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NEDGROUP INVESTMENTS STABLE FUND

Quarter Two, 2026

Market Commentary

International

- Global equities rebounded strongly in the second quarter, recovering from the late first-quarter risk-off sell-off — developed markets rose sharply, led by the US and Europe while China was a notable laggard
- The equity rally remained heavily influenced by the AI and semiconductor theme, with investors continuing to reward companies linked to the capital expenditure cycle — this supported US and selected Asian markets, but also left market leadership narrow and valuations in parts of the market increasingly stretched
- Global bonds delivered modest positive returns, although yields remained volatile as investors weighed weaker oil prices against still-elevated inflation risks — central banks remained cautious, with the US Federal Reserve keeping rates unchanged while signalling that inflation remained above target and uncertainty was still elevated
- The US dollar weakened against several major and emerging market currencies over the quarter as risk appetite improved and investors reassessed earlier safe-haven demand — the rand also firmed against the dollar, reversing some of the pressure seen during the first-quarter geopolitical shock
- Commodity performance was mixed with gold correcting meaningfully after its earlier rally, and Brent crude oil fell sharply as Middle East supply fears eased and risk appetite improved — copper however was stronger, supported by expectations of resilient demand and the ongoing electrification and infrastructure investment themes
- The global economy remained more resilient than feared, but the outlook became more uneven — the IMF's April forecast still pointed to positive global growth in 2026, but at a slower pace than earlier expectations, with the balance of risks complicated by inflation, geopolitics and tighter-for-longer policy settings

South Africa

- The JSE was weaker in rand terms over the quarter, with the FTSE/JSE Capped All Share Index down 2.4% — resources were the main drag, falling sharply as gold shares and other commodity-linked counters corrected, while financials and industrials delivered positive returns
- South African listed property gained around 10% over the quarter — the sector benefited from improved domestic sentiment, lower bond yields and still-attractive income yields, although underlying property fundamentals remain uneven
- South African bonds delivered strong returns, with the All Bond Index up 7.9% and inflation-linked bonds gaining 6.5% — the rally reflected improved fiscal credibility, attractive real yields and renewed foreign interest in South African assets, despite some volatility from global inflation concerns
- The rand strengthened against the US dollar over the quarter, helped by improved global risk appetite, a weaker dollar and better domestic sentiment — this provided some relief after the pressure created by the first quarter oil shock and geopolitical risk-off episode
- South Africa's economy continued to grow, with first-quarter GDP expanding by 0.5% and marking a sixth consecutive quarter of growth — however, momentum remains modest, with the recovery still constrained by weak confidence, pressure on consumers and low potential growth
- Inflation moved higher during the quarter as earlier fuel and food-price pressures filtered through the economy — the SARB responded by raising the repo rate to 7.00% in May and lifting its inflation forecasts, reinforcing its commitment to anchoring inflation expectations around the lower 3% target

Portfolio Commentary

- The fund was down 1.5% in the second quarter due to weakness in offshore holdings following a period of strong gains, as well as the impact of a stronger rand on foreign asset returns
- In addition to generating strong real returns over its long-term track record, the fund continues its proud record of never having produced a negative return over any rolling 12-month period
- South African equities contributed to returns, with local shares outperforming a falling market — Anheuser-Busch InBev, Omnia and Aspen gained, and avoiding the platinum and gold miners that sold off added value
- The fund's preference for inflation-linked bonds again added value — attractive real yields continue to reward the preference for inflation protection
- Chinese internet holdings (Alibaba, Tencent, JD.com) detracted, as did local counterparts Prosus and Naspers — this reflected market rotation out of Chinese assets into other AI-related Asian stocks rather than any deterioration in the underlying businesses themselves
- The underlying Foord International Fund's S&P500 hedge detracted as markets surged — it remains a deliberate risk-management tool in markets where stretched valuations may prove vulnerable to correction
- Taiwan Semiconductor and Alphabet contributed however — both offer genuine AI exposure at sensible valuations
- Physical gold and gold stocks detracted from returns as gold prices reversed some of the strong gains delivered earlier in the year — while the pullback weighed on short-term returns, the longer-term case for holding gold as a diversifier remains intact
- Domestic cash holdings supported returns -- with attractive yields helping to offset the opportunity cost of maintaining liquidity and flexibility in volatile markets

Top contributors	Performance Contribution %	Holding Return %	Average Weight %
RSA 1.875% (I2033)	0.38	5.04	7.95
RSA 1.875% (I2029)	0.36	3.71	9.68
FirstRand	0.22	13.53	1.74
Anheuser-Busch InBev	0.21	19.55	1.14
NEPI Rockcastle N.V.	0.13	8.04	1.64

Top detractors	Performance Contribution %	Holding Return %	Average Weight %
Foord Int. Fund Lux B	-1.29	-6.85	19.45
Newgold ETF	-1.05	-15.69	6.55
Foord Global Equity Fund Lux B	-0.68	-4.04	16.65
Prosus	-0.20	-8.15	2.29
SOL Conv. 4.5% 08/11/2027	-0.11	-6.34	1.78

