on its value proposition of providing higher returns than passive strategies. In addition, these returns are after fees. For those investors who care about risk-adjusted returns, I suspect we have done equally as well.

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

² Benchmark is South Africa CPI+5%

For the last twelve months, our performance has been pedestrian, primarily due to our lack of exposure to the US technology stocks known as the Magnificent Seven. Exposure to foreign currency provided almost zero returns when measured in Rands.

CONTRIBUTORS AND DETRACTORS










Positive Contributors	%	Negative Contributors	%
We Buy Cars	1.5	Reinet Investments	-0.5
Victoria's Secret & Co	1.2	AECI Ltd	-0.4
Bath & Body Works Inc	0.8	Anheuser-Busch Inbev	-0.4
Super Group Ltd	0.5	Heineken Holding	-0.3
Southern Sun Ltd	0.4	Transaction Capital	-0.2

Date: 30/09/2024 to 31/12/2024

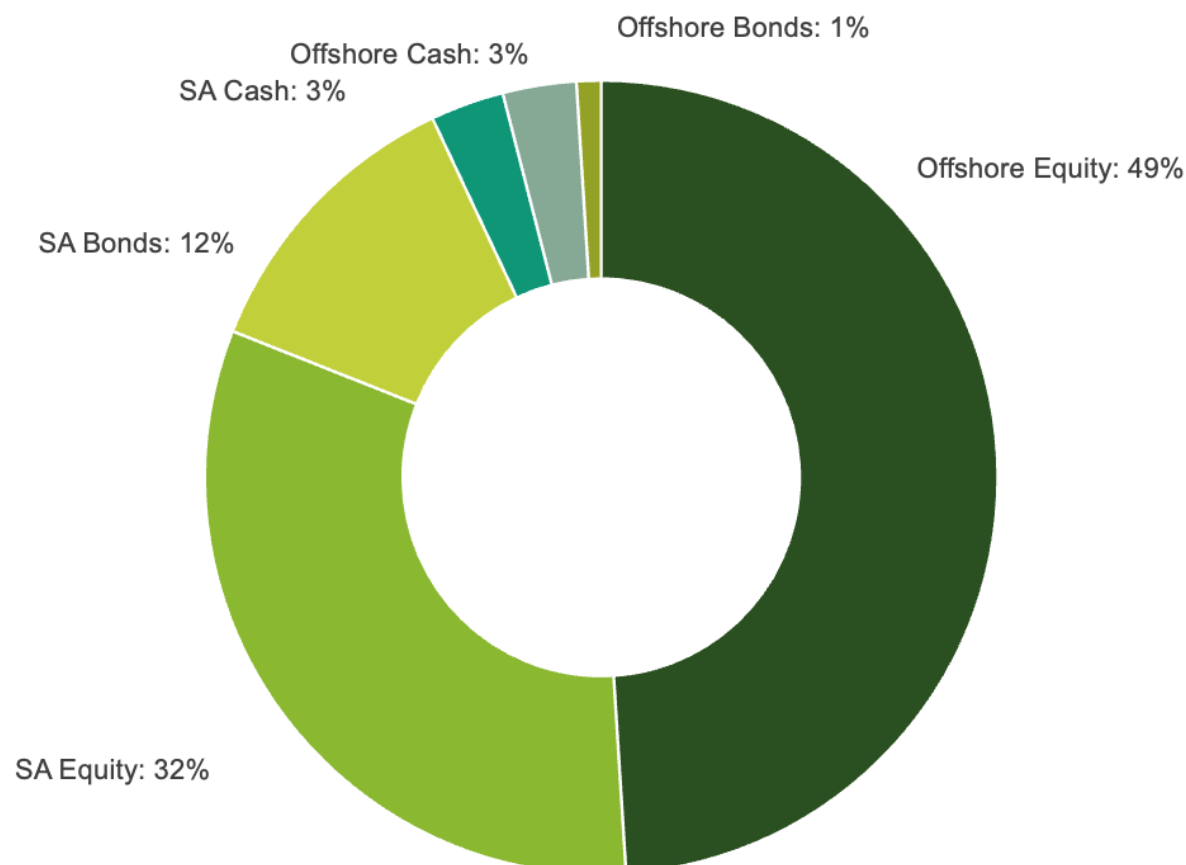
We Buy Cars and Victoria's Secret had a stellar quarter, contributing nicely to performance. Both seemed to benefit from some momentum, although we did see a small pullback towards the end. Super Group announced the sale of an asset with an associated special dividend, which was welcome news. Bath & Body Works performed well off a low base, while Southern Sun provided another consecutive positive contribution to the fund.

