



Quarterly review

Nedgroup Investments Core SA Equity Fund

As at 30 September 2025



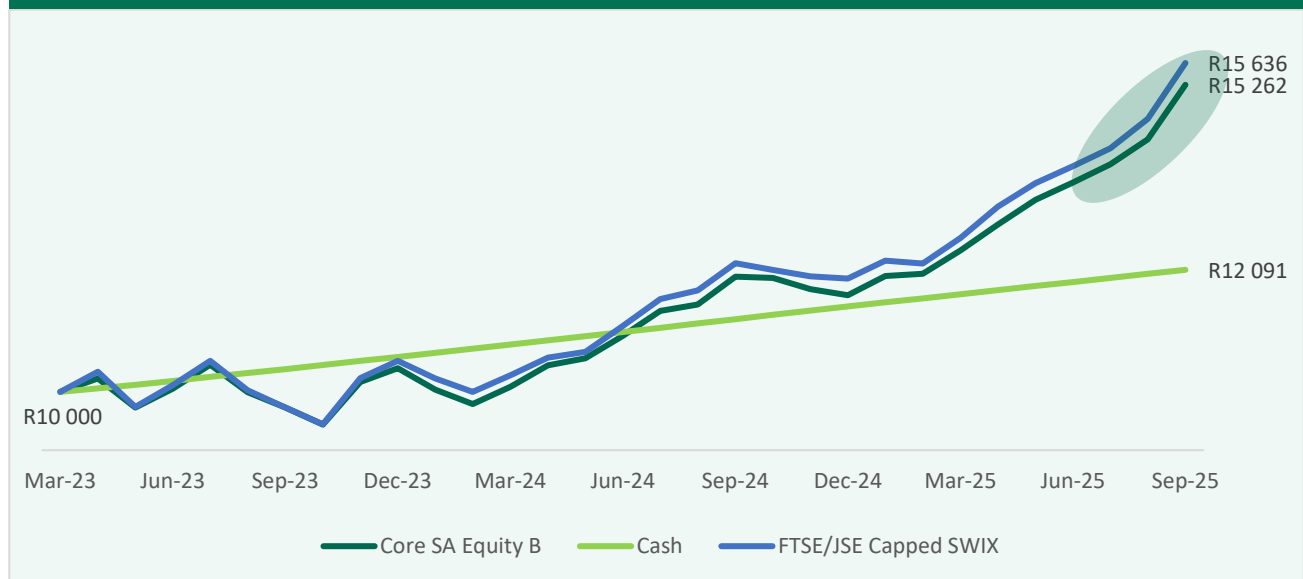
Markets Surge Amid Tariff Tensions and Central Bank Shifts

The OECD revised its 2025 global growth forecast upward to 3.2% from 2.9%, while maintaining its 2026 forecast at 2.9%. Growth in 2025 remained resilient, but higher tariffs and policy uncertainty are expected to weigh on trade and investment. Over the quarter, the Nedgroup Investments Core SA Equity Fund increased by 12.3%.

The table below compares an investment in Nedgroup Investments Core SA Equity Fund to a bank deposit (cash) investment and its growth target over various time periods. For every R10 000 invested in the Nedgroup Investments Core SA Equity Fund at inception (30 March 2023), you would have R15 262 on the 30th of September 2025. This is slightly lower than the R12 091 you would have received had you invested your money in bank deposits (cash) over the same period. The green circle in the chart below, highlights the recent market increase, which helps to contextualise the returns experienced over the past few years.

	3 Months	1 Year	Inception 30 March 2023
Growth of fund (after fees) (Growth in %)	R10 935 12.3%	R12 317 27.5%	R15 262 14.0% p.a.
Growth of cash (Growth in %)	R10 180 1.8%	R10 816 7.8%	R11 884 6.4% p.a.
Growth target (FTSE/JSE Capped SWIX) (Growth in %)	R10 236 12.8%	R12 462 28.1%	R15 636 15.1% p.a.

