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NEDGROUP INVESTMENTS
Private Wealth Equity Fund
Quarter Two, 2025

Nedgroup Investments Private Wealth Equity Fund

Performance to 30 June 2025	Fund[1]	Benchmark[2]
3 months	5.9%	8.8%
12 months	18.2%	23.3%

Market Overview

The US equity market reached an all-time high in the second quarter of 2025, despite elevated geopolitical risks. The S&P 500 Index has fully rebounded from an 18.8% drawdown in April, which followed President Donald Trump's announcement of "Liberation Tariffs". In the Middle East, a 12-day conflict that began mid-June with Israel targeting Iran's nuclear facilities pushed oil prices above $80 per barrel before they eventually fell back to $67. A ceasefire brokered by the US, helped ease tensions between the two nations. This development, along with a preliminary trade agreement between China and the US, shifted market sentiment toward a risk-on stance. The proposed deal would grant the US access to rare earth elements critical for advanced technologies, while the US would lift restrictions on certain goods entering China. The agreement is currently awaiting approval from both governments.

Global equities posted strong gains in the second quarter, with the MSCI All Country World Index rising 11.7%. Emerging markets outperformed developed markets, with the MSCI EM Index returning 12.2%. Japan's Nikkei rose 6.7% in June, bringing quarterly gains to 17.9%, despite concerns over the impact of US tariffs. European equity markets delivered mixed results, Germany's DAX was the best performer in USD returning 17.2% for the quarter, while UK's FTSE 100 returned 9.6%.

In the second quarter of 2025, domestic assets delivered positive returns, with bonds underperforming equities. The FTSE/JSE All Bond Index rose by 5,9% over the quarter. The rand strengthened by 3.1% against a weaker US dollar to R17.7 but declined by 5.4% against a stronger euro. The FTSE/JSE SA Listed Property Index gained 9.1%, while the FTSE/JSE All Share Index increased by 10.2%. The Software and Computer Services sector was the primary contributor, returning 20.8%, with Naspers and Prosus gaining 22.1% and 17.8%, respectively, following strong earnings reports. Prosus's Capital Markets Day left investors optimistic about the new management team's focus on improving the profitability of the company's broader investment portfolio. In contrast, the Pharmaceuticals and Biotechnology sector had a weaker quarter, declining by 25.8%, driven by Aspen. Precious metals continued to perform strongly, delivering a year-to-date return of 78.2%, driven by a resilient gold price, while platinum miners benefitted from a shift in investor demand for alternatives.

Portfolio Commentary and Activity

The fund underperformed its benchmark by 2.9% during the quarter, translating into a 2.8% return year to date, compared to the benchmark's 18.0% return for the first half of 2025. The lack of gold and PGM exposure – precious metals have returned 78.2% year to date – remains a headwind to relative performance. Holdings in Aspen, Spar and Novo Nordisk, and the underweight position in Naspers compounded underperformance during the quarter. Aspen shocked the market in April with an announcement relating to a "*material contractual dispute*" with a customer that would likely result in the loss of as much as half of the earnings in its manufacturing unit for FY25, and an impact in subsequent years. The share was down more than 30% on the day with the current share price ascribing little to no value to the manufacturing business. Spar released interim results during the quarter, detailed below, while concerns around Novo Nordisk's slipping leadership in obesity culminated in the ousting of its CEO in May.

[1] Net return for the Nedgroup Investments Private Wealth Equity Fund, A class. Source: Morningstar (monthly data series).
[2] Benchmark is the Capped SWIX40

The “*Liberation Day*” induced market selloff in early April provided an opportunity to deploy cash into existing positions in Amazon, Glencore and Ninety One, and to start a new position in global life sciences and diagnostics company Thermo Fisher. Thermo Fisher develops, manufactures and sells scientific instruments and laboratory equipment, diagnostics consumables and life science reagents. The group’s products are primarily used to accelerate advancements in life science research, improve patient diagnoses and help increase the effectiveness of both domestic and international laboratories. The investment thesis of Thermo Fisher is underpinned by a broad portfolio of innovative products & services, increasing healthcare demand and ongoing scientific advances in life science research.

