

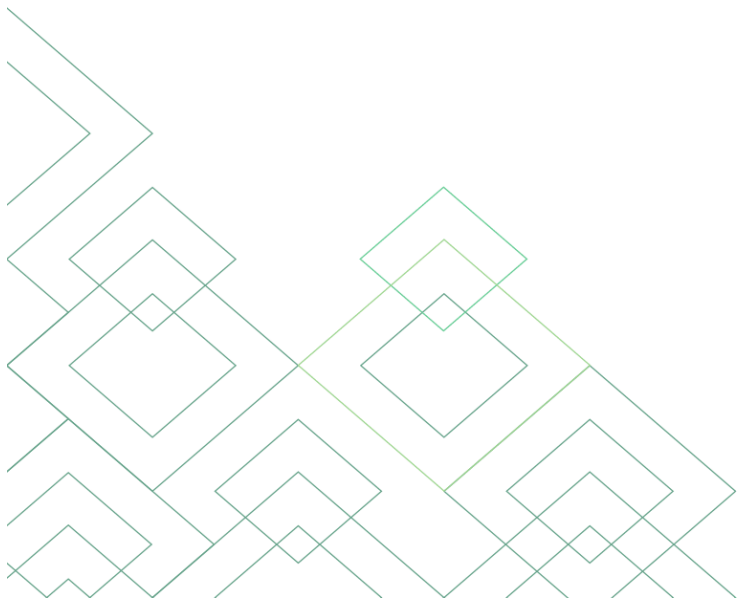
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NEDGROUP INVESTMENTS ENTREPRENEUR FUND

Quarter One, 2026





Nedgroup Investments Entrepreneur Fund

Performance to 31 March 2026	Nedgroup Investments Entrepreneur Fund ¹	ASISA category average	Small Cap Index	Mid Cap Index
3 months	-0.5%	0.6%	-2.3%	-1.2%
12 months	18.4%	25.2%	27.7%	29.4%

The first quarter of 2026 saw a stark contrast between improving domestic fundamentals and a sharply deteriorating global environment. While South Africa benefited from ongoing structural reforms and fiscal consolidation, global markets were unsettled by geopolitical shocks—most notably the late-February attack on Iran by the United States and Israel. This triggered a broad market sell-off, with energy-importing countries like South Africa experiencing more pronounced declines.

March was particularly difficult for South African equities, ranking among the weakest periods historically, especially in USD terms. The All-Share Index (ALSI) fell -9% in rand terms and -14% in USD terms - its worst monthly performance since March 2020 (Covid). Losses were led by Resources (-15%), followed by Financials (-8%) and Industrials (-4%). This erased earlier gains, leaving the ALSI down -0.6% for the quarter.

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.

The escalation of conflict in the Middle East has shifted investor focus to the impact on energy prices, inflation, and global growth. The effective closure of the Strait of Hormuz since 1 March - previously responsible for roughly 25% of global seaborne oil trade - represents a significant supply shock. As a result, interest rate expectations have turned more hawkish, with forecasts now pointing to a 25bps rate hike in South Africa in May 2026, with rate cuts only resuming from 2027.

The longer the conflict persists, the greater the risk of second-order effects, including stagflation, which are not yet fully reflected in global equity markets. While outcomes remain uncertain, there are signs that President Trump may seek a resolution amid weakening political support ahead of the November midterms and negative market reactions. Iran, meanwhile, has been significantly weakened across military, political, and economic fronts. A ceasefire and reopening of the Strait will likely take weeks to negotiate, with alternative outcomes still possible – an escalation in hostilities is plausible as well as Trump possibly ending the Iranian campaign with the Strait remaining closed (leaving Iran’s regime in control of the world’s most important energy chokepoint). Market volatility is likely to stay elevated until greater clarity emerges.

This geopolitical shock has disrupted what had been a supportive global backdrop, introducing downside risks to growth. This stands in contrast to South Africa’s otherwise positive domestic trajectory. Prior to the conflict, inflation expectations had declined significantly following the SARB’s adoption of a 3% target, with February inflation printing at that level. The February 2026 Budget was also among the most constructive in recent years. However, the oil shock now complicates the near-term trade-off between inflation and growth, with outcomes dependent on the duration and severity of the conflict.