Investment Strategy

- Total equities increased slightly to 39% of the fund — While equities continue to offer the best opportunity for long-term real growth, elevated valuations and increasing geopolitical and inflation risks warrant a measured approach
- SA equities were maintained at around 13% of the fund — exposure remains concentrated in quality, cash-generative businesses, with FirstRand increased over the quarter
- Foreign assets represent 44% of the portfolio, with foreign equities at roughly 27% — including the offshore earnings of JSE-listed companies, the Fund's total foreign economic exposure is higher on a look-through basis
- Equity exposure remains focused on high-quality businesses with strong balance sheets, resilient earnings and pricing power — characteristics that we believe are best suited to preserving capital in an environment of elevated uncertainty
- Holdings in inflation-linked bonds were maintained, while longer-dated nominal bonds were trimmed — nominal bond yields moved into less attractive territory, while inflation-linked bonds continue to offer attractive real yields and protection against higher inflation
- Listed property remains a small allocation — despite seemingly attractive yields, fundamentals remain weak given oversupply, subdued rental growth, consumer pressure and rising municipal costs
- The allocation to foreign government bonds remains low and focused on short-duration US Treasuries and inflation-linked bonds — this reflects caution on duration risk and still-unattractive valuations
- The fund maintained its physical gold ETF position — gold remains supported by a weaker US dollar, persistent macro uncertainty and its role as a portfolio diversifier during periods of market stress
- In an environment where investor enthusiasm is increasingly concentrated in a narrow segment of the market, the fund remains deliberately positioned to prioritise capital preservation and long-term real returns over participation in speculative market excesses — we believe this approach is appropriate for delivering consistent outcomes across market cycles

Responsible Investment Summary

Voting resolutions for Q2 2026

Portfolio	Total count	For	Against	Abstain
Adopt Financials	2	100%	0%	0%
Auditor/Risk/Social/Ethics related	3	67%	33%	0%
Buy Back Shares	2	100%	0%	0%
Disapply Preemptive Rights	1	0%	100%	0%
Issue Shares	1	0%	100%	0%
Other	6	83%	17%	0%
Political Expenditure/Donation	1	0%	100%	0%
Re/Elect Director	14	100%	0%	0%
Remuneration Policy	3	67%	33%	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 (Q2 2026)

