NEDGROUP INVESTMENTS

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NEDGROUP INVESTMENTS STABLE FUND

Quarter Three, 2026

Market Commentary

International

- Developed markets gained about 2%, supported by continued enthusiasm for AI, despite rising borrowing costs — Chinese shares also advanced, but European and emerging markets slipped
- Global government bonds fell as inflation fears, large government deficits and borrowing for AI infrastructure pushed yields sharply higher — borrowing costs in several major markets reached multi-decade highs
- The dollar recovered in September as expectations of further US rate increases grew — reversing its August decline and ending the quarter slightly stronger against the euro
- Brent crude surged over 40% as renewed fighting disrupted Middle Eastern oil supplies, while copper and gold also gained — stronger metals supported South African miners, but costlier oil raised fuel costs and inflation risks
- US consumer spending and investment remained resilient, while China's growth slowed and retail sales disappointed — rising energy and transport costs threatened to prolong inflation despite weaker growth in some economies
- The Fed raised interest rates in September as inflation remained elevated, joining other major central banks in tightening policy — heavy government borrowing added further pressure to market interest rates

South Africa

- The JSE finished almost unchanged after a sharp September selloff — resource shares gained 15% over the quarter, offsetting declines in financials and industrials
- Local bonds traded marginally lower as bond yields rose, holding up better than global peers — inflation-linked bonds gained as higher fuel prices revived inflation concerns
- The rand strengthened during August's commodity rally, then weakened in September — leaving it little changed against the dollar over the quarter
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- Figures released in September showed that the economy contracted slightly in the second quarter — SARB still expects a recovery, but higher fuel costs, interest rates and global uncertainty weigh on the outlook
- SARB raised its policy rate by a quarter of a percentage point to 7.25%, citing the worsening fuel shock and sticky services inflation — it also raised its near-term inflation forecasts despite weak economic growth

Portfolio Commentary

- The fund outperformed its peers and benchmark over the quarter — offshore assets, inflation-linked bonds and gold contributed, more than offsetting weakness in South African consumer shares held in the portfolio
- A sizeable allocation to offshore assets contributed meaningfully, with the underlying Foord funds gaining around 5% over a volatile quarter — holdings such as Wharf Real Estate, Microsoft and Alibaba were among the strongest performers
- The fund's preference for inflation-linked bonds protected capital as SA bonds tracked global bond markets weaker in July — inflation-linked bonds gained over the quarter while nominal bonds declined
- The fund's physical gold position contributed — gold rose almost 4% over the quarter, recovering in August before giving back part of those gains in September
- South African equities detracted, with SA Inc stocks coming under pressure — higher fuel prices and tighter monetary policy weighed on the outlook for household spending
- Naspers/Prosus detracted, with both shares declining in September as Chinese equities gave back part of their July gains — Tencent trades on a compelling valuation and the investment case remains intact
- Domestic cash holdings bolstered returns — attractive yields and a pullback across most local markets saw cash outperform most domestic asset classes

Top contributors	Performance Contribution %	Holding Return %	Average Weight %
Foord Int. Fund Lux B	0.92	5.11	18.81
Foord Global Equity Fund Lux B	0.80	4.96	16.98
Wharf Real Estate	0.27	47.87	0.69
RSA 1.875% (I2029)	0.15	1.68	9.12
RSA 1.875% (I2033)	0.15	1.80	8.33

Top detractors	Performance Contribution %	Holding Return %	Average Weight %
Woolies	-0.28	-25.91	1.03
Pepkor	-0.24	-19.46	1.21
Tiger Brands	-0.14	-19.14	0.70
Anheuser-Busch InBev	-0.14	-9.62	1.29
Prosus	-0.14	-6.11	2.37

Investment Strategy

- Holdings in total equities were reduced slightly, mainly through a larger equity hedge in the underlying Foord International Fund — while equities still offer the best real long-term growth potential, stretched valuations in the US warrant a cautious stance
- SA equities remained stable at 12% — 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 trimmed slightly after strong gains — holdings remain focused on companies with pricing power, best placed to protect capital in a higher inflation environment
- A preference for SA inflation-linked bonds was maintained and longer-dated nominal bonds were reduced — 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 and concentrated in US Treasuries and inflation-linked bonds, with US inflation-linked holdings increased and conventional bonds kept short-dated — reflecting concern that longer-dated bonds remain vulnerable to persistent inflation and elevated fiscal risks
- A physical gold ETF position was increased — gold continues to benefit from supportive fundamentals 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 Q3 2026

