



UNIT TRUSTS | INTERNATIONAL | RETIREMENT FUNDS

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A photograph of an open book with white pages, tied with a white string bookmark. The book is open to a blank page, and the pages are slightly curved, suggesting it is being turned or held open.

NEDGROUP INVESTMENTS

Private Wealth Equity Fund

Quarter Four, 2024

Nedgroup Investments Private Wealth Equity Fund

Performance to 31 December 2024	Fund ¹	Benchmark ²
3 months	4.2%	-3.6%
12 months	26.8%	9.8%

Market Overview

Despite a weak fourth quarter, risk assets delivered strong returns in 2024. US equity markets outperformed other developed market peers over the year, supported by technology stocks like Nvidia, which gained 171,2%. Chinese equities made a comeback into year end, supporting a positive full year figure for emerging markets. Sovereign bond markets, however, took a turn as global bond yields rose in December and into 2025 as investors pared back interest rate expectations, pricing the looming risks from increased global trade tariffs on inflation and global growth, alongside expected fiscal largesse.

South Africa printed GDP growth of -0,3% in the third quarter of 2024. The figure disappointed relative to market expectations and was mainly driven by a meaningful contraction in the agriculture sector (-28,8% over the quarter). Beyond this print, economic data in Q4 has been mixed and activity gauges have been volatile, with periods of improvement but little persistence.

Despite the barrage of challenges the country has faced over the last year, domestic assets delivered credible results in 2024. The FTSE/JSE All Bond Index gained a modest 0,4% in Q4, holding up against a weakening global bond market. Domestic bonds, however, delivered one of their best calendar year returns in decades with returns at 17,2%. The property sector similarly had a modest final quarter, but still closed the year as the best performing asset class at 29,0%. The Rand depreciated 9,2% against a stronger US dollar in the fourth quarter, bringing the depreciation over the year to 3,1%. Local equity markets lost ground in the final quarter, with the FTSE/JSE All Share returning -2,1%. Industrials (-0,5%) held up better than resources (-10,1%) and financials (-1,8%). For 2024, however, domestic equity markets across indices delivered positive returns. Financials and industrials delivered strong returns of 21,6% and 17,3% respectively, while resources declined by 7,2%. With markets pricing an improved domestic outlook, small cap stocks (35,6%) outperformed large and mid-cap stocks over the year.

Portfolio Commentary and Activity

For the quarter under review, the fund outperformed its benchmark by 7.7%. Brookfield Asset Management was again the standout performer and was the top contributor to the fund's performance, alongside Alphabet and Walt Disney. The fund's underweight exposure in resources continued to benefit relative performance. Please refer to the table below for detailed attribution.

Over the one-year to the end of December 2024 the fund delivered a 26.8% return, outperforming its benchmark by an exceptional 17.0%. The fund's one-year performance was also well ahead of the 13.3% peer group average return. The top five positive contributors to the fund's performance over one year are Altron, Alphabet, Brookfield Asset Management, Mr Price and Quilter. The fund's underweight across resources also contributed positively to relative performance over the past year.

Several positions were trimmed during the quarter including Capitec, Discovery, Naspers, Prosus and Quilter. All five holdings delivered a solid performance over the fourth quarter and are amongst the best performing shares on the JSE in 2024. Many of these holdings reached our assessment of fair value during the period

¹ Net return for the Nedgroup Investments Private Wealth Equity Fund, A class. Source: Morningstar (monthly data series).

² Benchmark is the Capped SWIX40

resulting in moderating return expectations going forward. The fund added to positions in Anglo American, Foschini, Richemont and Spar.

After reaching valuation multiples last seen during the pandemic ahead of the SA elections in May 2024, the Discovery share price staged an exceptional performance in the second half of the year to become one of the top contributors to the fund's performance. A shift in sentiment towards SA Inc and easing in concerns around NHI following the formation of the business-friendly government of national unity underpinned this performance. The company also released full year results during the quarter, which reflected a solid performance from the SA health and life businesses, a reduction of losses in Discovery Bank and a maiden dividend from Ping An Health. Management also set the tone for an acceleration in earnings growth over the medium term driven by lower spend on new initiatives and Discovery Bank reaching breakeven.

JSE Bellwethers Naspers and Prosus delivered a return of 34% each during 2024, buoyed by Prosus' e-commerce unit reaching breakeven, ahead of the guided timeline, and announcements of stimulus in China to support the ailing economy. Naspers saw a meaningful narrowing in its discount to NAV during the year (Prosus to a lesser extent) some of which has since reversed following the "blacklisting" of Tencent by the US Department of Defence. The ongoing share buyback programme and the potential for value crystallisation in the rump continue to underpin the investment thesis for Naspers and Prosus.

Towards the end of the year the fund's entire holding in Sasol was exited, on the view of a structurally impaired business model and investment case. This follows a couple of years of underperformance. The proceeds were reallocated to a starting position in Glencore where the valuation has become attractive. Glencore offers a relatively unique portfolio including a strong marketing business and meaningful exposure to copper, where we view the long-term fundamentals as attractive.

Detailed fund attribution: Q4 2024

Top 5 contributors and detractors for Q4 2024: Overweight positions

Top contributors	Average relative weight	Performance contribution	Top detractors	Average relative weight	Performance contribution
Brookfield	5.0%	1.2%	Bidvest	1.5%	-0.1%
Alphabet	3.9%	1.0%	Cigna	0.9%	-0.1%
Altron	2.3%	0.6%	Nedbank	1.2%	-0.0%
Walt Disney	2.0%	0.6%			
Quilter	2.9%	0.5%			

Top 5 contributors and detractors for Q4 2024: Underweight positions

Top contributors	Average relative weight	Performance contribution	Top detractors	Average relative weight	Performance contribution
AB Inbev	-1.5%	0.2%	Pepkor	-1.3%	-0.3%
Harmony	-1.9%	0.2%	Capitec	-4.4%	-0.3%
Gold Fields	-5.7%	0.2%	Naspers	-6.2%	-0.2%
BHP Group	-1.8%	0.2%	Shoprite	-2.8%	-0.1%
Glencore	-0.5%	0.2%	MTN	-0.6%	-0.1%

Current positioning and outlook

2024 turned out to be a strong year for financial markets with continued outperformance from US technology stocks and a recovery in Chinese markets into year end. Increased political certainty and expectations of continued progress on structural reforms underpinned the performance of domestic markets. Going into 2025 the potential for increased risks and volatility remains. The impact of Donald Trump's second term on US policies, the course of the interest rate cutting cycle and regional conflicts are all areas of uncertainty that have the potential to shape the trajectory of market returns in 2025.

As always we are mindful of the multitude of risks, and as such, the fund remains well diversified across a variety of businesses, industries and geographies. This approach proved particularly beneficial in 2024, when considering the sources of the fund's outperformance. As at year end, the fund has ~21% of its capital directly offshore with the ability to deploy capital into opportunities that market volatility may present.

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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