# Opportunity Fund

Growth. Asymmetry. Protection.

June 2026 Commentary | ISIN for Class A1: ZAE000162442

MARKETING COMMUNICATION

## Our investment approach

- We actively allocate across asset classes, regions and securities based on value.
- Investments are selected through bottom-up research, balancing upside and downside.
- We recognise that markets are cyclical and selectively exploit opportunities.
- Risk management and avoiding permanent capital loss guide decisions, supported by diversification, asymmetric structures and active hedging through market cycles.

## Portfolio Manager

**Omri Thomas**

28 years in the industry

## Performance and markets

Offshore figures are in USD and local figures are in ZAR

June was shaped by three key themes: easing geopolitical tensions in the Middle East, falling oil prices, and a broadening of market leadership beyond the largest AI-related stocks. While artificial intelligence remained a major market driver, investors became more selective, resulting in greater volatility within the technology sector. As the US-Iran risk premium eased, energy prices declined, improving the inflation outlook. However, inflation remained above central bank targets across most major economies, keeping policymakers cautious. The most significant development during the month was progress between the US and Iran. The signing of a memorandum of understanding and efforts to reopen the Strait of Hormuz reduced concerns about global energy supply disruptions. As a result, Brent crude oil prices fell roughly 20% during June, easing inflation concerns and improving investor sentiment. Lower oil prices also supported fixed income markets, with the Global Aggregate Bond Index returning 0.7%.

Global equity markets were modestly weaker, with the MSCI World Index declining 0.7%, largely due to weakness in large US technology stocks. However, market leadership broadened noticeably. Value stocks outperformed growth stocks (-0.3% versus -1.1%), while investors rotated into sectors that had lagged earlier in the year. Healthcare (+5.0%), Financials (+3.6%), Industrials (+2.7%) and Consumer Staples (+2.0%) delivered strong gains. In contrast, Information Technology (-1.9%), Energy (-13.8%), Communication Services (-8.0%) and Consumer Discretionary (-4.0%) lagged as investors took profits in mega-cap technology shares and energy stocks reflected the sharp decline in oil prices.

In the United States, economic data remained resilient. The economy added 172,000 jobs in May, unemployment remained at 4.3%, retail sales exceeded expectations and first-quarter GDP growth was revised up to 2.1%. Inflation remained elevated, with CPI at 4.2% and PCE inflation at 4.1%. The Federal Reserve left rates unchanged at 3.50%-3.75%, but new Fed Chair Kevin Warsh adopted a more hawkish tone, signalling that inflation risks remained a priority and reducing expectations for near-term rate cuts.

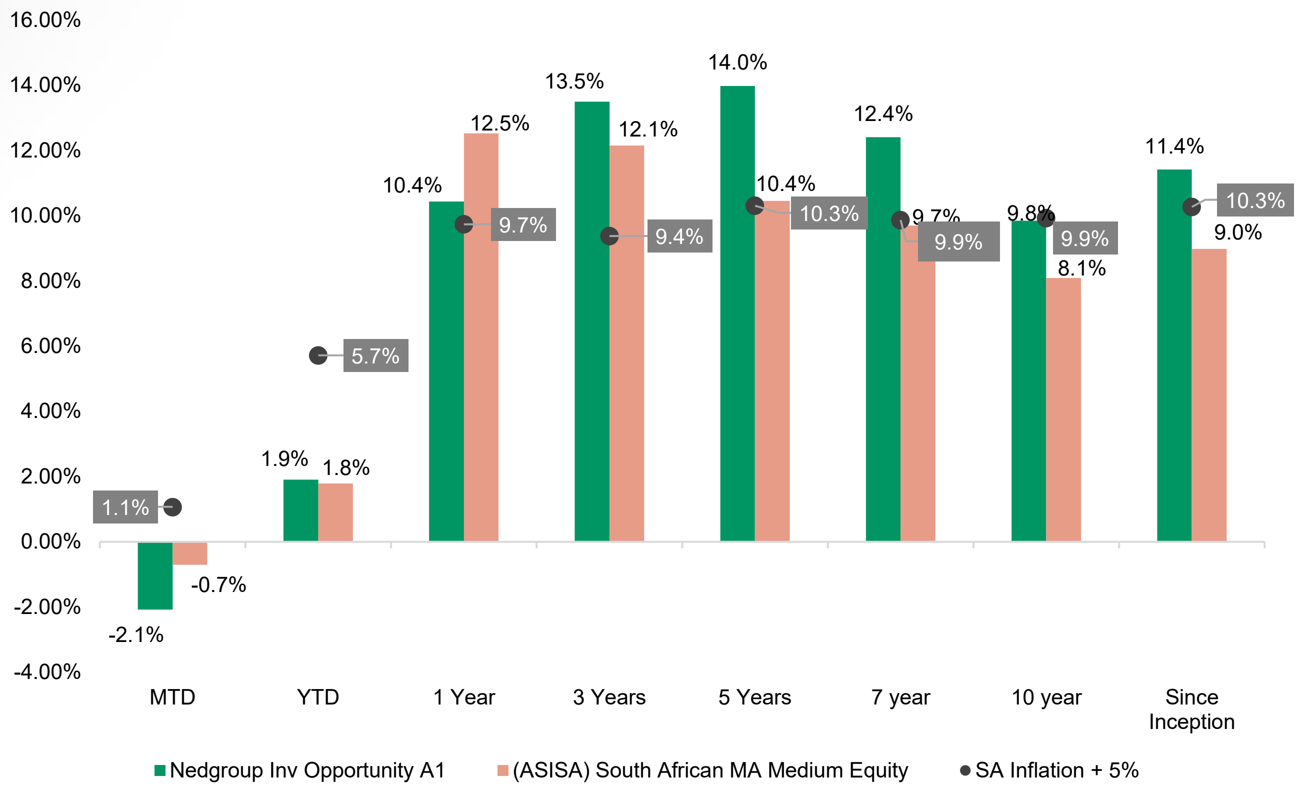
European markets outperformed many developed peers. The MSCI Europe ex-UK Index gained 1.4%, supported by lower energy prices and improving sentiment. Although Eurozone GDP was revised down to a 0.2% contraction in the first quarter, the European Central Bank raised rates by 25 basis points to 2.25%, maintaining its focus on inflation.