Fiserv, a leading Fintech player specialising in account processing and electronic payments services, is the newest addition to the fund. The transition to a cashless society has increased the importance of payment and fintech companies in ensuring secure transaction processing and settlement. Financial institutions are increasingly outsourcing technological innovation and ramping up their tech investments, driving strong demand for Fiserv’s solutions. Fiserv is well positioned to benefit from this increased demand given its diversified portfolio, customizable offerings, and the rapid growth of its point-of-sale platform, Clover. Clover’s seamless integration capabilities enhance client value and strengthen Fiserv’s competitive edge. Additionally, the company’s disciplined execution of its international growth strategy, both organically and through strategic acquisitions, further reinforces its market leadership. From a valuation perspective, the stock is reasonably attractive, and we believe the current valuation underappreciates the long-term growth drivers highlighted above.

Towards the end of the quarter, we increased the positions in Spar and Foschini, following results releases from both retailers. We view Spar as a business undergoing a strategic reset as its relatively new executive team aims to simplify the business, return the SA business to historical profitability and strengthen its financial position. The group’s interim results reflect progress on these initiatives with the initiation of the sale of its Swiss and UK operations, nascent margin recovery in Spar SA and an improved debt maturity profile. This was tempered however by continued market share losses in the SA grocery business. We believe ongoing strategic initiatives will address this decline over the medium term.

Foschini, along with its apparel retail peers, has seen a significant de-rating in its share price year to date following a stellar performance in the second half of 2024. While growth expectations for the SA economy have reset since the beginning of the year, we view growth concerns, to the extent that they are reflected in the Foschini valuation, as overdone. We see material scope for margin improvement in the SA business on the back of an increasingly disciplined approach from management while the Australia and UK operations are primed for a cyclical recovery.

Detailed fund attribution: Q2 2025

Top 5 contributors and detractors for Q2 2025: <u>Overweight</u> positions

Top contributors	Average relative weight	Performance contribution	Top detractors	Average relative weight	Performance contribution
Ninety One	2.1%	0.4%	**Aspen**	0.8%	-0.5%
Prosus	3.0%	0.3%	**Spar**	2.2%	-0.4%
Walt Disney	2.0%	0.2%	**Novo Nordisk**	2.0%	-0.3%
Altron	2.0%	0.1%	**Remgro**	3.4%	-0.3%
Brookfield	1.8%	0.1%	**Thermo Fisher**	0.8%	-0.2%

Top 5 contributors and detractors for Q2 2025: Underweight positions

Top contributors	Average relative weight	Performance contribution	Top detractors	Average relative weight	Performance contribution
Harmony	-2.8%	0.4%	**Naspers**	-7.0%	-0.8%
Goldfields	-6.8%	0.4%	**Sibanye**	-1.3%	-0.5%
Shoprite	-2.5%	0.2%	**Anglogold**	-5.0%	-0.4%
BHP Group	-1.3%	0.2%	**Impala Platinum**	-2.0%	-0.3%
Standard Bank	-1.3%	0.2%	**Capitec**	-4.2%	-0.3%

Current positioning and outlook

The second quarter of 2025 has been another period of heightened volatility marked by evolving US trade policy, an escalation in the conflict in the middle east and locally, ongoing questions regarding the sustainability of the government of national unity in its current form. While these uncertainties make for a challenging backdrop they also create opportunity for the patient and prepared investor. The fund's cash position coming into the second quarter positioned it well to capitalise on such opportunities.

In the context of a fragile and uncertain global backdrop the fund remains well diversified and positioned for various scenarios. The fund's geographic exposure spans domestic, developed and various emerging markets. Sectors represented in the fund range from consumer staples to healthcare and technology, including traditional business models like banking and bricks and mortar retail, to future facing businesses in fintech and e-commerce.

It has been a tough start to 2025 in terms of relative investment performance. We remain disciplined however in the application of our proven "*long-term, well considered*" investment philosophy to find attractively valued high quality opportunities while actively managing the many risks. We are confident that the seeds planted during this quarter will bear fruit over the coming years.

Disclaimer

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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