

NEDGROUP
INVESTMENTS

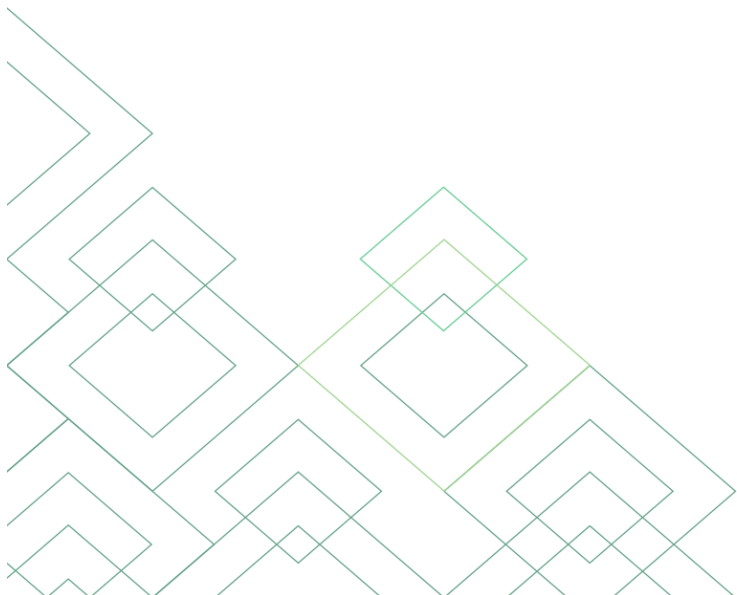
UNIT TRUSTS | INTERNATIONAL | RETIREMENT FUNDS

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NEDGROUP INVESTMENTS **STABLE FUND**

Quarter One, 2026



Market Commentary

International

- Global equities erased earlier risk-on gains after a late-quarter energy shock compounded geopolitical risks — developed and emerging markets all traded lower, with European stocks falling most
- Global developed market bond yields rose (and bonds fell) after investors pared rate-cut hopes as the US-Iran war stoked inflationary fears — Chinese bonds bucked the trend, given its much lower inflation and different energy mix
- The US dollar was dominant during the market rout — expectations of more hawkish US Federal Reserve monetary policy and late-quarter risk aversion supported the greenback
- Gold's record rally hit a wall in March, with its haven status slipping on forced sovereign selling for liquidity reasons — copper fell on global growth worries, but oil prices surged 60% on the Iranian chokehold on Middle Eastern crude deliveries through the Strait of Hormuz
- The global economy entered 2026 on steadier footing than expected, with the IMF still projecting 3.3% growth for the year — but the quarter ended with greater geopolitical and inflation uncertainty
- The US Federal Reserve kept rates unchanged and signaled elevated uncertainty, with inflation still above target — but other central banks have become decidedly hawkish, with Australia's already raising interest rates twice this year

South Africa

- The JSE retraced its early gains in March to end slightly down for the quarter— rand weakness in the risk-off trade was insufficient to the buoy mining stocks, which fell on lower metals prices
- SA bonds tracked global bond markets weaker on inflation worries — the SARB kept the repo rate at 6.75% and warned that higher oil, gas and fertiliser prices had shifted risks to the inflation outlook upward
- The rand weakened against the US dollar from overbought levels — global risk-off sentiment and the oil shock late in the quarter outweighed earlier support from the domestic backdrop
- South Africa extended its run of quarterly (low) growth and inflation cooled to 3% — but the economy enjoys only modest momentum and now faces headwinds from higher oil prices and rand weakness
- The SARB kept the repo rate at 6.75%, while the National Budget 2026 struck a firmer fiscal tone after windfall mining taxes — debt is set to stabilise this year and the previously pencilled-in R20 billion tax increase was withdrawn

Portfolio Commentary

- The fund added another 1.5% in the first quarter, a notable feat given that this positive number was in stark contrast to the average for the peer category, which returned -1.0% for the first quarter
- The fund's one year return now stands at 10.3%, well ahead of its CPI + 4% benchmark which stands at 6.9% 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
- Against a negative backdrop, the fund benefited from its risk-conscious stance, outperforming most peers — as crowded, expensive trades unwound, the portfolio's focus on inflation protection, diversification and quality provided resilience
- South African equities detracted from returns, with the JSE retracing early gains in March to end the quarter slightly down — Naspers/Prosus both saw their share prices come under pressure as abruptly higher oil prices weighed on Chinese equities given the country's reliance on oil imports
- A sizeable allocation to offshore assets contributed despite global markets retracing after a late-quarter energy shock compounded geopolitical risks — the underlying Foord International Fund proved particularly resilient, with exposure to utilities and energy stocks helping to protect against broader market weakness
- The fund's preference for inflation-linked bonds protected capital as SA bonds tracked global bond markets weaker on inflation fears — the SARB held the repo rate at 6.75% and warned that higher oil, gas and fertiliser prices had shifted inflation risks to the upside
- Gold contributed returns despite a sharp pullback late in the quarter — although gold's record rally stalled in March, with its haven status pressured by forced sovereign selling for liquidity, it still delivered positive returns over the quarter
- Domestic cash holdings bolstered returns — attractive yields and a pullback across most markets saw cash outperform other asset classes

Top contributors	Performance Contribution %	Holding Return %	Average Weight %
Foord Int. Fund Lux B	1.45	8.06	18.83
NewGold ETF	0.58	9.35	6.63
SOL Conv. 4.5% 08/11/2027	0.43	14.72	3.45
RSA 1.875% (I2029)	0.14	2.03	7.82
Anheuser-Busch InBev	0.13	10.15	1.31

