

NEDGROUP
INVESTMENTS

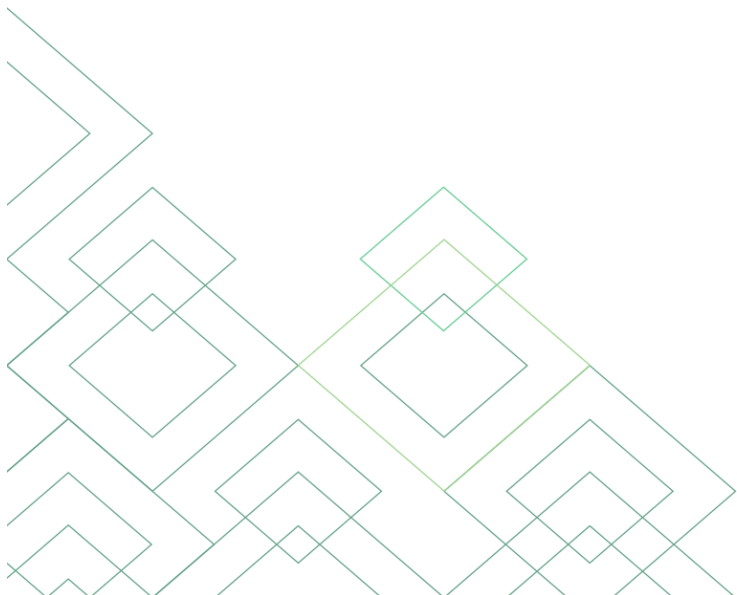
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NEDGROUP INVESTMENTS **PROPERTY FUND**

Quarter One, 2026





Nedgroup Investments Property Fund

Performance to 31 March 2026	Fund ¹	Peer group ²	Benchmark ³
3 months	-4.6%	-5.1%	-4.9%
12 months	31.2%	26.3	28.7%

Market Overview

The first quarter of 2026 was dominated by a sharp shift in market sentiment as investors moved from a relatively constructive macro backdrop at the start of the year to a far more defensive stance by quarter-end. The decisive turning point was the escalation in geopolitical risk following the outbreak of war involving United States, Israel and Iran on 28 February, which triggered a sharp repricing across energy, inflation and interest-rate expectations. By the end of March, the MSCI All Country World Index had declined 3.2% in US dollars and the MSCI World Index was down 3.6%. US markets underperformed, with the S&P 500 returning -4.3% and the Nasdaq Composite -7.0%, while Europe proved more resilient, with the MSCI Europe Index down 2.6% in US dollars and the UK market still posting a positive return of 2.2%. Emerging markets held up better than developed markets overall, with the MSCI Emerging Markets Index down only 0.2%, although China remained weak at -8.9%. March itself was described by Reuters as the worst month for world equities since September 2022.

The most important transmission mechanism from geopolitics into markets was energy. The war disrupted flows through the Strait of Hormuz, a critical artery for global energy trade, and the resulting repricing was severe: Brent crude oil rose 94.5% in US dollars over the quarter, while gold gained 8.1% as investors sought protection against both inflation and uncertainty. The IMF noted that roughly 25% to 30% of global oil and 20% of liquefied natural gas pass through Hormuz, warning that all plausible scenarios from the conflict point to higher prices and slower growth. This energy shock materially complicated the outlook for monetary policy. At its March meeting, the US Federal Reserve left the federal funds target range unchanged at 3.50% to 3.75%, noting that uncertainty around the economic outlook remained elevated and that developments in the Middle East posed risks to both sides of its mandate.

In South Africa, the SARB kept the repo rate unchanged at 6.75% and shifted to a more cautious tone, explicitly stating that its latest projections now imply rates staying unchanged for longer and postponing the cuts that had been envisaged in January. The SARB further highlighted that scenarios with oil around or above US\$100 per barrel and a weaker rand would require higher interest rates this year. In other words, the war-driven rise in oil prices has reduced the room for central banks to ease, even as growth risks have increased. Against this more difficult backdrop, the FTSE/JSE All Share Index declined 0.6% over the quarter, the All Bond Index lost 3.4% and the rand weakened 2.3% against the US dollar. Bond yields moved higher, with the yield on the benchmark R2035 rising materially from the multi-year lows seen at the end of 2025.