Emerging markets declined 1.1% during June. Improving sentiment from lower oil prices benefited markets such as India (+1.5%), while China (-7.1%) and EM Latin America (-2.4%) lagged amid weak consumer demand, property sector challenges and softer commodity markets. Technology-linked markets remained relatively resilient, with Taiwan (+1.4%) and South Korea (+0.1%) supported by ongoing demand for semiconductors, memory chips and AI infrastructure.

In South Africa, Fitch upgraded the country's sovereign credit rating from BB- to BB, citing improved fiscal discipline and progress in energy and logistics reforms. However, the domestic economy remained under pressure, with consumer confidence falling to -19, weak manufacturing activity and inflation rising to 4.5%, largely due to higher fuel costs. The SARB responded with a 25-basis-point rate hike. Local equities declined 3.7% in June, weighed down by resource-related shares, including precious metals (-18%) and chemicals (-14.5%, with Sasol down almost 20%). In contrast, domestic-facing sectors were more resilient, with financials gaining 2.8%, industrials rising 2.2% and small caps advancing 2.3%. Listed property (+4.2%), inflation-linked bonds (+1.4%) and nominal bonds (+1.5%) also delivered positive returns as improving global risk sentiment and lower yields supported local assets.

The Fund returned -2.1% over the month as markets were driven by shifts in investor sentiment rather than company fundamentals. Structured notes linked to Sasol and holdings in Glencore detracted as oil prices fell, while Chinese technology exposure through Alibaba, JD.com and Naspers/Prosus (Tencent) remained under pressure. Positive local stock selection helped offset some weakness. Despite this short-term setback, the Fund remains ahead of its objective of delivering CPI + 5% over the medium to long term.

## Fund performance




*Inception date: July 2011; Source: Morningstar, data to 30 June 2026.*

NEDGROUP INVESTMENTS

## Key return drivers

### Security contribution: Month to date

| Positive contributors | Ave. Weight % | Contribution to Return (%) |
|---|---|---|
| Autohome Inc. | 0.8 | 0.09 |
| Bid Corporations | 0. 8 | 0.07 |
| Sun International | 0.8 | 0.07 |
| Dipula Properties | 2.2 | 0.07 |
| Capitec Bank | 1.3 | 0.06 |

| Negative contributors | Ave. Weight % | Contribution to Return (%) |
|---|---|---|
| Sasol notes | 4.6 | -0.46 |
| Optasia Group | 2.1 | -0.36 |
| JD.com | 1.8 | -0.25 |
| Alibaba Group | 0.9 | -0.22 |
| Glencore Plc | 2.4 | -0.17 |

## Top 10 equity positioning

| | Weight % |
|---|---|
| Naspers & Prosus | 5.2 |
| TBC Bank Group | 2.7 |
| Dipula Properties LTD | 2.3 |
| Optasia Group | 2.0 |
| Raubex Group | 1.8 |
| Pepkor Holdings LTD | 1.6 |
| Glencore Plc | 1.6 |
| Zeda Limited | 1.5 |
| Capitec Bank | 1.4 |
| Brait Plc | 1.4 |

### Stock Highlight: TBC Bank Group

- TBC Bank Group is the largest bank in Georgia, holding around 37% of the country's loans and deposits, while also building a fast-growing digital banking business in Uzbekistan.
- What attracted us to TBC is its ability to consistently generate high profits and reinvest those profits at attractive rates. Over the past five years, the bank has delivered an average return on equity (ROE) of 26%, meaning it has generated 26 cents of profit for every rand of shareholder capital invested in the business.
- Importantly, TBC does not distribute all of its earnings. Management targets a dividend payout ratio of 25% - 45%, retaining the balance to grow the business. Because those retained earnings can be reinvested at returns above 23%, shareholder value continues to compound over time.
- In addition to dividends, the bank has also bought back shares, further supporting shareholder returns.
- Despite these attractive characteristics, TBC currently trades at only around 1.4 times book value and roughly five times earnings. We believe this reflects investor concerns about Georgia's political environment rather than any weakness in the underlying business. While political headlines have weighed on sentiment, the Georgian economy remains resilient. GDP grew 9.0% year-on-year in the first quarter of 2026 and is expected to grow by more than 7% for the full year.
- Meanwhile, TBC continues to deliver strong operational results, reporting a 23.4% ROE and 15% growth in net profit during the first quarter of 2026.In our view,
- TBC combines three attractive ingredients: a market-leading banking franchise, strong long-term growth prospects and a valuation that remains undemanding relative to the quality of the business

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