



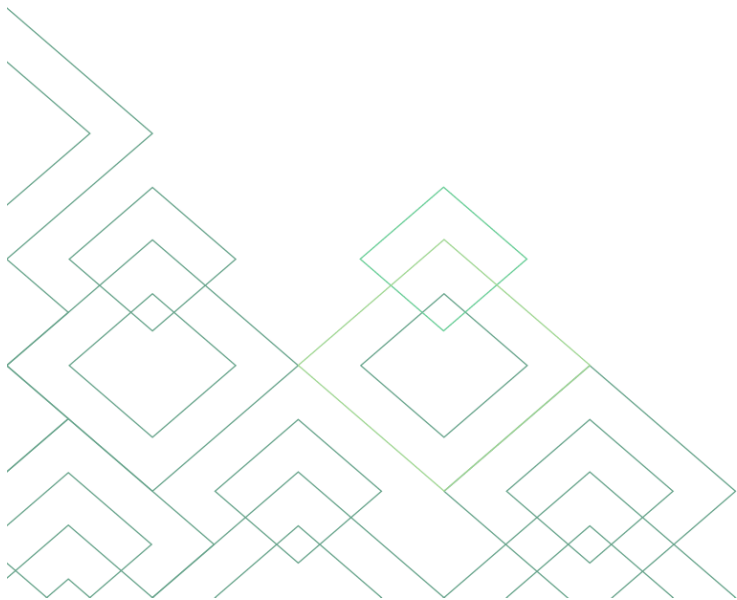
UNIT TRUSTS | INTERNATIONAL | RETIREMENT FUNDS

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NEDGROUP INVESTMENTS STABLE FUND

Quarter Two, 2024





Market Commentary

International

- The index of global share markets rallied narrowly, pulled up by a handful of mega-cap US tech stocks as the AI theme continued — European shares traded lower, while emerging markets also gained as Chinese shares recovered from recent lows
- Developed market bond yields rose and bond markets fell as it became evident that the US central bank would not be quickly cutting interest rates — given the strength of the US economy and inflation sticky above target levels
- US dollar strength persists against the majors, given the US economy's sustained resilience, high interest rates and AI dominance — meanwhile the Japanese yen weakened to 38-year lows against the US dollar as the country persists with ultra-low interest rates
- Commodities mostly retraced after a bullish run this year, with copper down meaningfully and gold flat despite continued dollar strength — but crude oil prices rose on summer demand and OPEC supply cuts
- US economic growth slowed demonstrably, but the economy is still expanding at enviable levels compared to other developed markets, although European growth prospects are finally starting to improve — Chinese growth remains stable at around 5%, but the economy still faces headwinds from a protracted property crisis and adverse investor sentiment
- The US central bank again kept rate cuts on hold, with the 'dot plot' forecasts of future moves turning more hawkish, leaving the US as an outlier — the European Central Bank moved to cut interest rates ahead of the US for the first time ever, with interest rate cuts also being executed in other developed economies

South Africa

- JSE-listed shares rallied over 8% in an eventful quarter, which included resources shares recovering from recent selloffs — but the standout performers were SA Inc. shares that include banks and construction companies, which surged as the most market-friendly elections outcome eventuated
- The All Bond Index gained over 7% as investors reduced the risk premium on South African bonds as government that excluded the most radical parties became assured — with longer dated bonds advancing most
- South Africa's GDP has not grown in 10 years, but business confidence is improving after 100 days of no loadshedding and hopes of political renewal after the creation of a Government of National Unity — government finances are improving, but SA's debt levels remain extremely elevated
- The South African Reserve Bank also left rates unchanged, citing upside risks to inflation from administered prices (fuel and electricity) and inflation expectations — despite core inflation moderating towards the middle of SARB's 3 – 6% target range





Portfolio Commentary

- South African equity investments were the primary contributors to returns, with JSE-listed share prices reflecting a favorable election outcome - The announcement of a Government of National Unity led to a relief rally, driving 'SA Inc' assets higher after a tumultuous quarter
- SA bonds also contributed meaningfully to returns with bond markets rallying in tandem with equities - Government bond yields fell reflecting the lowering impact of post-election optimism on South Africa's country risk premium
- Cash continued to significantly enhance absolute returns - yields remained at attractive levels given persistently tight monetary policy
- Global assets negatively impacted returns due to a combination of rand strength and a low allocation to US tech stocks - the narrowly-driven US market was propelled to new highs by Wall Street's relentless optimism
- A small allocation to listed property had a neutral overall effect on fund returns- Domestically-oriented companies like Fortress made positive contributions, but these gains were offset by the impact of rand strength on global property investments such as Shaftesbury Capital