<table>
<tr><th>COMPANY</th><th>NATURE OF ENGAGEMENT</th><th>DETAILS</th></tr>
<tr><td>Pan African Resources</td><td>Energy transition and operational resilience</td><td>Objective:
To engage management on the Group's renewable-energy transition and its management of energy, fuel and reagent security across its South African and Australian operations.
Discussion Points:
1. Renewable Energy Transition: Engagement focused on renewable energy as a central Group theme and a lever to defend against electricity tariff inflation, with solar's share of total energy consumption targeted to rise from approximately 15% to 60% over the coming three years. Specific projects discussed included a 20MW solar plant under construction at Evander and an approximately 40MW solar project at MTR for which environmental approvals have been received.
2. Energy and Fuel Security: Discussions covered the resilience of operations to fuel supply disruptions and cost inflation, including a c.60% increase in diesel costs in Australia (now approximately 15% of Australian costs) and the maintenance of on-site diesel stockpiles, alongside resolved power constraints and standby generator capacity at the Barberton operations.
3. Input and Supply-Chain Resilience: Engagement considered precautionary measures to manage potential cyanide and diesel shortages, including raising cyanide stockpiles from two to three months across the Group.
4. Workforce and Cost Inflation: Discussions addressed mining cost inflation running at approximately 8% (against headline CPI of c.4%) and ongoing wage negotiations for underground workers at Evander.
Outcomes:
1. Renewable Energy Strategy Reaffirmed: Management reaffirmed the multi-year solar build-out, targeting an increase in solar from approximately 15% to 60% of energy consumption, with first power from the relevant power purchase agreements expected before the end of the calendar year.
2. Resilience Measures Reinforced: Management confirmed that the stockpiling of critical inputs and investment in standby power form part of a deliberate operational-resilience strategy to safeguard production continuity through periods of supply and price volatility.</td></tr>
<tr><td>Pepkor</td><td>Executive succession and leadership continuity (Capital Markets Day)</td><td>Objective:
Engaged with management, at the Group's Capital Markets Day, on executive succession and board leadership continuity.
Discussion Points:
1. Executive Succession and Continuity: Engagement covered the Group's leadership transition, including the Chief Operating Officer stepping down from the role at year-end into a reduced-capacity arrangement, and the anticipated transition of the Chief Executive Officer towards an executive chairman role over the medium term, ahead of retirement age.
Outcomes:
1. Succession Framework Confirmed: Management outlined a planned and orderly executive succession process intended to preserve continuity and institutional knowledge.</td></tr>
<tr><td>Boxer</td><td>Consumer affordability and energy resilience</td><td>Objective:
To engage management on the Group's approach to consumer affordability in a constrained environment and its resilience to energy and supply-chain cost pressures.
Discussion Points:
1. Consumer Affordability: Engagement focused on management's long-</td></tr>
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		standing philosophy of reinvesting margin into its consumer value proposition, with investment made into price at the point of sale in support of lower-income and essentials-focused shoppers who remain under financial pressure. 2. **Energy and Fuel Resilience:** Discussions covered the Group's exposure to diesel and paraffin, including in-store bakery operations, and rising fuel costs, and management's approach of absorbing these costs through mix and operational levers rather than passing them fully to consumers, drawing on prior experience managing generator costs during load-shedding. 3. **Social Licence and Community Resilience:** Engagement considered the Group's conservative operating posture and resilience to disruption, informed by prior experience of civil unrest and store losses. 4. **Employee Alignment:** Discussions covered the broad participation of employees in ownership following the Group's listing. **Outcomes:** 1. **Reinvestment in Value Confirmed:** Management reaffirmed its intent to redirect margin benefits back into the consumer value proposition over the medium term, while protecting profitability in the near term. 2. **Cost-Absorption Approach Confirmed:** Management confirmed that it would manage elevated energy and fuel costs through mix and promotional levers rather than automatic price pass-through.
Pick n Pay	Workforce restructuring and labour practices	**Objective:** To engage management on the Group's workforce-restructuring and labour-scheduling plans and their social implications, and on its governance and capital-structure decisions. **Discussion Points:** 1. **Labour Practices and Workforce Restructuring:** Engagement focused on management's plan to introduce revised labour-scheduling arrangements with the main focus on including weekend working. 2. **Social and Employment Considerations:** Discussions considered the balance between the Group's return to profitability and the impact of restructuring on employees, including the risk of retrenchment for staff who do not accept the revised terms. **Outcomes:** 1. **Potentially negotiate directly with staff:** Management indicated that, should negotiations with organised labour not result in agreement, the Group may pursue alternative processes available under applicable labour legislation. The engagement recognised management's view that a successful outcome could preserve employment while supporting the Group's cost-efficiency objectives.
Santam	Climate risk and agricultural resilience	**Objective:** To engage management on the Group's management of climate-related and catastrophe risk, and its support for the resilience of the agricultural sector. **Discussion Points:** 1. **Climate and Catastrophe Risk:** Engagement covered the Group's crop and agricultural insurance exposure to drought, hail and other perils, and the anticipated impact of a projected severe El Niño event from approximately October. 2. **Weather-Forecasting Partnership:** Discussions addressed the Group's partnership with the South African Weather Service, including the funding of additional automatic weather stations, to improve the granularity of weather forecasting and inform pricing and risk management. 3. **Farm Ownership:** Management explained that Santam operates its own research farm in selected agricultural regions to improve data collection, weather analysis and agricultural risk modelling. 4. **Community and Adaptation Engagement:** Engagement considered how improved forecasting supports engagement with the farming community on water consumption, planting systems and productivity, as a form of climate adaptation.

		Outcomes: 1. **Active Climate-Risk Management Confirmed:** Management confirmed the ongoing, active management of climate and catastrophe risk, including selective underwriting and investment in improved weather-forecasting capability. 2. **Support for Agricultural Resilience Recognised:** The engagement highlighted the Group's role in supporting the resilience of the farming sector through data-led risk management and community engagement.
Sanlam	Responsible distribution and financial inclusion	**Objective:** To engage management on the conduct and quality of its distribution model, its support for financially pressured lower-income customers, and the environmental profile of its investment activity. **Discussion Points:** 1. **Financial Inclusion and Customer Support:** Discussions addressed the sensitivity of the retail-mass segment to food and transport inflation, and the Group's practice of proactively engaging clients under financial pressure to adjust their cover rather than allow policies to lapse. 2. **Environmental Investment Exposure:** Discussions covered the Group's participation in syndicated debt financing for renewable-energy infrastructure, including solar and wind projects, through long-dated debt. **Outcomes:** 1. **Inclusion and Sustainable Investment Focus Reaffirmed:** Management reaffirmed its focus on supporting lower-income customers through periods of pressure, and its participation in financing renewable-energy infrastructure.
Nutun	Consumer financial distress and responsible collections	**Objective:** To engage management on the impact of automation on workforce planning, customer outcomes and responsible collections practices. **Discussion Points**: 1. **Workforce Management Plan:** Engagement regarding the phased implementation program for the automation and impact on staffing. 2. **Internal Upskilling:** Discussions considered the Group's internal upskilling programme to adapt the existing working force. 3. **Client Outcomes:** Discussed customer interactions and outcomes when engaging with automated collections vs human interaction. **Outcomes:** 1. **Proactive Approach to Staff Management:** Management outlined a clear roadmap for managing workforce transition and redeploying available capacity. 2. **Managed Workforce Transition Acknowledged:** Management acknowledged the workforce implications of automation while noting that automated interactions generally support greater consistency, regulatory compliance and customer outcomes.

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)..

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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.

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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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