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NEDGROUP INVESTMENTS
Private Wealth Equity Fund
Quarter Three, 2025

Nedgroup Investments Private Wealth Equity Fund

Performance to 30 September 2025	Fund[1]	Benchmark[2]
3 months	2.8%	15.3%
12 months	10.1%	31.2%

Market Overview

Equities outperformed bonds during the quarter, gaining 12.9%, while bonds returned 6.9%. The yield on the 10-year government bond declined to 9.18%, supported by the proposed lower inflation target and South Africa's proposed upweighting in the JPM Emerging Market Bond Index. Equity performance was driven by the resources sector, which gained 50.8%, supported by rising gold and platinum prices. Valterra Platinum was the best-performing share last month, driven by rising platinum prices and the completion of its demerger from Anglo American.

The rand strengthened against major currencies, closing at R17.27 to the dollar, up 2.7% for the quarter amid dollar weakness. It also gained 4.8% against the pound and 3.2% against the euro. The SARB held interest rates at 10.5% in September, after cutting rates by cumulative 125 basis points over the past year. The SARB will pause to assess the impact of previous rate cuts and monitor inflation risks. Following its announcement of a preferred 3% inflation target at the July MPC meeting, the SARB and National Treasury issued a joint statement reaffirming that any changes to the inflation targeting framework will be evidence-based.

The SA economy showed signs of recovery in Q2 2025, with real GDP increasing by 0.8%, up from 0.1% in Q1. Annual growth eased to 0.6% year-on-year, down from 0.8%. Growth was driven by the manufacturing, trade and mining sectors, while transport was the largest detractor. Household and government consumption supported demand, while net exports and gross fixed capital formation weighed on it.

Global equity markets reached an all-time high in September, led by strong performance in the US where the ongoing AI boom continued to drive investor enthusiasm. This rally occurred despite persistent tariff uncertainty and the threat of a US government shutdown. In the US, headline inflation rose to 2.9% year-on-year in August, up from 2.7% in July. Core CPI, which excludes volatile food and energy prices, also increased to 2.9% year-on-year. Headline PCE inflation, the Federal Reserve's preferred inflation gauge, remained unchanged at 2.9% year-on-year. In the UK, inflation remained unchanged at 3.8% in August, and near the highs last seen in January 2024.

September was an eventful month for global central banks. The US Federal Reserve cut interest rates by 25 basis points to a range of 4.00–4.25%. The Bank of England and European Central Bank held rates steady at 4.0% and 2.0%, respectively, amid persistent UK inflation and global uncertainty. The Bank of Japan maintained its 0.5% rate, citing a moderate economic recovery and rising inflation expectations. In emerging markets, the Central Bank of Brazil left its interest rates unchanged at 15.0%, pointing to a volatile global environment shaped by shifts in US policy and elevated domestic inflation.

The Dollar Index, which measures the dollar's performance against major currencies, rose 0.9% during the quarter. However, it remains down 10% year-to-date. Gold hit another record in September, closing the month at $3,858 per troy ounce ahead of the US government shutdown, and returned 16.8% for the quarter. Brent crude declined 0.9% to $67 per barrel, following a significant production increase by OPEC+.

[1] Net return for the Nedgroup Investments Private Wealth Equity Fund, A class. Source: Morningstar (monthly data series).
[2] Benchmark is the Capped Top40

Portfolio Commentary and Activity

The fund has performed poorly relative to its benchmark year to date. This has been driven largely by an underweight position in precious metal and gold miners which collectively have returned 181% year to date. These miners account for 80% of the top 10 best performing shares on the JSE year to date with Sibanye and Gold Fields delivering more than 200% returns in the nine months. The fund does not own any gold or precious metal miners in line with our house-view.

For the quarter under review, the fund underperformed its benchmark by 12.5%. Our long-standing position on gold shares has hurt performance significantly during the period, accounting for the majority (~7%) of the quarter's underperformance. At the time of writing, Gold continues to have positive momentum at $4,200/oz, spurred by central bank buying and geopolitical uncertainty. Our recent research note refers which unpacks our views in more detail (*21/08/2025: Research note: Gold shares - Shiny but Not Sharpened for Returns*).

Aspen, TFG and Spar underperformed for the quarter (-19%, -15% and -9% respectively) and are amongst our most debated positions in the investment team. We are actively monitoring the KPIs for investment case slippage and continue to find substantial value at current levels. One of the common causes for the low rating of these three business is geared balance sheets. However, our fundamental research concludes that the gearing is at reasonable and not critical levels, with cash flows adequately servicing these debt loads. Collectively these three businesses contribute ~7% of the fund. Please refer to the table below for detailed attribution.