South African listed property bore the brunt of this repricing. After gains of 0.9% in January and a very strong 8.1% in February, the sector fell 12.3% in March alone, its worst month since the early stages of the COVID-19 pandemic, pushing the FTSE/JSE SA Listed Property (SAPY) Index to a total return of -4.9% for the quarter. The March weakness was broad-based rather than company-specific with only Octodec (+4.4%), Oasis Crescent (+3.8%) and Fairvest A (+2.2%) ended the month in positive territory, while Delta (-18.4%), SA Corporate (-18.3%), Hyprop (-16.6%), Fairvest B (-15.4%), Redefine (-14.1%) and Growthpoint (-14.0%) led the decliners. Despite the correction, the sector's underlying operating metrics continued to improve, with rolling 12-month distribution growth advancing to 9.4% for South African REITs and results season producing broadly constructive updates from the larger funds. The quarter therefore had the character of a sharp valuation reset after a very strong re-rating, rather than a deterioration in underlying property fundamentals.

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

² Peer group is the (ASISA) Real Estate General category average

³ FTSE/JSE South African Listed Property Index





Portfolio Commentary

The Fund returned -4.6% in the first quarter of 2026, modestly outperforming both the FTSE/JSE SA Listed Property Index (-4.9%) and the peer group average (-5.1%) in what was a very difficult quarter for the sector. Over the 12 months to 31 March 2026, the Fund returned 31.2%, ahead of the benchmark return of 28.7% and well ahead of the peer group average of 26.3%. The outperformance in the quarter was driven by the Fund's overweight positions in a small number of counters that held up against the broader sell-off, most notably Accelerate (+13.3% in Q1) and Octodec (+5.5%), both of which are outside the SAPY index, as well as Spear (+2.9%), where strong Western Cape fundamentals and a continued operational track record provided support. The recently introduced position in Attacq (+3.2%) also contributed positively, albeit from a still-small base. Octodec and Spear also benefited from their inclusion in the FTSE/JSE All Property Index at the end of the quarter, although the other index-entrant, Dipula, fared less well but nevertheless outperformed the SAPY index

On the other side of the ledger, the Fund's overweight positions in Fairvest B (-11.1%), Vukile (-11.6%) and Stor-Age (-6.9%) detracted from performance, as did the Fund's meaningful positions in Growthpoint (-5.8%) and Delta (-20.5%). The scale of the March sell-off in Fairvest B and Vukile, both of which had been strong performers in 2025, and which have not seen any meaningful change in underlying fundamentals, underscores that the quarter's weakness was far more about a broad market de-risking than any company-specific deterioration. The Fund's relatively low exposure to Central and Eastern European retail (through a significant underweight to NEPI Rockcastle and Lighthouse) also continued to help relative performance as bond yields in the region moved higher.

Portfolio activity during the quarter reflected a disciplined approach to a changing market backdrop. The Fund doubled its position in Fortress from 1.0 million to 2.0 million shares at an average cost of approximately R23.46 per share, taking advantage of share price weakness to build out exposure to a fund whose underlying fundamentals, particularly in SA logistics where portfolio vacancies are just 0.3%, remain exceptionally strong. The position in Attacq was increased meaningfully from a very small holding to a more material 0.28% weight at an average cost of around R16.23 per share, reflecting our view that the company's Waterfall development pipeline and improving Western Cape exposure offer an attractive mix of income and growth at currently undemanding valuations. These additions were funded through trims to several well-performing positions, including Fairvest B, Octodec, Spear, Stor-Age, Vukile and Emira. The trims were modest in the context of overall position sizes and were intended to rebalance the portfolio and provide flexibility to add to high-conviction opportunities at more attractive entry points.