One of our stalwarts, Reinet, was the top detractor. Having trimmed our position a while back, we somewhat expect these short-term movements. Our holdings in beer continue to be downtrodden, but we are buying into this weakness as these machines keep producing good cash flows. Both AECI and Transaction Capital also detracted from performance and we are working hard to keep abreast of developments in these two businesses.

TOP EQUITY HOLDINGS

Holdings	December 31, 2024	September 30, 2024	Change	
	%	%	%	
Aylett Global Equity Fund	8.3	7.9	0.4	
Reinet Investments	6.7	7.6	-0.9	
Berkshire Hathaway Inc	4.7	4.5	0.2	
We Buy Cars	4.3	3.1	1.2	
British American Tobacco Plc	3.5	3.3	0.2	
Super Group Ltd	3.1	1.7	1.4	
SBM Offshore	3.0	3.0	0.0	
Bath & Body Works Inc	2.9	2.4	0.5	
Southern Sun Ltd	2.7	2.5	0.2	
Netcare Ltd	2.6	2.8	-0.2	
Total	41.8	38.8		

ASSET ALLOCATION



ACTIVITY

Entries	Change
	%
Firststrand Ltd	0.7
BHP Group Ltd	0.1

From 30 September 2024 to 31 December 2024

Exits	Change
	%

From 30 September 2024 to 31 December 2024

Up Weights	Traded Value as % of NAV
Super Group Ltd	1.0
Heineken Holding	0.8
Dollar General Corp	0.7
Remgro Ltd	0.3
Spar Group Limited/The	0.3
Anheuser-Busch Inbev	0.3
Curro Holdings Ltd	0.2
Melco Resorts & Entertainment	0.1
Galaxy Entertainment Group L	0.1
British American Tobacco Plc	0.1

From 30 September 2024 to 31 December 2024

Down Weights	Traded Value as % of NAV
Melco International Development	-0.1
Victoria's Secret & Co	-0.1
We Buy Cars	-0.1
Tsogo Sun Limited	-0.1

From 30 September 2024 to 31 December 2024

COMMENTARY

This is our 77th quarterly Bravata fact sheet, which means that we are entering the twentieth year of investing with the same fund manager, something quite unusual in the current world of long-term investing

As usual, there is no lack of uncertainty and fear, so trying to forecast what will happen will be futile. There is no doubt that Trump will create further anxiety amongst investors, and assets such as crypto may benefit. Bond markets in the US and UK have risen, and yields are at twenty-year highs. Furthermore, as funding requirements for governments increase, their costs are at much higher rates, which may call for tax increases rather than decreases. Investors will not be able to ignore the gravitational pull down on the valuation of assets. There are many more challenges for the markets, but these are well publicized and there is no need to repeat them.

The fund is well characterized by high-yielding assets. The dividend yields on the equities are attractive. Investors tend to ignore the high dividend in the total return of the asset. For example, in the case of BAT, a long stalwart of the fund, provided a three-year return of 33%, of which more than 88% was from the dividend! This is boring stuff, but it suits us, particularly if you are patient, a rare ingredient these days. Fixed interest yields are also attractive as we earn real returns on risk-free assets.

Normally, the decision to hold foreign fixed interest has provided diversification benefits and some excess return over local opportunities. This year was not the case. Our decision to hold South African sovereign bonds, as well as local money market instruments, proved to be the correct one. Investors may have expected us to use the full flexibility of the mandate and have had more exposure to local bonds. With hindsight, this would be correct, but it was not long ago the country faced an election fraught with fear and uncertainty. Fortunately, we chose to invest in local equities such as We Buy Cars. In the end, you lose some, and you win some. Globally, our exposure to the predictable sectors such as beer, gambling and asset managers has been disappointing as it appears investors sell good quality companies for Trump/crypto trades. Oil companies also provided little benefit.

From time to time, we took advantage of the swing in short-term movements in local bond prices and lengthened duration. This has also proved to be quite rewarding.

LOOKING FORWARD

We will continue to invest in the manner we have always invested, namely, buy good assets with great balance sheets at reasonable prices. In the event the market corrects, we will add to what we own and buy new assets that we have been patiently waiting to purchase at attractive prices. Should current conditions prevail, however, we will not be active; in other words, we will do nothing.

Emerging markets and certainly local assets look attractive. Clearly, the above commentary does not provide an ideal environment for “risk on” assets, but we cannot help feeling that valuations provide enough protection for this category of assets. Relative competitors have more offshore exposure, particularly to the Magnificent Seven. We don’t, and this is something we are comfortable with.

In conclusion, in the words of Mark Twain, “History Doesn’t Repeat Itself, but It Often Rhymes”. All the best for the New Year of 2025, it’s going to be quite an interesting one.

Walter Aylett

31 December 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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