



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 positioned on the left side of the page, with the text overlaid on the right side.

NEDGROUP INVESTMENTS SA EQUITY FUND

Quarter Two, 2025

Nedgroup Investments SA Equity Fund



Performance to 30 June 2025	Nedgroup Investments SA Equity ¹	FTSE/JSE Capped SWIX
Three months	9.8%	9.7%
12 months	22.3%	24.6%

Market Overview

Donald Trump's "Liberation Day" antics in early April resulted in a very difficult start for equity markets at the beginning of the second quarter. However, sanity prevailed with the Trump administration placing a 90-day moratorium on the implementation of trade tariffs in the expectation that the US would negotiate revised trade agreements with its trading partners. The heightened uncertainty with respect to global tariffs, the direction of US fiscal and monetary policy remains and continues to pose a risk to global economic growth.

Despite these risks, global equity markets, including the US, recovered strongly from their April 2025 lows. The S&P 500 (+10.9%) and Nasdaq (+18%) returned positive USD returns for the 2Q25 which resulted in both indexes reflecting positive returns of 6.2% and 5.9% respectively for the 1H25.

Conflict in the Ukraine and the Middle East continues, with the US bombing the Iranian nuclear facilities in mid-June. Notwithstanding the tragic loss of life, the immediate impact on global growth and inflation of the above conflicts has been muted. Oil prices lifted temporarily in June to ~\$80 a barrel before reversing all gains. The key Strait of Hormuz, through which c.25-30% of global oil exports flow, remains open and Iran's production levels if lost could be easily met by spare OPEC capacity. However ongoing tension is likely to reduce confidence and investment activity.

Donald Trump's uncertain trade policy, weaponisation of the dollar, isolationist stance and proposed budget changes (cuts in spending and taxation) continue to challenge the global order and traditional market relationships. The weakening of the US dollar against all currencies continued, with EURUSD currency appreciating 13.8% in the 1H25 to close the half year at 1.179. The US dollar's reserve status remains incrementally challenged, and the market's view of US treasuries as a haven, is being questioned.

On the back of Trump's tariff announcement, the Rand weakened to R19.93 to the US dollar in early April, a level last seen in May 2023 prior to the formation of the Government of National Unity (GNU). The Rand recovered strongly from these lows to end the period at R17.71 to the US dollar, up 6.3% versus the end of 2024. This recovery was driven by the tariff moratorium and reduced tensions between the ANC and DA as the DA finally supported an adjusted South African fiscal budget. Whilst hiccups within the GNU are likely to continue given the nature of coalition governments, we remain constructive on structural growth improvements over the medium term. The private sector and government continue to engage each other on future private public partnership (PPP) investments in logistics and infrastructure.

The local market performed well, with the FTSE-JSE Capped SWIX up 9.7% in ZAR (up 13.7% in USD) in the 2Q25 and up 16.1% in ZAR (up 23.8% in USD) for the 6 months to June 2025. The 2Q25 performance was driven by platinum group metal companies, AngloGold, AB InBev, Naspers, Prosus, Momentum Metropolitan.

Fund Performance and Contributors/Detractors

The Nedgroup Investments SA Equity Fund was up 16.2% YTD in line with the market's return of 16.1%. The fund's performance can be attributed to its positions in AngloGold, AB InBev, Impala, Northam Platinum, Prosus, Momentum-Metropolitan and Growthpoint. The fund's exposure to The Foschini Group, FirstRand, Woolworths, Motus and Nedbank Group detracted from performance in the period.

¹ Net return for the Nedgroup Investments SA Equity Fund, A2 class. Source: Morningstar (monthly data series).

