NEDGROUP INVESTMENTS

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NEDGROUP INVESTMENTS ENTREPRENEUR FUND

Quarter Three, 2026

Performance to 30 September 2026	Nedgroup Investments Entrepreneur Fund[1]	ASISA category average	Small Cap Index	Mid Cap Index
3 months	-2.5%	-0.7%	-0.8%	-0.7%
12 months	11.3%	6.9%	15.9%	3.8%

South Africa entered Q3 with a more challenging domestic growth backdrop than anticipated. GDP contracted by 0.2% in Q2, with manufacturing, mining and trade all contributing to the weakness. The South African Reserve Bank has subsequently reduced its 2026 growth forecast to +1.2%. At the same time, the global oil shock and higher international interest rates have complicated the inflation outlook. In September, the SARB increased the repo rate by 25 bps to 7.25%, with headline inflation expected to rise above 5% before gradually moving back towards the 3% target towards the end of 2027.

Rising rates and higher fuel prices are a painful combination for South African consumers and domestic businesses, with this reflected in the performance of SA Inc equities. For the quarter, the JSE Capped All Share Index posted a total return of -0.3%.

As we enter the final quarter of 2026, the key message is that we believe the medium-term opportunity remains compelling even as the near-term risk environment becomes more challenging.
In the immediate term, markets are likely to remain hostage to swings in oil prices, Fed expectations and global bond yields. The US midterm elections on 3 November will be another important event for global markets. We therefore expect volatility to remain elevated.

Fund performance

The fund's third quarter performance lagged the peer group and the midcap index. However, we are encouraged by the stronger relative performance over longer periods of time, with the year-to-date and one-year figures comfortably ahead of both comparators.

Northam, which is the largest position in the fund, was a top contributor, driven largely by two factors. First, an increase in the price of platinum group metals and second, an announcement from the company that it received an unsolicited approach from a major South African PGM producer about a potential transaction. Following the receipt of the approach, the company initiated a competitive process which aims to maximise shareholder value. While a transaction is likely to unlock value, it should be noted that the company continues its investment journey, which has led to an increase in both the predictability and quality of its production profile. As such, the operating platform can take advantage of high metal prices to create value for shareholders absent a transaction.

Advtech is a name we have owned for a very long time. The company reported interim results to the end of June 2026 that were above our expectations. It has an incredibly strong portfolio which continues to gain market share and with all the investment they are making into technology, are likely to continue winning. Despite a higher rating now compared to when we first initiated our position, we believe the company's prospects justify this and do not view it as expensive.

Our consumer-facing SA Inc. stocks were the largest detractors. Higher interest rates and elevated oil prices are particularly damaging for South African consumers and business activity, and this is increasingly evident in the poor performance of our holdings in Sun International, Raubex, WeBuyCars, Pepkor and AVI. We remain

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

selective and companies with pricing power, strong balance sheets, operating leverage and identifiable self-help opportunities should be better positioned to navigate the tough backdrop. We have used the broad-based weakness to add to several of our holdings.

Q3 Top contributors	Average weight	Performance contribution	Q3 Top detractors	Average weight	Performance contribution
Northam	8.8%	1.2%	Sun International	6.4%	- 1.0%
Advtech	4.5%	0.4%	Raubex	4.1%	- 1.0%
Zeda	5.9%	0.3%	WeBuyCars	3.6%	- 0.7%
Santam	4.0%	0.3%	Pepkor	3.1%	- 0.7%
Outsurance	4.5%	0.2%	AVI	2.4%	- 0.5%
Total		**+ 2.4%**	**Total**		**- 3.9%**

Current positioning and outlook

South Africa's medium-term prospects are supported by fiscal consolidation, institutional reform, infrastructure investment and a more credible inflation framework. The November local government elections will be an important domestic catalyst, taking place on 4 November. The outcome will provide an indication of the political landscape ahead of the next national election cycle and may influence the trajectory of coalition politics and municipal reform.
Valuation remains an important consideration and counterweight to current market angst - South African assets continue to offer a meaningful valuation buffer relative to developed markets.

Our positioning remains selective, preferring companies with pricing power, strong balance sheets and identifiable opportunities to grow earnings in the more complex environment.

Responsible Investment

Notable ESG engagements undertaken by Abax during the third quarter of 2026 include:

- Attacq Limited: Discussion covered operational sustainability initiatives, including the expansion of rooftop solar, renewable energy use, water resilience and smart utility monitoring, as well as the role of resilient infrastructure and green-certified buildings in reducing operating costs and supporting the long-term sustainability of Waterfall City.
- FirstRand Limited: Detailed engagement covering a variety of comments including initiatives and new products to reach a wider audience and promote inclusive banking.
- PRI: Investor roundtable focused on the proposed adoption of ISSB sustainability disclosure standards in South Africa, with emphasis on improving the quality, comparability and credibility of sustainability information used in investment decisions, stewardship and capital allocation. Key themes included materiality, proportional implementation, assurance, applicability across listed and unlisted markets, and aligning global reporting standards with South Africa's broader economic, social and environmental priorities.
- Equities Property Fund Limited: Focus on occupational health and safety, security across logistics parks, responsible contractor management and the fair treatment of subcontractors throughout the development process.
- Premier Group Limited: Discussion regarding the company's decision to close its canned fruit factory in Tulbagh, together with the impact on the local community and employment.
- Valterra Platinum: Following four fatalities, which represented a material deterioration from its normal safety performance.
- Sun International Limited: Focus on responsible gambling, risks associated with explosion in online activity and possible regulatory intervention.

- Growthpoint Properties: Focus on precinct resilience through solar, backup infrastructure and security, alongside adaptive reuse of office assets, retail redevelopment and governance of key joint ventures.
- Italtile Limited: Discussion around founder family and controlling shareholder succession planning and involvement.
- Fortress Real Estate Investments Limited: Focus on renewable energy expansion across the portfolio, including increased solar penetration, battery storage and the potential use of logistics rooftop space to reduce reliance on grid electricity and improve long-term energy resilience.

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 conditions and improving South African macroeconomic conditions.

As at September 2026, the fund traded on a weighted P/E of 11.2x, a dividend yield of 4.9% and a price-to-book ratio of 1.7x.

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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