



UNIT TRUSTS | INTERNATIONAL | RETIREMENT FUNDS

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A photograph of an open book with white pages, tied with a white ribbon bookmark. The text is overlaid on the right side of the image.

# NEDGROUP INVESTMENTS STABLE FUND

Quarter Two, 2025

## Market Commentary

### International

- Global equities rallied to double-digit gains, with US bourses recouping Q1 losses on robust earnings and moderating inflation — shrugging off the 12-day Israel-Iran war and Liberation Day lows after the US offered a 90-day abeyance on reciprocal tariffs
- Global government bonds advanced as bond yields continued to moderate on expectations of lower real interest rates despite fiscal headwinds — while credit spreads narrowed modestly
- Major currencies strengthened versus the US dollar, with the euro gaining over 8% against the greenback — and the dollar becoming the whipping boy to expansionary US fiscal policy and slumping to its worst start to a year since 1973
- Precious metals prices were mostly higher amid US dollar weakness, and safe-haven (gold) and jewellery (platinum) demand — but Brent crude oil fell nearly 10% on demand fears despite an intra-quarter spike after Israel attacked Iran
- Global developed market GDP growth remained modest even as inflation continued to ebb at low levels — with on-again off-again reciprocal tariffs playing havoc with trade and investment
- The US Federal Reserve has become a global outlier, holding rates steady this year even as other major banks, including the ECB and BoE, have cut interest rates — the Fed is wary of risks to prices, including from dollar weakness and tariffs

### South Africa

- Emerging markets rallied on buoyant commodity prices, with the FTSE/JSE All Share also powering ahead — resource stocks advanced further, but the gains were broad-based, with industrial and financial counters outperforming
- South African bonds rallied, boosted by resilient demand amid stable inflation and a dovish SARB outlook — the yield curve steepened slightly as long-dated yields fell less than short-term rates
- The rand was volatile on acute political stress as the GNU looked increasingly precarious and the US administration became increasingly hostile towards SA — but gained 3% over the quarter on broad-based US dollar weakness
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- The South African economy continues its structural low-growth trend — business confidence ticked higher, but low fixed-investment and constraints in power, ports and rail kept growth sluggish
- A hawkish SARB cut the repo rate for only the second time this year, with real rates high as inflation lingers below the 3–6% target range — while Finance Minister Godongwana needed three tries to pass a controversial budget framework

## Portfolio Commentary

- Global equities contributed positively to rand returns despite rand strength — global equities rallied to double-digit gains, with US bourses recouping Q1 losses on robust earnings and moderating inflation
- South African equities delivered a solid contribution to returns, with the local market posting strong gains — while resource stocks continued to advance, industrial and financial counters were also up strongly, resulting in a broad-based rally
- SA bonds contributed positively to returns, with the All Bond Index delivering modest gains — South African bonds rallied, boosted by resilient demand amid stable inflation and a dovish SARB outlook
- US government bonds contributed to returns — Global government bond yields continued to moderate on expectations of lower real interest rates despite fiscal headwinds
- Selective holdings in listed property also added to returns — listed property stocks rallied, supported by falling interest rates and contributions from offshore assets, particularly in the UK
- The fund's holding in pharmaceuticals group Aspen was a detractor from returns — Aspen's share price fell following a profit warning related to a contractual dispute with Moderna, despite reporting modest earnings growth
- Cash continued to enhance absolute returns with yields remaining fairly elevated — the SARB maintained their cautious approach, cutting interest rates by only 25 basis points despite inflation moderating to cyclical lows
- The fund continued to benefit from its allocation to gold — the gold price rose further driven by ongoing US dollar weakness, heightened geopolitical tensions supporting safe-haven demand, and continued central bank buying

Top contributors	Performance Contribution %	Holding Return %	Average Weight %
Foord International Fund	0.7	3.7	18.6
Foord Global Equity Fund	0.6	3.6	17.6
RSA Bonds 9.0% (R2040)	0.4	8.4	5.1
Prosus	0.4	18.0	2.3
Shaftesbury Capital	0.3	32.4	1.2

Top detractors	Performance Contribution %	Holding Return %	Average Weight %
Aspen	-0.3	-27.0	1.0
SASOL Conv. 4.5% 08/11/2027	-0.05	-1.1	3.9
US TIPS 0.125% 15/04/2026	-0.02	-2.8	0.7
Occidental Bond 6.125% 01/01/2031	-0.02	-1.4	1.2
BHP Group	-0.01	-2.6	0.6

## Investment Strategy

- South African equities remain selective — an uninspiring budget and rising uncertainty regarding the future of the GNU have lowered confidence in the likelihood of imminent structural reform to reignite growth
- The weighting in foreign assets remains elevated at 47% of the portfolio — measured together with non-rand earnings of JSE-listed companies, total foreign economic exposure is even higher on a look-through basis
- Foreign equities remain focused on companies with pricing power which are best placed to protect investor capital from higher inflation — direct investment in US equities remains low in relative terms, given potential earnings risks arising from an economic slowdown
- An allocation to SA inflation-linked bonds was increased given attractive real yields on SA inflation-linked government bonds — we continue to avoid SA credit assets where we believe risk to be mispriced
- Listed property is limited to a low weighting, given poor fundamentals for the asset class, despite optically attractive yields — sector risks include excess capacity, weak rental trend, consumer headwinds and rapidly escalating municipal costs
- The allocation to foreign government bonds remains low, comprising of short-duration US Treasuries with a preference for inflation-linked bonds — while listed property also remains low, given sector risks and unattractive valuations
- Physical gold position was maintained given supportive fundamentals, including a weaker US dollar, moderating interest rates, ongoing central bank demand, and elevated geopolitical tensions — the position continues to offer attractive portfolio diversifying properties during periods of market stress