Fund performance

The fund has had an encouraging start to the year, outperforming the Small and Midcap indices. The outperformance was largely driven by some of our long-held positions and an underweight positioning in some of the speculative precious metal firms discussed in our 2025 review.

We were encouraged to see our patience in Sun International finally getting rewarded. The company has been very cheap for a long period of time, likely driven by the structural decline in land-based casinos and fears around blunt regulatory intervention in online gaming. Their 2025 results and subsequent investor day suggested some of these fears were overdone. They continue to gain market share in casinos, with big plans to further

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





enhance on-premise customer experience. Discussions with regulators around improved regulation are ongoing and the company has taken proactive steps to improve consumer safety. However, despite the strong performance, the company remains attractively valued with a strong balance sheet and supportive dividend yield.

Advtech is another one of our long-held positions which has continued to compound earnings steadily. Their 2025 results were very encouraging, with the high-return, high-margin Varsity and Africa Schools units outgrowing the balance of the portfolio. While the shares have re-rated substantially since our initial investment, their prospects remain very attractive, which is a unique feature in our market.

On the negative side, Naspers continued to underperform. The underperformance was driven by the weak share price performance of their primary asset, Tencent, and a higher discount to the underlying portfolio assets. Tencent's valuation is now at historical lows, despite encouraging prospects and a well-thought-out AI strategy.

We Buy Cars has struggled to recover sustainably since their FY25 results, released in November 2025. The company's results were negatively impacted by the growth of Chinese-made vehicles and limited parking space for purchased vehicles. While the company has pivoted its buying strategy to limit competition with Chinese-made vehicles, and substantially increased its parking bay real estate, market concerns about these issues linger. These concerns, combined with recent founder selling, has led to a substantial derating in the company's shares. While there are likely to be hiccups from time to time, the company still has a large market share opportunity in a large, growing used vehicle market and trades at a very attractive valuation.

Q1 Top contributors	Average weight	Performance contribution	Q1 Top detractors	Average weight	Performance contribution
Sun International	6.7%	1.4%	Naspers	3.4%	-0.8%
Advtech	3.7%	0.5%	We Buy Cars	4.5%	-0.8%
Raubex	4.8%	0.4%	Pepkor	3.3%	-0.5%
Balwin	1.5%	0.3%	City Lodge	2.6%	-0.4%
Northam	9.7%	0.2%	KAL Group	5.5%	-0.4%
Total		+2.8%	Total		-2.9%

Current positioning and outlook

The geopolitical shock is unhelpful in what was shaping up to be a good year for South Africa, as discussed in our 2025 review. Despite this shock, many of the positive factors remain. Load shedding has ended, Transnet is steadily improving, there has been a sustained period of real wage increases and SA export commodity prices, despite a recent decline, remain elevated. The spike in fuel prices and possibility of rate hikes compared to earlier anticipated cuts is directly linked to the shock and should move in a positive direction, should the conflict be resolved. A lot of South African companies, most of which are owned in Entrepreneur, stand ready to benefit from an improvement in the SA economy.





Responsible Investment

Notable ESG engagements relevant to the portfolio during the quarter include:

- Shoprite: Engagement with Group Executives as well as ShopriteX and Sixty60 management regarding the company's strategy and growth initiatives. Various issues were discussed, including food security and delivery driver safety, together with actions taken to reduce these risks.
- Reunert: Specific engagement with the Remuneration Committee Chair regarding the Remuneration Policy Implementation Report.
- National Treasury: Contributed to the ASISA Submission on the Draft National Online Gambling Tax Discussion Paper.
- Valterra Platinum: Visit by Board Chair, Remuneration committee members to discuss the Remuneration policy.

Conclusion

South African corporates are adept at operating in challenging conditions and there are pockets of the market offering compelling value. We like companies with efficient operating models, strong balance sheets, and attractive valuations. We believe such companies are well-positioned to benefit from a normalisation of geopolitical turmoil and improving South African macro-economic conditions.

As at 31 March 2026, the fund traded on a weighted PE ratio, Dividend Yield and PB ratio of 11.4x, 4.2% 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.

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