NEDGROUP INVESTMENTS

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NEDGROUP INVESTMENTS STABLE FUND

Quarter Four, 2025

Market Commentary

International

- Global equities advanced, led by European and UK stocks, despite weaker data and geopolitical concerns — Chinese shares gave back some of their year-to-date gains, while emerging markets gained on dollar weakness and soaring metals prices
- Global bond yields moved in a tight range and credit spreads compressed further in a risk-on environment — while in Japan, the 10-year bond yield breached 2% for the first time in a generation after the BoJ lifted rates
- The US dollar declined into year-end as rate cut expectations firmed — most developed and emerging market currencies posted gains, with the yen and euro firming notably.
- Precious metals gold, silver and platinum surged to record highs as real yields declined and central banks increased purchases of bullion, and copper rallied strongly into the year end — but oil traded lower on oversupply concerns, while copper rebounded sharply
- The US GDP print exceeded expectations growth but the data was compromised due to the government shutdown, while Eurozone activity stabilised — China's economy was on course to achieve a 5% annual growth, but momentum was starting to slow
- The US Federal Reserve and Bank of England delivered rate cuts as inflation trended lower even as fiscal deficits are ballooning — central banks in developed markets signalled an end to the tightening cycle, with bond markets pricing in a more dovish policy stance into 2026

South Africa

- The JSE extended its rally as resource stocks surged on stronger metals prices and financials rebounded after months of selling — SA was one of the better-performing equity markets globally for the year
- SA bonds rallied strongly on moderating inflation and the SARB's repo rate cut — helped by lower borrowing needs and renewed foreign demand for SA bonds
- The rand appreciated meaningfully against the US dollar — supported by firm commodity prices, renewed capital inflows and broad-based dollar weakness
- SA economic growth expanded for the fourth consecutive quarter on improved mining and trade — but indicators remained weak, with low business confidence and muted investment
- The SARB delivered a well-signalled repo rate cut, citing contained inflation and improved domestic fundamentals — while National Treasury trimmed weekly bond issuance on the improving fiscal outlook

Portfolio Commentary

- The fund added another 0.8% after fees in the fourth quarter, taking its year-to-date return to 12.4% - delivering close to 9% in real returns, and well ahead of its CPI + 4% benchmark which stands at 7.6% for the year.
- In addition to generating strong real returns, the fund also continues its proud record of never having produced a negative return over any rolling 12-month period
- SA bonds were the largest contributor to returns, with local bonds rallying strongly on moderating inflation and the SARB's repo rate cut — helped by lower borrowing needs and renewed foreign demand for SA bonds
- South African equities also contributed meaningfully to returns, with the JSE extending its rally as resource stocks surged on stronger metals prices and financials rebounded after months of selling — SA was one of the better-performing equity markets globally for the year
- Global equities detracted from returns with the rand strengthening meaningfully against the US dollar — global equities rose, led by European and UK stocks, despite weaker data and geopolitical concerns and Chinese shares gave back some of their year-to-date gains, while emerging markets gained on dollar weakness and soaring metals prices
- The fund continued to benefit from its allocation to gold — precious metals gold, silver and platinum surged to record highs as real yields declined and central banks increased purchases of bullion
- The fund's investment in Naspers/Prosus detracted from returns this quarter — having performed well for much of 2025, the final quarter of the year saw Chinese shares giving back some gains as investors took profits
- Domestic cash holdings continued to enhance absolute returns, with yields still outpacing inflation — the rand also appreciated meaningfully against the US dollar, supported by firm commodity prices, renewed capital inflows and broad-based dollar weakness

Top contributors	Performance Contribution %	Holding Return %	Average Weight %
RSA 1.875% (I2033)	0.46	5.82	8.08
NewGold ETF	0.46	8.06	5.94
FirstRand	0.27	21.60	1.37
RSA 1.875% (I2029)	0.17	2.53	6.89
RSA 9.0% (R2040)	0.13	11.29	1.17

Top detractors	Performance Contribution %	Holding Return %	Average Weight %
Foord Global Equity Fnd Lux B	-1.06	-6.04	17.28
Prosus	-0.30	-15.05	1.96
Foord Int. Fund Lux B	-0.22	-1.20	18.36
SOL Conv. 4.5% 08/11/2027	-0.09	-2.46	0.9
US Tips 1.875% 15/07/2035	-0.05	-	0.89