Portfolio	Total count	For	Against	Abstain
Auditor/Risk/Social/Ethics related	41	100%	0%	0%
Buy Back Shares	8	100%	0%	0%
Director Remuneration	10	90%	10%	0%
Dividend Related	1	100%	0%	0%
Issue Shares	7	0%	100%	0%
Loan/Financial Assistance	6	33%	67%	0%
Other	10	80%	20%	0%
Re/Elect Director	21	100%	0%	0%
Remuneration Policy	11	55%	45%	0%
Shares under Director Control	1	0%	100%	0%
Signature of Document	1	100%	0%	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 (Q3 2026)

COMPANY	NATURE OF ENGAGEMENT	DETAILS
Tiger Brands	CEO succession and remuneration policy	**Objective:** To engage with the Chairperson and the Remuneration Committee on executive succession planning and on the Group's remuneration policy and performance targets. **Discussion Points:** 1. **CEO Succession Planning:** Discussions focused on the Board's succession planning for the CEO, who is expected to retire in December 2028, following a previous extension of his tenure. The Board has considered both internal and external candidates, with a preference for an internal appointment to maintain strategic continuity. 2. **Succession Timetable:** The Board indicated its intention to announce a CEO-designate by December 2027, allowing for a 12-month handover period. 3. **Remuneration Policy and Targets:** Foord reviewed the Group's remuneration policy and performance measures, including sales, EBIT, ROIC and HEPS, and considered the targets appropriate and sufficiently aligned with shareholder interests. **Outcomes:** 1. **Succession Planning:** The Board confirmed its preference for an internal successor and outlined an indicative timetable for the appointment and transition. 2. **Remuneration Assessment:** Foord was satisfied that the remuneration policy and performance targets were fair and appropriately aligned with shareholder interests.
Omnia	Remuneration policy	**Objective:** To clarify the Group's remuneration policy with management and to provide Foord's input, following Foord's opposing votes on the remuneration matter over the past few years. **Discussion Points:** 1. **Performance Targets:** Foord previously raised concerns that management's incentive targets were insufficiently demanding and too easily achievable, potentially weakening the alignment between executive remuneration and shareholder returns. 2. **Relative Performance Measures:** Foord also questioned the appropriateness of the comparator groups used to assess total shareholder return (TSR) performance. 3. **Previous Voting Decisions:** Discussions revisited the concerns underlying Foord's opposition to the remuneration policy over several years and the improvements required to secure shareholder support. **Outcomes:** 1. **Remuneration Improvements:** Management and the Remuneration Committee have progressively strengthened performance targets and addressed concerns regarding incentive structures, consistent with matters raised by Foord during previous engagements. 2. **Voting Position:** Foord considered the revised targets sufficiently demanding and supported the remuneration policy in 2026, following several years of opposing votes.
Prosus	Capital allocation governance and remuneration	**Objective:** To engage with representatives of the Group on its capital allocation authorities and decision-making processes, and on its remuneration schemes. **Discussion Points:** 1. **Capital Allocation Authority:** Discussions focused on the Group's acquisition approval framework, including the absence of a separate investment committee and the CEO's authority to approve acquisitions within an annual threshold, following consultation with the CFO and M&A team. The threshold was not disclosed. 2. **Board Oversight:** Management explained that transactions exceeding the CEO's delegated authority, or involving a material change in strategy, are referred to the Board. The acquisition of Just Eat was discussed as an example of a transaction requiring Board consideration, including an assessment of its turnaround characteristics. 3. **Remuneration Arrangements:** Discussions also covered the Group's executive remuneration structures and the governance processes supporting remuneration decisions.