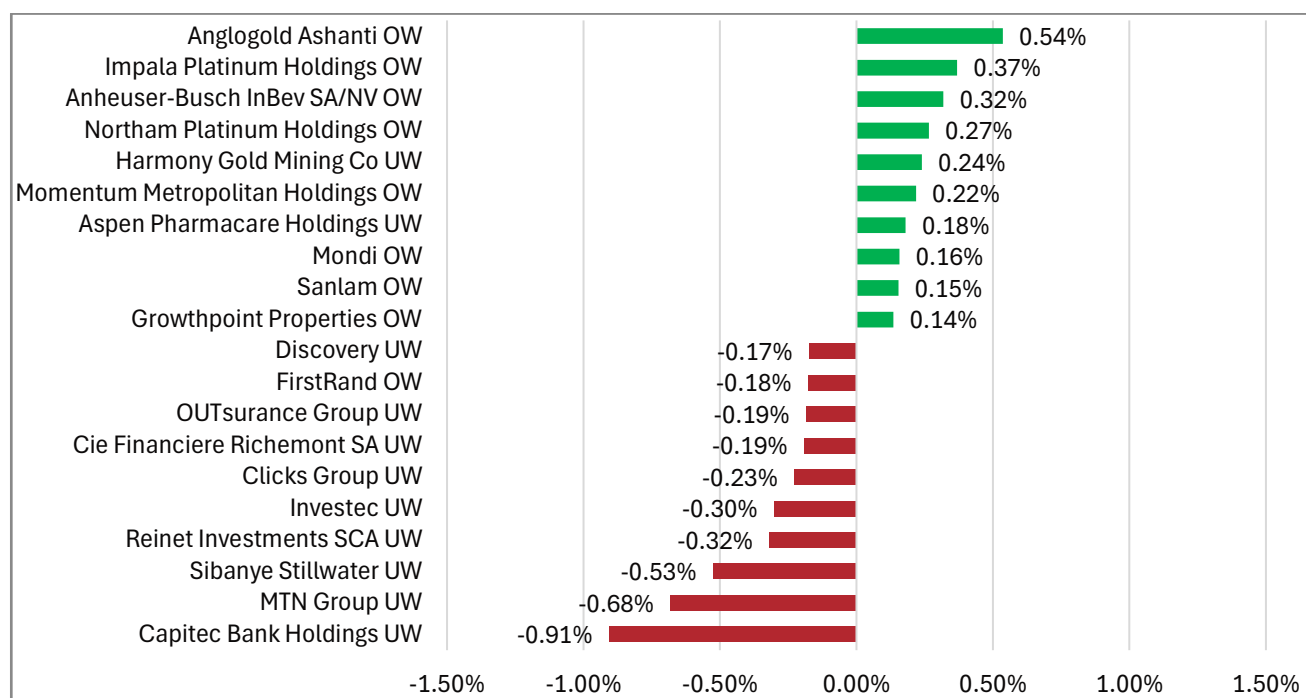


Whilst the gold price remained supported in the 1h25 (+25.8%), platinum and palladium prices were particularly strong in the 2Q25, both up 36% and 12% respectively. Our holdings in Northam, Impala and AngloGold contributed positively to fund's performance in both the 2Q25 and the half year to June 2025. We remain positive on the outlook for PGM metal prices supported by a continuing weaker US dollar environment, lower forecast EV penetration rates and an evolving outlook for platinum jewellery in China.

The fund continued to benefit from the large positions in Prosus and Naspers. Tencent (Prosus' largest investment) is well placed to utilise artificial intelligence (AI) opportunities given its already substantial user base and distribution channels. Furthermore, the e-commerce assets of Prosus have turned cash positive and are thus anticipated to be self-funding going forward. This should enable the full Tencent dividend to be passed through to shareholders, aiding a narrowing of the group discount (currently 30%). Continued Prosus buybacks remain NAV per share accretive, and we remain bullish on the prospects for both Prosus and Tencent.

