



**NEDGROUP
INVESTMENTS**

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NEDGROUP INVESTMENTS ENTREPRENEUR FUND

Quarter Four, 2025

Nedgroup Investments Entrepreneur Fund

Performance to 31 December 2025	Nedgroup Investments Entrepreneur Fund ¹	ASISA category average	Small Cap Index	Mid Cap Index
3 months	8.8%	10.2%	12.6%	11.1%
12 months	4.9%	17.5%	21.5%	31.0%

Despite global (U.S. tariffs) and domestic uncertainty (GNU durability), South Africa's equity market was one of the standout performers globally in 2025, delivering exceptional returns in both local currency and U.S. dollars. Performance was driven by a surge in precious metals - particularly gold and PGMs - which lifted mining shares and significantly improved the country's terms of trade, fiscal revenues, and investor sentiment. This was reinforced by a series of positive structural and policy developments, including South Africa's exit from the FATF grey list, a lower inflation target, cumulative interest rate cuts, declining bond yields, and the country's first sovereign credit rating upgrade in nearly two decades.

South Africa

FTSE/JSE All Share lifted 42.4% (62.2% in USD) and outperformed MSCI Emerging Markets (+33.6% in USD) as well as MSCI Developed Markets (+21.1% in USD) for the year. The outperformance was led by Precious Metals (+214.6%), Telecoms (+72.6%), Tobacco (+48.7) and Technology (read Naspers +33.7%). In contrast, Paper (-47.5%), HealthCare (-14.3%) and General Retailers (-23.4%) underperformed. Local government bonds (ALBI) returned 24.2%, with the yield on the 10-year rand debt falling to approximately 8.3%.

The commodity sector experienced a strong upswing, driven by a combination of structural underinvestment, rising demand, and geopolitical tensions. Precious metals, particularly gold and PGMs, led the rally, benefiting from central bank purchases and safe-haven status amid global uncertainty. Industrial metals such as copper also performed well, supported by artificial intelligence (AI) infrastructure buildouts and energy transition investments.

Despite the gradually improving SA economic environment, domestic focused equities lagged meaningfully. They did however come off a reasonably high base after a good run in late 2024 as the sector was buoyed by the positivity generated by the formation of the GNU and the anticipated benefits of spend from access to the 2-pot retirement fund system. Sadly, these hopes were dashed early in 2025 and it was a challenging year for the shareholders of South Africa's major apparel chains especially, with share prices down across the board; given consumer weakness, continued evidence of cheap Chinese entrants (Shein and Temu) taking market share and spend diverted to alternative interests (online betting).

Fund performance

The fund had a disappointing year, with limited exposure to gold and PGM miners which caused it to substantially under-perform its benchmarks - the JSE Mid and Small Cap Indices. While our position in Northam (the largest position in the fund) did buoy performance, not owning the more speculative firms such as Sibanye Stillwater (top performing share on the JSE in 2025) as well as DRD Gold, Pan African Resources and Impala were the principal explanations for the outcome.

We hope investors will recall the returns the fund produced in 2024 and where conditions were more conducive to the investment approach we follow at Abax.

¹ Net return for the Nedgroup Investments Entrepreneur Fund, A class. Source: Morningstar (monthly data series).



Performance to 30 December 2024	Nedgroup Investments Entrepreneur Fund ¹	ASISA category average	Small Cap Index	Mid Cap Index
3 months	+6.0%	+1.0%	+7.1%	-1.6%
12 months	+37.8%	+25.0%	+35.6%	+15.4%

We remind investors again that the investment approach followed at Abax is centred around a portfolio of long-term steady profit and dividend compounders and that this description does not apply to volatile commodity producers. 2025 was a year for commodity stocks and our team read the conditions very well to produce the results that we have. While it seems these conditions may remain for a while and that is reflected in our current portfolio positioning – it will not last forever.

Quality businesses that were significant under-performers in 2025 despite producing another year of steady returns and growing their dividends (such as Pepkor -9%, Raubex -12% and Motus flat) are currently trading at very attractive valuation levels versus their history and we retain large positions in all, confident that our patience will be rewarded.

In addition, we have continued to hold positions in businesses that we felt are geared to a recovering SA consumer and fixed investment spending, but had poor years in 2025 as they continued to de-rate to record low levels and they battled a tough operating environment. Examples here include KAP and Italtile.

Q4 Top contributors	Average weight	Performance contribution	Q4 Top detractors	Average weight	Performance contribution
Northam	7.0%	1.4%	We Buy Cars	5.2%	-0.8%
KAL Group	6.4%	1.2%	Naspers	4.4%	-0.5%
Curro	5.4%	1.0%	Sun International	6.7%	-0.3%
City Lodge	2.6%	0.7%	Italtile	2.9%	-0.1 %
Zeda	5.6%	0.7%	Balwin	1.3%	-0.0%
Total		+5.0%	Total		-1.7%

Current positioning and outlook

Despite a disappointing start in 2025 it seems that macro-economic conditions in SA are improving and that GDP growth may finally start to accelerate off a very low base. We note the powerful combination of the elimination of load shedding, lower interest rates, real wage increases with record low inflation, a lower fuel price and high prices for most of SA's export commodities have resulted in improving consumer and finally even business confidence. These conditions may well lead to a rerating of domestic focused shares, specifically banking and consumer stocks.

Despite the very high returns achieved by the market (but not the Entrepreneur Fund) in 2025 this was driven by a very narrow part of the overall market as already discussed. As a result and in the context of our expectations for accelerating growth in the SA economy we feel 2026 can be a year of very attractive market returns as the laggards of 2025 recover driven by improving operating conditions.

Entrepreneur is well positioned to benefit in this scenario.





Responsible Investment

Notable ESG engagements relevant to the portfolio during the fourth quarter of 2025 include:

- Woolworths: Engaged with the board members ahead of their AGM, with discussions primarily centred on remuneration practices and ensuring executive outcomes are adequately aligned with shareholder interests.
- Naspers: Held post-results engagements with the Financial Director and Investor Relations team. Discussions focused on social considerations – specifically the treatment of, and safety measures for, delivery riders – as well as Governance matters, including the dual-class voting structure, share buy-back processes, and the ongoing debate between shareholder returns and the group's positioning as Europe's largest technology investment company.
- Italtile: Letter addressed to the Board recommending that excess capital be deployed through share buybacks rather than special cash dividends.
- Zeda: Engaged with Lwazi Bam, Chairman of the company, to convey concerns regarding Board composition and shareholder centricity of capital allocation decisions and priorities.

Conclusion

The clouds over South Africa continue to gradually clear, while valuations of most domestic stocks and certainly the small and mid caps operating in the consumer space offer compelling value. We expect a strong year of performance from the fund's exposure there and if the high flying precious metal stocks roll over a significant year of relative performance lies ahead.

As at Dec 2025, the fund traded on a weighted PE, Dividend Yield and P/B ratio of 11.2x, 3.9% and 1.7x respectively.



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.

NEDGROUP INVESTMENTS CONTACT DETAILS

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