The Fund paid a distribution of 0.12 cents for the A class and 0.18 cents for the A1 class in the first quarter of 2026. As is always the case for the listed property sector, first quarter distributions are considerably smaller than those paid in other quarters because the majority of South African REITs have December or June year-ends and only a limited number of companies declare and pay dividends in the first three months of the calendar year. This pattern has no bearing on the expected full-year income for 2026, which remains on track to grow meaningfully above that paid in 2025.

Top 5 winners and losers for Q1 2026:

Top contributors	Average weight	Performance contribution	Top detractors	Average weight	Performance contribution
Accelerate	4.16%	0.49%	Fairvest B	9.73%	-1.12%
Octodec	5.04%	0.25%	Vukile	7.58%	-0.87%
Spear	9.24%	0.22%	Growthpoint	10.47%	-0.58%
Attacq	0.25%	0.00%	Stor-Age	6.61%	-0.46%
			Delta	2.02%	-0.44%





Current positioning and outlook

The sharp sell-off in March has, in our view, materially improved the medium-term return profile of the Fund. Valuations have reset, yields have re-widened against both bonds and earnings growth, and the underlying operational backdrop has continued to improve. The Fund's approach remains unchanged: to invest thematically in property types and geographies where fundamentals are strongest and improving, and to size positions based on relative valuation and conviction rather than benchmark weights.

The Fund's largest single theme exposure remains to convenience and neighbourhood shopping centres in South Africa (24.9% of the portfolio in centres below 25,000m² of GLA, compared with 14.4% for the SAPY Index), with very little exposure to regional and super-regional shopping malls (12.0% of the portfolio versus 26.5% for the benchmark). According to SAPOA, convenience and neighbourhood shopping centres continue to enjoy the lowest vacancy rates in the retail sector, as well as the lowest cost of occupancy for retailers, supporting above-average market rental growth in the short to medium-term. The continued store roll-out from grocers such as Boxer, Shoprite and Checkers reinforces our view that this segment of the retail market is structurally well-positioned.

Within the broader portfolio, the Fund continues to maintain a high relative exposure to the Western Cape through its large positions in Spear and Growthpoint. Office fundamentals in the Western Cape remain exceptionally strong, with P-grade vacancies well below 1% according to SAPOA, and rental growth is expected to be well above inflation over the next 12 to 18 months. The Fund's exposure to residential property through Octodec (5.5% of the portfolio versus effectively zero in the benchmark) also continues to offer an attractive combination of a high forward yield and improving fundamentals, as the rising cost of home ownership supports rental demand for well-located residential assets.

The Fund's geographic exposure remains heavily weighted toward South Africa (75% of the portfolio versus 49% for the SAPY Index), with the large Fund underweights being to Central and Eastern Europe (13.4% versus 31.6% for the benchmark) and Western Europe (4.4% versus 10.1%). While the fundamentals in the European logistics and data centre markets remain attractive, rising bond yields and a higher-for-longer interest rate environment are expected to weigh on Western and Central European property values over the next 12 to 18 months, and we prefer to gain selected exposure to this theme through Fortress and Burstone rather than through the index heavyweights.

Based on a combination of Bloomberg, Refinitiv, IRESS and Merchant West Investments forecasts, the current gross one-year forward yield on the Fund is 7.8% (6.6% net of fees), compared with a gross forward yield of 8.0% on the SAPY Index. Distributions are expected to grow at approximately 5.6% per annum over the next three years, with growth likely to be stronger in 2026 and 2027 as the improved South African property fundamentals continue to feed through to earnings. With the benchmark R2035 government bond now yielding well above 9% after the March sell-off, the yield differential between listed property and long bonds has widened materially, and the combination of a high starting yield, above-inflation distribution growth and a materially reset valuation base provides, in our view, an attractive entry point for medium- to long-term investors.

The Fund remains ideally positioned to benefit from a recovery in sentiment towards South African assets and from the ongoing improvement in domestic property fundamentals, while its high-quality, income-focused portfolio construction should continue to offer a measure of resilience in the event of further volatility.





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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