Fund Return versus Cash and the Long-term growth target since inception ending 30 September 2025





Global markets navigated a turbulent quarter marked by trade shocks, monetary policy pivots, and record-breaking rallies. In a dramatic move, the United States imposed a 50% tariff on Indian exports, rattling regional markets and amplifying volatility. Mexico followed suit, announcing steep tariffs on Chinese vehicles and other imports, signalling a broader shift in global trade dynamics.

Despite these headwinds, the U.S. economy showcased resilience. Revised data from the Bureau of Economic Analysis revealed GDP growth of 3.3% year-on-year in the second quarter, up from an initial 3.0% estimate and rebounding from a 0.5% contraction in the first quarter. Robust consumer spending and a decline in imports, driven by tariff measures, underpinned the recovery.

Equity markets soared to unprecedented heights in September, led by Wall Street's AI-fuelled optimism. Oracle emerged as a standout, with shares surging 30% in a single session - the largest one-day gain in nearly three decades - after forecasting a sharp increase in AI-related revenue. This rally unfolded against a backdrop of tariff uncertainty and looming government shutdown risks.

Inflation trends painted a mixed picture. Headline U.S. CPI held steady at 2.7% in July, while core CPI accelerated to 3.1%, driven by services inflation posting its strongest monthly gain this year. Goods inflation remained muted, particularly in tariff-sensitive categories. Central banks delivered divergent signals. At Jackson Hole, Fed Chair Jerome Powell hinted at a September rate cut, citing a disconnect between inflation and employment. The Federal Reserve later trimmed rates by 25 basis points to 4.00% - 4.25%, with one dissenting vote favouring a deeper cut. Across the Atlantic, the Bank of England lowered rates to 4.0%, while the European Central Bank held steady at 2.0%, reflecting persistent inflationary pressures and global uncertainty. U.S. Treasury yields eased, with the 10-year falling to 4.20% after weak labour data.

Commodities mirrored the volatility. Gold surged 16.8% for the quarter, hitting a record \$3,858 per ounce in September amid dollar weakness and shutdown fears. Brent crude slid 6.1% to \$68 per barrel on softer Chinese demand. Emerging markets outperformed, with the MSCI EM Index up 10.9%, led by China's 20.8% rally on stimulus and AI enthusiasm. Indian equities lagged, dropping 6.6%.

South Africa offered its own narrative of cautious recovery. Rail reforms advanced as Transport Minister Barbara Creecy granted private operators conditional access to Transnet's network - a first in decades. GDP grew 0.8% in Q2, supported by household and government spending, though annual growth eased to 0.6%. Eskom posted a R23.9 billion profit, reversing years of losses, even as unemployment ticked up to 33.2%.

Inflation edged higher to 3.5% in July, prompting the SARB to maintain a cautious stance in the third quarter, holding its benchmark interest rate at 10.5% after cumulative cuts of 125 basis points earlier in the year. Policymakers signalled a pause to assess the impact of previous easing measures while monitoring inflation risks, which edged higher to 3.5% in July. In a notable policy shift, the SARB reaffirmed its commitment to a preferred 3% inflation target, emphasizing that any adjustments to the framework would be evidence-based. This measured approach underscores the central bank's balancing act between supporting growth and safeguarding price stability amid persistent structural challenges. SA Equities outshone bonds, gaining 12.9%, buoyed by resource stocks surging over 50% on rising gold and platinum prices.

As the quarter closed, markets stood at a crossroads - buoyed by technological optimism yet shadowed by trade frictions and policy uncertainty. Investors, it seems, are betting that innovation can outrun geopolitics, at least for now. Looking ahead, uncertainty looms large as policymakers and investors weigh competing forces. Trade tensions threaten to reshape global supply chains, while the AI-driven boom continues to redefine corporate strategies and market valuations. With central banks signalling caution and commodity markets flashing mixed signals, the coming months may test whether optimism rooted in technological progress can withstand the pressures of geopolitics and structural economic challenges.



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