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Private Wealth Equity Fund
Quarter Four, 2025

Nedgroup Investments Private Wealth Equity Fund

Performance to 31 December 2025	Fund[1]	Benchmark[2]
3 months	6.4%	9.0%
12 months	12.4%	48.4%

Market Overview

Global equities ended the year near record highs, supported by broader participation beyond US tech and stronger December gains in developed markets ex-Japan. In the US, the tech heavy Nasdaq fell 0.7% on concerns over concentrated AI trades, while the S&P 500 was flat for December but rose 17.9% for the year, its third consecutive year of double-digit growth, driven by trade deals, strong earnings, AI optimism, and US rate cuts.

Emerging markets outperformed developed peers, with the MSCI Emerging Market Index up 4.8% for the quarter. Korea and Chile led gains, rising 27.4% and 25.4%, respectively, on AI enthusiasm and commodity strength. Among developed markets, the UK's FTSE 100 was the top performer, boosted by soaring commodity prices, strong bank earnings, defence sector gains, and a weaker pound.

Bonds outperformed equities in the final quarter of 2025, returning 9.0% versus 8.1% for equities. The 10-year bond yield continued to decline, ending the quarter at 8.36%, its lowest level in a decade. Equity performance was led by the industrial transport sector, which surged 24.7%, driven by Supergroup's improved sentiment and operational performance. In contrast, the alternative energy sector fell 16.2%, weighed down by Montauk's weak results and revenue decline. In M&A, Mr Price announced its largest deal to date, acquiring German-based NKD, a value-focused apparel and homeware retailer in Central and Eastern Europe. The transaction will be funded through a mix of cash and debt, marking a departure from its historically debt-free balance sheet.

The rand strengthened to a three-year high, closing at R16.57 per dollar in December. For the year, it appreciated by 12.2% against a weak dollar. It also strengthened against other major currencies, gaining 4.0% against the dollar, 3.8% against the pound, and 4.0% against the euro during the quarter.

Portfolio Commentary and Activity

It's been a challenging year for fund performance with the fund's lack of exposure to precious metals and gold miners being the key driver. While we maintain our less than constructive views on SA gold miners as long-term investments, the factors that have driven the unprecedented rally in the gold price over the past year – namely central bank buying and geopolitical uncertainty – remain intact, and in the case of the latter have escalated. This position has continued to hurt fund performance. Anglogold, Goldfields and Harmony are amongst the top 10 best performing shares on the JSE in 2025, delivering returns of 251%, 199% and 126% respectively.

For the quarter under review, the fund underperformed its benchmark by 2.6% with the overweight positions in Prosus, Fiserv and Foschini being key detractors. On a one-year view the fund has significantly underperformed relative to its benchmark, delivering a 12.4% return versus the benchmark's 48.4%. The underweight positions in precious metal and gold shares accounted for more than half of this underperformance. In terms of overweight positions, Foschini, Spar and Novo Nordisk have been the most significant detractors to relative to performance.

Foschini surprised the market with a profit warning in October citing tougher than expected trading conditions in SA and elevated levels of promotional activity across the market. In its half year results released in November Foschini reported a 21% decline in earnings, higher debt levels on the back of its recent UK acquisition and a R1bn share buyback. After reassessing our investment thesis, we remain of the view that Foschini offers

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

attractive long-term value and that the headwinds faced by the business in 2025 are unlikely to repeat, supportive of an earnings recovery over the medium term.

Spar released its full year results in December, which reflected significant progress with regards to its strategic reset but continued market share losses in its SA grocery business. Following the successful exit of Poland and the sale of Spar Switzerland, and further supported by improved cash generation, Spar's debt position has significantly improved. With the business simplified and the balance sheet largely restored management efforts can now be focused on restoring the SA business to historical profitability. The timeline to reach the 3% operating margin target has been pushed out to 2028 and a clear path to achieving it has been laid out. We continue to view Spar as significantly undervalued compared to its long-term earnings potential.

During the quarter, the fund added to its positions in Foschini and Spar where we view the valuation risk reward as favourable and the long-term fundamentals as sound despite short term headwinds. Absa and Standard Bank delivered a strong performance in Q425, returning 32% and 23% respectively. Both positions were trimmed during the period as they became large and expected returns moderated. The fund also reduced the position in Alphabet, which delivered a strong performance in 2025 and had become the largest position in the fund.

Detailed fund attribution: Q4 2025

Top 5 contributors and detractors for Q4 2025: <u>Overweight</u> positions

Top contributors	Average relative weight	Performance contribution	Top detractors	Average relative weight	Performance contribution
Alphabet	4.7%	0.7%	**Prosus**	3.7%	-1.0%
Absa	2.4%	0.5%	**Fiserv**	0.9%	-0.9%
Nedbank	2.4%	0.3%	**Foschini**	2.5%	-0.9%
Aspen	1.3%	0.2%	**Bytes**	2.8%	-0.6%
Advtech	1.9%	0.2%	**Novo Nordisk**	1.7%	-0.4%

Top 5 contributors and detractors for Q4 2025: <u>Underweight</u> positions

Top contributors	Average relative weight	Performance contribution	Top detractors	Average relative weight	Performance contribution
Naspers	-8.6%	1.9%	**Anglogold**	-6.9%	-0.7%
Gold Fields	-9.3%	0.7%	**Capitec**	-5.0%	-0.5%
Shoprite	-1.9%	0.2%	**Sibanye**	-2.2%	-0.4%
Clicks	-1.2%	0.2%	**Valterra**	-3.9%	-0.3%
Mondi	-0.6%	0.2%	**Impala Platinum**	-2.5%	-0.3%

Current positioning and outlook

While relative performance has disappointed in 2025 we are clear on the primary drivers and continue to assess and reassess the merits of each position on an ongoing basis. We view the current portfolio as robust; well diversified across business models, industries and geographies, and consisting overwhelmingly of good quality shares with valuation levels that provide downside protection. The fund has ~23% directly invested offshore currently.

As we enter 2026 we are cognisant of the many external risks from local government elections in SA, escalating geopolitical tensions globally and pockets of elevated valuations, in the US market particularly. We believe the fund is positioned to withstand a variety of outcomes and to deploy capital into attractive opportunities that may materialise.

Our overall approach remains “long-term, well considered”.

Disclaimer

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