COMPANY	NATURE OF ENGAGEMENT	DETAILS
		Outcomes: 1. **Capital Allocation Governance:** Management clarified the division of acquisition approval responsibilities between executive management and the Board, including the circumstances requiring Board approval. 2. **Governance Transparency:** The engagement provided Foord with greater clarity on the Group's capital allocation governance arrangements, although the CEO's delegated acquisition threshold was not disclosed.
Sanlam	Operational remediation, social licence and distribution conduct	**Objective:** To engage with the Group's Chief Actuary and Chief Risk Officer and its Chief Financial Officer on the remediation of the Pan-African general insurance business and the governance and social licence considerations associated with exiting non-core operations. **Discussion Points:** 1. **Pan-African Insurance Remediation:** Discussions focused on operational challenges across several markets, including weaknesses in underwriting models, weather-related claims, fraud in Morocco, regulatory restrictions on premium increases and deteriorating economic conditions. Management outlined an 18–24 month remediation programme, supported by changes in management and the adoption of Santam's underwriting expertise. 2. **Underwriting and Climate Risk:** Management discussed improvements to underwriting practices, including the potential use of Santam's more established models and broader historical data to strengthen risk assessment and pricing. 3. **Social Licence and Non-Core Operations:** Discussions addressed the Group's difficulties in exiting its Malaysian medical insurance business, including regulatory restrictions and a previously unsuccessful sale process. Management emphasised its responsibility to honour customer commitments and consider reputational and social licence implications when assessing exit options. **Outcomes:** 1. **Remediation Strategy:** Management outlined a structured remediation programme for the Pan-African general insurance operations, including stronger underwriting practices, improved controls and management changes. 2. **Customer Obligations:** Management reaffirmed its commitment to meeting customer obligations and maintaining its social licence when considering the disposal or closure of non-core operations. 3. **Ongoing Oversight:** The engagement provided Foord with greater clarity on the remediation timetable and the governance considerations influencing the Group's operational decisions.
AECI	Restructuring governance, workforce and chemical-input security	**Objective:** To engage management on the governance process and trade-offs behind decisions on significant retrenchments and the future of the Modderfontein facility, and on managing the workforce through restructuring. **Discussion Points:** 1. **Restructuring Governance:** Discussions focused on the decision-making processes and trade-offs associated with potential workforce reductions and the future of the Modderfontein facility. Management outlined its cost-reduction programme and a proposed R7–9 billion programme at Modderfontein over three years, potentially including the decommissioning of an older nitrates plant and improved capacity utilisation. 2. **Workforce Management:** Foord engaged management on the treatment of employees affected by restructuring and the importance of maintaining workforce morale and operational cohesion. Management indicated that headcount reductions were being implemented through individual agreements rather than a formal Section 189 process. 3. **Chemical-Input Security:** Discussions addressed the strategic importance of the Modderfontein facility, the potential replacement of imported ammonium nitrate and measures to mitigate supply-chain disruptions, including increased inventories of critical inputs and the development of alternative detonator technology. 4. **Environmental and Regulatory Matters:** Management also discussed a dry-stack tailings solution designed to improve water recovery and recycling, together with regulatory developments affecting the Group's Mali operations. **Outcomes:** 1. **Restructuring Oversight:** Management outlined its approach to restructuring, including the governance considerations, workforce implications and operational

COMPANY	NATURE OF ENGAGEMENT	DETAILS
		objectives. Final decisions regarding certain aspects of the Modderfontein programme remain outstanding. 2. **Workforce Considerations:** Management acknowledged the importance of rebuilding workforce confidence and maintaining operational cohesion following restructuring-related uncertainty. 3. **Operational Resilience:** Management confirmed measures to strengthen the security of critical chemical inputs and reduce longer-term supply-chain risks**.**
Absa Group	Organisational culture, talent and incentives	**Objective:** To engage the Group's new Chief Executive Officer on improving organisational culture through a skills refresh, and on how best to incentivise and remunerate talent. **Discussion Points:** 1. **Organisational Culture:** Discussions focused on management's plans to address bureaucratic practices, refresh organisational skills and improve accountability. Management acknowledged that these changes may result in increased staff turnover. 2. **Talent and Incentives:** Foord engaged management on attracting, retaining and appropriately incentivising key talent. Management outlined changes to performance measurement, including reducing the number of retail performance metrics from 18 to six or seven outcome-based measures and introducing a new long-term incentive instrument for senior employees. 3. **Accountability and Decision-Making:** Discussions covered the introduction of greater profit-and-loss accountability for market executives, improvements to financial forecasting and initiatives to simplify internal approval processes. 4. **Customer Outcomes:** Management also discussed opportunities to improve customer experience, including simplifying home-loan applications and onboarding processes, and partnerships aimed at broadening financial access. **Outcomes:** 1. **Culture and Accountability:** Management outlined initiatives to improve organisational culture, streamline decision-making and strengthen accountability across business units. 2. **Remuneration Alignment:** The revised performance scorecards and long-term incentive arrangements are intended to improve the alignment between employee performance, business objectives and shareholder interests. 3. **Customer Experience:** Management identified opportunities to reduce administrative complexity and improve customer access, although the effectiveness of these initiatives remains to be demonstrated.
Northam Platinum	Safety, working conditions and corporate conduct	**Objective:** To engage management on safety performance following the fatalities at Zondereinde, on investment in underground working conditions, and on the Group's conduct around corporate activity. **Discussion Points:** 1. **Workplace Safety:** Discussions focused on safety performance at Zondereinde following two fatalities on the same day, notwithstanding a reduction in fall-of-ground incidents. Management also discussed its engagement with the Chief Inspector of Mines and broader industry safety concerns. 2. **Working Conditions:** Foord reviewed investments aimed at improving underground working conditions, including the 3A ventilation shaft, which has increased airflow by approximately 40% and contributed to reduced water consumption and improved resource efficiency. 3. **Corporate Governance:** Discussions addressed management's approach to potential corporate transactions, including the decision to initiate a formal process following unsuccessful discussions regarding asset-level transaction structures. Management explained that the process allows the Board to retain control over timing and evaluate potential offers against long-term shareholder interests**.** 4. **Valuation Considerations:** Management indicated that any potential transaction would be assessed using through-the-cycle platinum group metal prices, while the Group's existing strategy would continue independently of the transaction process.

