

see money differently



NEDGROUP INVESTMENTS

Cash Solutions Range

Q3 2024

Marketing Communication

Nedgroup Investments Cash Solutions Range

Past performance is not indicative of future performance and does not predict future returns.

Periodic returns up to 30 September 2024	1 month	3 months	YTD 2024	1 year	3 years	Gross Est. Yield*	Modified Duration
Money Market Fund	0.70%	2.17%	6.66%	9.00%	7.39%	8.87%	0.20
Prime Money Market Fund	0.69%	2.14%	6.46%	8.77%	7.07%	8.52%	0.16
Corporate Money Market Fund	0.70%	2.16%	6.62%	8.95%	7.33%	8.79%	0.20
Core Income Fund	0.79%	2.46%	7.32%	9.82%	7.91%	9.27%	0.14

SteFI Call	0.67%	2.01%	6.10%	8.21%	6.58%		
SteFI Composite	0.69%	2.07%	6.33%	8.53%	6.87%		

All net return for the Nedgroup Investments fund's respective C classes. Source: Morningstar

*Gross estimated yields are available daily at **Cash Solutions** (nedgroupinvestments.co.za)

Macro Overview

On the 19th of September, the South African Reserve Bank's (SARB) Monetary Policy Committee (MPC) decided to reduce the repurchase (repo) rate by 25 basis-points (bps) from 8.25 percent to 8.00 percent. The decision to cut was unanimous and in line with surveyed expectations. This was the first rate cut in more than four years, as central bankers lament the risks of decelerating inflation on the back of benign macroeconomic activity.

According to Statistics South Africa, the South African economy grew by 0.4 percent quarter-on-quarter in the second quarter of 2024, up from a revised 0.0 percent quarter-on-quarter growth rate in the previous quarter. While second quarter GDP figures may have benefitted from the absence of power outages, labour absorptions rates still remain broadly subdued. Quarterly labour force surveys revealed that the official unemployment rate in South Africa increased by 0.6 percent in the second quarter of 2024 to 33.5 percent.

Muted economic activity coupled with increasing levels of unemployment are well poised in containing future inflationary pressures. After holding steady for ten consecutive months in the 5 to 6 percent range, annual consumer prices in South Africa slowed to 4.4 percent in August from 4.6 percent in July. Core inflation, which strips out volatile items, also fell to a three year low of 4.1 percent, well below the SARB's 4.5 percent midpoint target. According to the SARB's quarterly projection model (QPM), headline inflation is now expected to average 4.6 percent in 2024 and 4.0 percent in 2025.

The SARB's decision to cut follows the larger than expected interest rate cut announced in the United States (U.S.) a day prior. The U.S. Federal Reserve (Fed) announced at its September meeting that it would cut the overnight federal funds rate by 50-bps to the new range of 4.75 percent to 5.00 percent. While the U.S. economy seems rather resilient, 50-bps rate cuts are a rare policy feature except during periods of emergency intervention. The Fed has now joined five other central banks overseeing the 10 most heavily traded currencies in reducing its policy rate.

On the balance of the above, the domestic interest rate market is currently pricing in another 25-bps rate cut in November, with the probability of additional interest rate cuts gradually increasing over the medium term. Following the SARB's policy rate announcement, the 3-month and 12-month JIBAR rates fell by 0.1830 percent and 0.1000 percent, respectively, versus the previous month, to 8.050 percent and 8.225 percent. These elevated JIBAR rates still imply that money market funds are likely to generate an attractive real yield over the next 12 months with minimal or negligible risk of capital loss.



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.

GROSS ESTIMATED YIELD

Gross Yield: means the sum of all expected income over the next 12-months from underlying instruments in the portfolio divided by the cumulative net asset value of the fund. The expected income amounts are approximate and based on market assumptions and forecasts. Actual returns may differ, based on changes in market values, interest rates and changes in costs experienced during the investment period.

MODIFIED DURATION

Modified duration measures how sensitive a bond's price is to a change in the interest rate level and follows the concept that interest rates and bond prices move in opposite directions. In other words, it estimates by how much, measured as '% change', you can expect a bond price to fall for every 1% increase in interest rates and vice versa. The weighted average modified duration collectively measures the total portfolio's sensitivity

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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