The fund benefitted from its large position in Anglo American in the month of September, following its announced plans to merge with Canadian based Teck Resources, creating a leading copper producer in what would be the largest mining sector deal in over a decade. We are supportive of the deal and view the synergies as executable given it will be largely within the control of management. The deal is expected to close in 2026, following the various regulatory hurdles which need to be cleared.

During the quarter, the fund reduced its holding in Capitec and Naspers, after strong performance rendered the expected returns less attractive. The fund also exited its long-standing position in Altron at ~R22/share, which contributed meaningfully to performance over the last three years. The fund added two new positions during the quarter: Bytes and Fiserv.

A new position in Bytes Technology was initiated, a key Microsoft partner and a prominent player in the UK software market, offering high-quality exposure to cloud migration services at an attractive valuation. The business has a strong balance sheet, is focused on capital returns to shareholders and continues to diversify and grow its recurring, capital light income stream. The market was recently surprised by a trading update by the group, pointing to flattish growth for the first half of the 2026 financial year, just a few weeks after full year results guided to high single digit profit growth. We view the issues affecting 2026 as temporary and expect the business to return to growth in FY27. Microsoft and Alphabet both recently announced large capital deployments in the UK, citing data centres, supercomputers and AI as key enablers in the UK market. Bytes is well positioned to benefit from this acceleration in IT spend.

During the quarter, we also initiated a new offshore position in Fiserv. Fiserv is a leading Fintech player specialising in account processing and electronic payments services. 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 technology investments, driving strong demand for Fiserv's solutions. We believe 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 market is underappreciating the long-term growth drivers of the business, and we find the current expected return attractive.

Detailed fund attribution: Q3 2025

Top 5 contributors and detractors for Q3 2025: Overweight positions

Top contributors	Average relative weight	Performance contribution	Top detractors	Average relative weight	Performance contribution
Alphabet	4.2%	0.7%	**TFG**	3.0%	-0.9%
Prosus	3.6%	0.3%	**Fiserv**	1.6%	-0.7%
Anglo American	1.8%	0.2%	**Novo Nordisk**	1.8%	-0.7%
Thermo Fisher	1.6%	0.0%	**Spar**	2.6%	-0.6%
			Bidvest	2.0%	-0.6%

Top 5 contributors and detractors for Q3 2025: Underweight positions

Top contributors	Average relative weight	Performance contribution	Top detractors	Average relative weight	Performance contribution
Capitec	-4.9%	0.8%	**Goldfields**	-7.9%	-3.9%
AB Inbev	-1.7%	0.6%	**Anglogold**	-5.7%	-1.9%
Pepkor	-1.5%	0.4%	**Valterra**	-2.2%	-1.0%
Firstrand	-3.2%	0.4%	**Sibanye**	-1.8%	-0.6%
Shoprite	-2.2%	0.3%	**Impala Platinum**	-2.3%	-0.5%

Current positioning and outlook

In SA, we have seen the market completely price out the benefits of the ongoing structural reform, and the GNU progress. Many of our SA inc positions are back to valuation levels last seen at the depth of the election uncertainty last year. While SA still faces many challenges (municipality overhaul, Transnet, water etc.), we believe we are being more than adequately compensated in certain instances and have therefore been adding to existing positions. Not much needs to go right to comfortably beat inflation over the next three years, from available dividend yields alone in some instances, which we are happy to earn while we sit and wait.

The current momentum behind the SA terms of trade remains positive, given the gold and PGM price performance. The fund remains positioned with both offshore exposure should the rand weaken, as well as some SA inc exposure which should benefit from structural reforms and improved terms of trade. In addition, the fund holds some cash which will be redeployed in any broad-based market sell off.

The US market continues to be fuelled by AI optimism, with the market participants increasingly becoming wary of the level of investment by the hyperscalers and related AI beneficiaries. Valuations are at extreme levels in some instances, leaving us cautious. The fund has ~23% directly invested offshore currently.

We are patient and prepared to deploy capital to attractive risk reward opportunities as and when they present, however, being cautious has hurt performance in the short term. While the relative performance has been disappointing, we remain restless in searching for risk reward opportunities where the odds are in our favour, and believe the current portfolio is robust given the margin of safety embedded in the positions. This should bode well for future outcomes, no matter which macro scenario plays out.

The team remains focused on executing its "*long-term, well considered*" investment philosophy.

We thank all unitholders for their continued support.

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.

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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