Investment Strategy

- South African equities were increased — SA Inc. holdings are focused on high-quality banks, as well as staple food producers and retailers
- The weighting in foreign assets remains elevated at 46% 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
- Holdings in longer-dated South African nominal government bonds and inflation-linked bonds were trimmed to fund purchases of attractively valued SA Inc. shares — the continued rally in longer-dated bonds has pushed yields below levels that adequately compensate for duration and SA sovereign risk
- Listed property remains 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 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 ETF position maintained given supportive fundamentals, a weaker US dollar and its status as a safe- haven asset — the position provides attractive portfolio diversifying properties during periods of market stress
- In this ‘risk-on’ environment, the fund remains deliberately positioned for balance — participating in market strength while maintaining the capital protection and consistency that have underpinned the fund’s long-term success

Responsible Investment Summary

Voting resolutions for Q4 2025

Portfolio	Total count	For	Against	Abstain
Adopt Financials	1	100%	0%	0%
Auditor/Risk/Social/Ethics related	87	100%	0%	0%
Buy Back Shares	8	100%	0%	0%
Director Remuneration	14	100%	0%	0%
Issue Shares	6	0%	100%	0%
Loan/financial assistance	7	14%	86%	0%
Other	14	86%	14%	0%
Re/Elect Director	36	100%	0%	0%
Remuneration Policy	14	57%	43%	0%
Shares under Director Control	2	0%	100%	0%
Signature of documents	3	100%	0%	0%

Foord Global Equity Fund	Total count	For	Against	Abstain
Auditor/risk/social/ethics related	7	71%	29%	0%
Re-elect director or members of supervisory board	20	100%	0%	0%
Remuneration policy including directors' remuneration	8	0%	100%	0%
Other	2	0%	100%	0%

Foord International Fund	Total count	For	Against	Abstain
Adopt financials	1	100%	0%	0%
Auditor/risk/social/ethics related	8	63%	37%	0%
Buy back shares	1	100%	0%	0%
Re/elect director or members of supervisory board	28	100%	0%	0%
Remuneration policy including directors' remuneration	8	0%	100%	0%
Signature of documents/ratification	4	75%	25%	0%
Others	2	50%	50%	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 (Q4 2025)

Company	Topic	Company Attendees	Event Notes
Shoprite	Remuneration Policy	Chairperson of the Board and Chairperson of the Remuneration Committee	The remuneration policy is non-dilutive and incorporates appropriate performance metrics. However, we noted that the HEPS and ROIC targets were set at relatively low levels. The Remuneration Committee Chair acknowledged that the targets were not sufficiently stretching and indicated that these thresholds would be reviewed with a view to strengthening them in the next remuneration cycle.
Nutun	Social	Group CEO and CFO	We engaged management on the potential employment impact of increased AI adoption in their contact centres, with a particular focus on the extent of potential job displacement and the organisation's plans for affected employees. Management outlined the expected implementation journey and indicated that, in the short term, AI deployment is unlikely to result in retrenchments. Over the medium term, they noted a commitment to retraining and redeploying staff where feasible.
Nedbank Limited	Renewable transition	Group CFO	We engaged management on their continued commitment to funding renewable energy projects, as well as the key bottlenecks impacting the timely execution and completion of these projects.
Bidvest	Remuneration Policy	Remco Chair	Discussed management remuneration and incentives for the year ahead. Team covered some tweaks to targets but no significant changes. Foord largely happy with the scheme although it does still entail the issuing of new shares (which we'd vote against).
Stadio Holdings Ltd	Social	Chief Academic Officer	The Department of Higher Education and Training has gazetted a draft policy that could allow registered private higher education providers to obtain university status, potentially enabling them to operate as universities. This represents a key external social factor, as it may influence access to higher education in South Africa, support the development of new funding models for the "missing middle", and shift the demographic mix of students entering private institutions. At this stage, the policy has been gazetted for consideration only and private providers do not yet have university status. Formal regulations still need to be issued for public comment by both private and public universities, after which institutions such as AdvTech would be able to apply for approval through the Department and the Council on Higher Education. Management expects the process to be gradual, with an estimated timeline of at least eight months to obtain university status.

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.

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