COMPANY	NATURE OF ENGAGEMENT	DETAILS
		Outcomes: 1. **Safety Oversight:** Management acknowledged the seriousness of the fatalities at Zondereinde and confirmed that investigations and engagement with the relevant authorities were ongoing. 2. **Working Conditions:** Management confirmed improvements in underground ventilation and resource efficiency arising from recent infrastructure investment. 3. **Corporate Governance:** Management clarified the rationale for the formal transaction process and confirmed that any proposals would be assessed against long-term shareholder value, with the Group's existing strategy continuing in parallel.
Pepkor	Related-party governance and financial inclusion (FintechCo merger)	**Objective:** To engage with the lead independent director, senior Pepkor management and the Chief Executive Officer of Shop2Shop on the proposed merger of Flash and Shop2Shop into FintechCo, with particular focus on potential conflicts of interest, related-party governance and the transaction's contribution to financial inclusion in the informal economy. **Discussion Points:** 1. **Conflict Management:** Discussions focused on the governance arrangements surrounding the transaction, including the CEO's pre-existing indirect minority interest in Shop2Shop. Management confirmed that the CEO had been recused from transaction-related discussions and decisions, with independent Board oversight led by the lead independent director. 2. **Valuation and Approval Process:** Foord reviewed the transaction's approximately R21.3 billion valuation and the safeguards supporting the approval process, including multiple valuation methodologies, independent external advisers and a fair-and-reasonable opinion. The transaction remains subject to Competition Commission approval. 3. **Shareholder Protections:** Discussions addressed the proposed shareholders' agreement, including minimum ownership provisions, put and call arrangements based on independent fair value and the potential future listing of FintechCo. 4. **Financial Inclusion:** Management outlined the combined platform's role in expanding digital payment services and financial access for informal traders, including its growing merchant network and transaction volumes. **Outcomes:** 1. **Conflict Management:** Management confirmed that the transaction had been overseen through an independent Board process, with the conflicted executive excluded from relevant deliberations and decisions. 2. **Shareholder Protections:** Management clarified the valuation safeguards and proposed governance arrangements intended to protect shareholder interests following implementation. 3. **Financial Inclusion:** The engagement provided further insight into the transaction's potential contribution to financial inclusion and the expansion of digital payment services in the informal economy.

Disclaimer

WHO WE ARE
Nedgroup Collective Investments (RF) Proprietary Limited, is the company that is authorised in terms of the Collective Investment Schemes Control Act to administer the Nedgroup Investments unit trust funds. It is a member of the Association of Savings & Investment South Africa (ASISA).

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Unit trusts are generally medium to long-term investments. The value of your investment may go down as well as up. Certain unit trust funds may be subject to currency fluctuations due to its international exposure. 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.

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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.

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Certain Nedgroup Investments unit trust funds apply a performance fee. For the Nedgroup Investments Flexible Income Fund and Nedgroup Investments Stable Fund, it is calculated daily as a percentage (the sharing rate) of total positive performance, with the high watermark principle applying.

For the Nedgroup Investments Bravata World Wide Flexible Fund it is calculated monthly as a percentage (the sharing rate) of outperformance relative to the fund's benchmark, with the high watermark principle applying. All performance fees are capped per fund over a rolling 12-month period. A schedule of fees and charges and maximum commissions is available on request from Nedgroup Investments.

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