NEDGROUP INVESTMENTS

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NEDGROUP INVESTMENTS MINING & RESOURCES FUND

Quarter Two, 2025

Nedgroup Investments Mining & Resources Fund

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

Total return as at 30 June 2025	Fund[1]	Peer Group [2]
3 Months	7.8%	8.3%
6 Months	22.3%	32.6%
12 Months	11.3%	18.3%
3 Years	3.3%	9.9%
5 years	16.2%	16.0%
10 years	14.4%	14.9%

1. Nedgroup Investments Mining & Resources Fund, A class.
2. ASISA South Africa Equity Resources category

Market Overview

The commodities sector remains largely influenced by high geopolitical uncertainty and considerable volatility. In early 2nd quarter, markets were shaken by the U.S.'s unexpected "Liberation Day" announcement of widespread tariffs on global trade partners, which prompted an initial sell-off in equities.

A strong rally then occurred in May, offsetting most of April's losses, although uncertainty persisted as trade negotiations either stalled or advanced unevenly across regions. The ongoing high levels of uncertainty have continued to bolster precious metals more than other commodities.

Precious metals

The current environment remains supportive for gold, although there was a correction from its earlier peak, prices remain high. Gold continues to be boosted by central bank purchases and inflows into ETFs, as it is regarded as a long-term store of value.

The performance of the Platinum Group Metals (PGM) has stood out over the past quarter. The Rand PGM basket has risen 25% year-to-date, driven by a 50% increase in Platinum, a 23% rise in Palladium, and a 20% increase in Rhodium, with the stronger ZAR partially offsetting these gains.

In the first half of 2025, supply disruptions occurred from South African miners due to weather issues and refinery maintenance. South Africa is a major producer of many metals within the PGM basket. There has been growing demand for platinum from jewellery manufacturers to substitute gold. However, we remain cautious about demand, as it has not yet shifted into retail consumer purchases.

Over the past two years, platinum has underperformed relative to gold, but recent months have seen a rise in investment demand, especially from China. The increased demand from jewellery makers and investors, combined with reduced South African supply, has created a market squeeze. We remain cautious about downside risks to PGM prices going into the second half of the year as South African supply normalises and auto sales are downgraded, amid geopolitical risks impacting growth.

Base and bulk metals

Base metals rose by the end of the quarter as concerns about the US economy waned, weakening the dollar. Copper prices recovered from early-April lows, driven by shrinking inventories, stronger-than-expected Chinese demand, and supply disruptions. Towards the end of the quarter, prices hovered near US$9,500/ton, supported by physical tightness and speculative positioning.

The quarter started with a temporary surge in iron ore prices due to stronger-than-expected Chinese steel exports and production. However, as the quarter advanced, construction activity slowed in China, seasonal weather impacts increased, and major producers ramped up supply. The cost curve and lower inventory levels underpin iron ore prices.

Energy: Oil and Coal

The oil markets continued to experience significant volatility. During the quarter, the oil price spiked due to escalations between Iran and Israel, which unwound as a cease-fire deal was reached. There is greater downside risk to oil markets in the second half of the year as OPEC begins to unwind its supply cuts.

The thermal coal market remains weak, but with prices at the cost curve, it limits the downside. Demand remains stable from key regions such as China, India, and the rest of Asia, and as we progress through the European summer, there is upside potential for coal in the second half of the year.

Portfolio Commentary

The fund's top five performing positions added 8.1% to returns over the quarter, while the bottom five detracted -0.9%.

Contributors	Ave. Weight	Performance Contribution	Detractors	Ave. Weight	Performance Contribution
Northam Platinum	7.8%	3.3%	Sasol	1.4%	-0.6%
AngloGold Ashanti	17.6%	2.4%	Sappi	1.3%	-0.3%
Impala Platinum	4.8%	1.2%	Harmony Gold Mining	3.8%	-0.2%
Valterra Platinum	4.4%	0.6%	South32	1.9%	-0.1%
Glencore	7.9%	0.5%	BHP Group	5.1%	-0.1%
		8.1%			**-0.9%**

Current positioning and outlook

The PGM sector contributed significantly to the returns during the period, driven by a rally in commodity prices. Northam Platinum is our preferred PGM holding, its assets are of high quality and well-capitalised. The management team continues to invest in the assets through various cycles, supporting a stable and growing production base.

Valterra has been unbundled from Anglo-American and now operates as an independent company. We still regard Valterra as a high-quality entity with substantial assets, notably its Mogalakwena operation. The company is currently undergoing operational recovery at Mogalakwena, which should lead to lower costs over time.

Anglo Gold remains our preferred gold holding, with the management team maintaining focus on the strategy of portfolio enhancement through operational recovery and cost control.

Despite soft thermal coal prices, Glencore’s diverse commodity mix, particularly copper, remains supportive. During the quarter, Glencore announced the imminent completion of its deal to sell its agriculture business. The deal was finalised after the quarter, and proceeds will be distributed to shareholders, underpinning the returns we receive from this company.

BHP is a high-quality company with assets positioned favourably on the cost curve. While its earnings are primarily driven by iron ore, it also has a strong copper business. Despite the decline in iron ore prices over the quarter, BHP continues to generate robust cash flows. Its valuation remains attractive, with the market undervaluing its premium copper assets.

Responsible Investing

Regarding stewardship activities, we held discussions with the remuneration committees of Northam, Glencore, and Goldfields. We involved the chairs to ensure that the policies being presented are equitable and reasonable. Our engagement effort will continue into the coming year to ensure the consistent implementation of these policies annually.

We had an introductory meeting with Exxaro's new CEO, Ben Magara. He has extensive experience in the mining sector, having previously served as CEO of Lonmin. As a former Non-Executive Director of Exxaro, he has a good understanding of the company and its challenges. Given the recent executive changes, it was essential to understand the CEO's priorities, which included rebuilding trust within the organisation, focusing on operational delivery, and adopting a strategy of investing in minerals that support the energy transition.

We engaged with the Chairman of Amplats (now called Valterra) prior to their AGM. As the company was set to be unbundled from Anglo American, they needed to establish a strong board.

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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
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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.

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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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