Top detractors	Performance Contribution %	Holding Return %	Average Weight %
Foord Global Equity Fund Lux B	-0.75	-4.64	16.42
Prosus	-0.42	-24.82	1.57
Pepkor	-0.15	-11.91	1.31
Shaftesbury Capital	-0.08	-10.36	0.82
Naspers	-0.08		0.35



Investment Strategy

- Holdings in total equities were reduced to 37% of the fund — while equities still offer the best potential for real long-term growth and inflation-beating returns, rising risks to the global economy from the escalating Iran conflict and the uncertain path to resolution warrant a more cautious stance
- SA equities were decreased to 13% given rising risks from elevated oil prices — higher fuel costs may feed through to inflation and input costs with increasing pressure on the domestic economy; SA Inc. exposure remains focused on high-quality banks and staple producers
- The weighting in foreign assets remains elevated at 45% of the portfolio — including offshore earnings of JSE-listed companies, total foreign economic exposure is higher on a look-through basis
- Foreign equities were reduced slightly in favour of cash given heightened downside risk — holdings remain focused on companies with pricing power, best placed to protect capital in a higher inflation environment
- A preference for inflation-linked bonds was maintained — yields for nominal bonds remain low given duration and SA sovereign risks, while inflation-linked bonds offer attractive real yields and protection against higher inflation
- Listed property remains a small allocation — despite seemingly attractive yields, fundamentals remain weak amid oversupply, subdued rental growth, consumer headwinds and rising municipal costs
- The allocation to foreign government bonds remains low, focused on short-duration US Treasuries and inflation-linked bonds — reflecting caution on duration risk and still-unattractive valuations
- Our physical gold ETF position was maintained — gold continues to benefit from supportive fundamentals, a weaker US dollar, and its role as a portfolio diversifier during periods of market stress
- In this uncertain 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 ability to generate meaningful real returns over time



Responsible Investment Summary



Voting resolutions for Q1 2026

Portfolio	Total count	For	Against	Abstain
Auditor/Risk/Social/Ethics related	45	100%	0%	0%
Buy Back Shares	4	100%	0%	0%
Director Remuneration	16	100%	0%	0%
Dividend related	2	100%	0%	0%
Issue Shares	5	0%	100%	0%
Loan/financial assistance	6	50%	50%	0%
Other	6	67%	33%	0%
Re/Elect Director	16	100%	0%	0%
Remuneration Policy	7	57%	43%	0%
Shares under Director Control	1	0%	100%	0%
Signature of documents	2	100%	0%	0%

Foord International Fund	Total count	For	Against	Abstain
Adopt financials	7	100%	0%	0%
Auditor/risk/social/ethics related	6	100%	0%	0%
Buy back shares	2	100%	0%	0%
Issue shares	4	0%	100%	0%
Re/elect director or members of supervisory board	33	100%	0%	0%
Remuneration policy including directors' remuneration	8	38%	62%	0%
Others	12	92%	8%	0%

Foord Global Equity Fund	Total count	For	Against	Abstain
Adopt financials	2	100%	0%	0%
Auditor/risk/social/ethics related	12	100%	0%	0%
Buy back shares	3	100%	0%	0%
Dividend related	3	100%	0%	0%
Issue shares	9	0%	100%	0%
Re/elect director or members of supervisory board	39	100%	0%	0%
Remuneration policy including directors' remuneration	9	33%	67%	0%
Others	16	81%	19%	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 (Q1 2026)

Company	Topic	Company Attendees	Event Notes
FirstRand Ltd	Remuneration Policy	Investor Relations	Explored the current senior governance structure, including its ongoing evolution and design to support employee retention and succession planning amid strong industry competition. The discussion also covered the mechanisms in place to incentivize and retain key senior talent.
Netcare Limited	Remuneration Policy	Remuneration Committee	Discussed the structure and interlinkages between the financial targets. Margin targets were considered challenging, providing a strong incentive and focus for management. The relationship between margin and HEPS targets was also reviewed, with the view that the HEPS target could potentially be set at a more demanding level. Cash conversion was seen as a relatively achievable target due to low net working capital volatility; however, the Remco Chair highlighted ongoing efforts to improve collections from COID, which remains a key focus area. It was further suggested that Free Cash Flow could be adopted as a more appropriate performance metric than cash conversion. Non-financial targets were regarded as well-designed, delivering tangible benefits to the business, while overall target transparency was noted as being industry leading.
Bidvest Group	Fuel security for BVT and corporate SA	BVT Corporate Affairs and CEO of Liquid Fuel Wholesalers Association	<p>BVT is one of the largest importers of liquid fuels into South Africa. The engagement with BVT Corporate Affairs and CEO of Liquid Fuel Wholesalers Association focused on assessing the potential risk of fuel shortages in South Africa arising from the Iran conflict and related disruptions to global oil supply chains.</p> <p>While South Africa remains reliant on imported refined fuel—much of it sourced from the Middle East—current indications suggest that supply is stable in the near term. However, the country is structurally exposed to disruptions, given that a significant portion of fuel imports originates from this region and global shipping routes such as the Strait of Hormuz remain vulnerable.</p> <p>The primary risk at present is not an immediate physical shortage, but rather elevated prices and potential supply tightness if the conflict persists or escalates. Market concerns around possible shortages and even rationing have been noted, although authorities have indicated that supply remains sufficient for now.</p> <p>Overall, the discussion highlighted that while short-term shortages are unlikely, prolonged geopolitical disruption could increase the risk of supply constraints, reinforcing the importance of diversified sourcing and supply chain resilience.</p>





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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