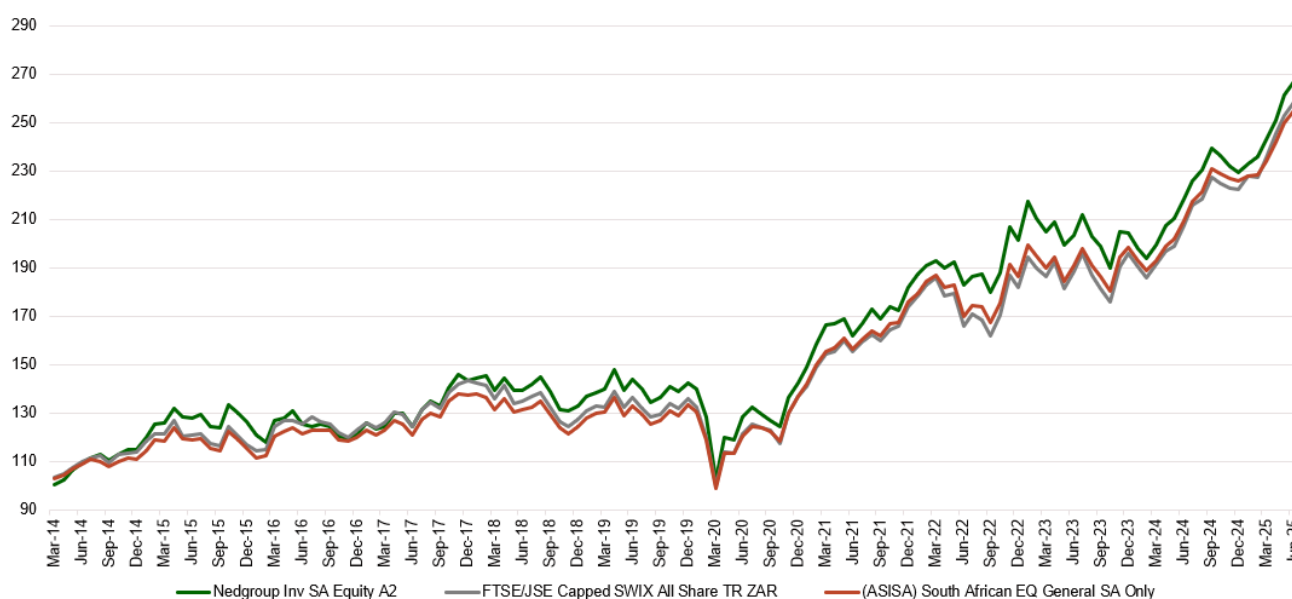
AB InBev rallied from depressed levels as the company continues to deliver operationally as it wins back market share in the US and continues to guide to steady growth in EBITDA earnings. On a forward PE of 17.5x we consider AB InBev to be attractively valued.

Graph 1: Nedgroup SA Equity Fund Attribution vs. Capped SWIX: Top 10 Winners and Losers Q2 2025



Source: Laurium Capital

Graph 2: Cumulative Returns Since Inception 27 March 2014 to 30 June 2025 vs Fund Benchmark (Capped SWIX) and Peer Group



Source: Morningstar Direct

Fund Positioning and outlook

Fixed investment and activity levels remain low across the SA economy, and credit growth remains anaemic in both the retail and corporate banking space. However food inflation is moderating, and we expect further – albeit limited – rate cuts. At the margin this should aid a consumer recovery boosting the outlook for retail and banking shares. Any upside from expected PPP investments into logistics and infrastructure projects will also further contribute to local economic growth.

Geopolitical conflicts, trade uncertainty and large government deficits globally will continue to hamper global growth at the margin and keep risks elevated. These risks to domestic assets are offset partly by the view that a potential rotation out of US assets will be beneficial for Emerging Markets such as South Africa.

Our portfolio positioning as always remains bottom-up driven. The fund's domestic exposures are geared towards companies with attractive valuations, improving earnings outlooks and which are well positioned to benefit should growth accelerate. SA Banks, with their high dividend yields, are such an example and the fund has exposure to First Rand and ABSA. In addition to banks, the fund continues to hold insurers such as Momentum and Sanlam, as well as Remgro, The Foschini Group, Woolworths and Mr Price.

The fund continues to hold positions in Rand hedges like AB InBev, Bidcorp and British American Tobacco. These businesses are well diversified, with earnings growth expectations and valuations that appear attractive to us.

Conclusion

As such we believe the SA Equity portfolio is well positioned to benefit from any upside in the local economic conditions.

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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