# Responsible Investment Summary



## Voting resolutions for Q2 2025

### Portfolio

Adopt Financials  
Auditor/Risk/Social/Ethics related  
Buy Back Shares  
Director Remuneration  
Disapply Pre-emptive rights  
Dividend Related  
Issue Shares  
Loan/financial assistance  
Other  
Political Expenditure/Donation  
Re/Elect Director  
Remuneration Policy  
Shares under Director Control  
Signature of Documents

Total count	For	Against	Abstain
6	100%	0%	0%
35	100%	0%	0%
6	100%	0%	0%
26	100%	0%	0%
4	0%	100%	0%
1	100%	0%	0%
6	0%	100%	0%
3	67%	33%	0%
15	80%	20%	0%
2	0%	100%	0%
45	100%	0%	0%
12	67%	33%	0%
2	0%	100%	0%
1	100%	0%	0%

### Foord Global Equity Fund

Adopt financials  
Auditor/risk/social/ethics related  
Buy back shares  
Issue shares  
Re-elect director  
Remuneration policy including directors' remuneration  
Signature of documents/ratification  
Other

Total count	For	Against	Abstain
34	100%	0%	0%
52	79%	21%	0%
14	93%	7%	0%
20	15%	85%	0%
256	99%	1%	0%
47	43%	57%	0%
10	100%	0%	0%
39	79%	21%	0%

### Foord International Fund

Adopt financials  
Auditor/risk/social/ethics related  
Buy back shares  
Issue shares  
Political expenditure  
Re/elect director or members of supervisory board  
Remuneration policy including directors' remuneration  
Signature of documents/ratification  
Others

Total count	For	Against	Abstain
25	100%	0%	0%
40	80%	20%	0%
17	94%	6%	0%
21	14%	86%	0%
2	100%	0%	0%
222	100%	0%	0%
40	55%	45%	0%
7	57%	43%	0%
24	75%	25%	0%

### General comments:

- There are few abstentions. We apply our minds to every single resolution put to shareholders. When there is an abstention, it would typically be intentional or for strategic reasons
- We typically vote against any resolution that could dilute the interests of existing shareholders. Examples include placing shares under the blanket control of directors, providing loans and financial assistance to associate companies or subsidiaries and blanket authority to issue shares. On the rare occasion we have voted in favour of such resolutions, we could gain the required conviction in the specifics of the strategic rationale for such activities and could gain comfort that such activities are indeed to be used to the reasons stated



- The firm also has a strong philosophy regarding management remuneration models. We believe in rewarding good managers with appropriate cash remuneration on achievement of relevant performance metrics that enhance long-term shareholder value. We are generally not in favour of share option schemes given the inherent asymmetry between risk and reward typical of such schemes. In addition, we do not believe that existing shareholders should be diluted by the issuing of new shares to management as is the case with most option schemes. We are in favour of the alignment created between management and shareholders when management has acquired its stake in the company through open market share trading and paid for out of management's own cash earnings

#### **Notable company engagements (Q2 2025)**

Company	Topic	Company Attendees	Event Notes
Spear Reit	Remuneration Policy	CFO	Engaged with the Spear REIT Board, primarily through the CFO, regarding the structure of the remuneration policy in relation to financial assistance and dilutive provisions. Continued to vote against key AGM resolutions while simultaneously proposing amendments to the policy.
ABSA Group Ltd	Governance	Chairman	We engaged on the governance processes surrounding the CEO transition as well as succession planning for other senior executive roles, ensuring that these critical changes are managed with appropriate oversight and alignment to long-term strategy. Furthermore, we discussed board composition in depth, highlighting the importance of maintaining a balance of skills, expertise, and experience to support effective decision-making and governance.
Tiger Brands	Governance	CEO and Investor Relations	Tiger Brands believes it has adequate insurance cover in place for the historical listeriosis claim and has already commenced rehabilitating affected claimants ahead of the settlement as a demonstration of good faith. The company also faced historical incidents of fraud; in response, it has implemented new supply chain management software (Supply Chain Tower) to mitigate these risks. This initiative has contributed to a significant improvement in working capital management.

## 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](mailto:Trustee-compliance@standardbank.co.za), Tel 021 401 2002.

### 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

Tel: 0860 123 263 (RSA only)

Tel: +27 21 416 6011 (Outside RSA)

Email: [info@nedgroupinvestments.co.za](mailto:info@nedgroupinvestments.co.za)

For further information on the fund please visit: [www.nedgroupinvestments.co.za](http://www.nedgroupinvestments.co.za)

### OUR OFFICES ARE LOCATED AT

Nedbank Clocktower, Clocktower Precinct, V&A Waterfront, Cape Town, 8001

WRITE TO US

PO Box 1510, Cape Town, 8000

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