Top contributors	Performance Contribution %	Holding Return %	Average Weight %
R2035 - RSA 8.875% (R2035)	0.4	10.4	4.7
Firststrand	0.3	27.6	1.4
R2032 - RSA 8.25% (R2032)	0.3	10.3	3.9
Prosus	0.3	10.3	2.3
R2040 - RSA 9.0% (R2040)	0.2	15.6	2.3

Top detractors	Performance Contribution %	Holding Return %	Average Weight %
Foord International Fund B	-0.4	-2.3	20.1
Wharf Real Estate Investment	-0.1	-19.0	0.7
Shaftesbury Capital	-0.1	-6.7	1.3
Anheuser-Busch InBev	-0.1	-6.8	1.3
BHP Group	-0.1	-4.5	1.0





Investment Strategy

- The weighting in foreign assets maintained at 45% of total — measured together with non-rand earnings of JSE-listed companies, total foreign economic exposure is significantly higher on a look-through basis
- Foreign equities are focused on companies with pricing power which are best placed to protect investor capital from higher inflation — direct investment in US equities remains low in relative terms, given potential earnings risks arising from an economic slowdown
- The allocation to foreign government bonds increased slightly from low levels, comprising of short-duration US Treasuries with a preference for inflation-linked instruments — while listed property remains at very low levels and is stock-specific given sector risks and unattractive valuations
- Exposure to SA equities remains conservative — prospects for SA Inc companies have improved given political developments, as reflected in price moves, but future outperformance relies on long term structural economic growth
- An allocation to SA inflation-linked bonds was maintained given attractive real yields on SA inflation-linked government bonds — however we continue to avoid SA credit assets where we believe risk to be mispriced
- Listed property is limited to a low weighting, given poor fundamentals for the asset class despite optically attractive yields — sector risks include excess capacity, weak rental trend, consumer headwinds and rapidly escalating municipal costs
- Physical gold ETF position maintained given supportive fundamentals, a weaker US dollar and the likelihood of nominal interest rates being at a peak — the position provides attractive portfolio diversifying properties during periods of market stress



Responsible Investment Summary



Voting resolutions for Q2 2024

Portfolio	Total count	For	Against	Abstain
Adopt financials	7	6	1	0
Auditor/Risk/Social/Ethics related	17	17	0	0
Buy Back Shares	8	8	0	0
Director Remuneration	23	22	1	0
Disapply Pre-emptive Rights	5	0	5	0
Dividend Related	4	4	0	0
Issue Shares	7	0	7	0
Other	6	5	0	0
Political Expenditure/Donation	1	0	1	0
Re/Elect Director	43	43	0	0
Remuneration Policy	7	6	1	0
Shares Under Director Control	2	0	2	0
Signature of Documents	1	1	0	0
	131	112	19	0

Foord Global Equity Fund	Total count	For	Against	Abstain
Adopt financials	28	100%	0%	0%
Auditor/risk/social/ethics related	75	79%	21%	0%
Buy back shares	22	95%	5%	0%
Dividend related	17	100%	0%	0%
Issue shares	45	0%	100%	0%
Political expenditure/donation	2	100%	0%	0%
Re/elect director or members of supervisory board	417	100%	0%	0%
Remuneration policy including directors' remuneration	66	36%	64%	0%
Shares under director control	5	40%	60%	0%
Signature of documents/ratification	23	83%	17%	0%
Others	1	100%	0%	0%

Foord International Fund	Total count	For	Against	Abstain
Adopt financials	17	100%	0%	0%
Auditor/risk/social/ethics related	34	85%	15%	0%
Buy back shares	14	86%	14%	0%
Dividend related	10	100%	0%	0%
Issue shares	21	0%	100%	0%
Re/elect director or members of supervisory board	231	100%	0%	0%
Remuneration policy including directors' remuneration	48	40%	60%	0%
Shares under director control	4	50%	50%	0%
Signature of documents/ratification	16	81%	19%	0%
Others	1	100%	0%	0%





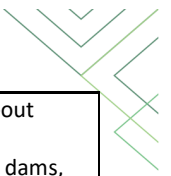
General comments:

- 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 (Q2 2024)

Company	Topic	Company Attendees	Event Notes
Afrimat Limited	Environmental Impact and Community Engagement	CEO and Director	<p>Attended an annual investor day, where in-depth discussions were held relating to;</p> <ul style="list-style-type: none"> - the environmental impact of mining activities and successful efforts to reduce diesel usage in the both Bulk and Quarrying divisions - the vital role of community engagement at the Nkomati Mine; where community relocation and local employment were critical to the successful ramp-up of operations - the integration of the recently acquired Lafarge Business, which will allow greater use of fly-ash (a low-carbon substitute) in cement production <p>Management have saved nearly 10 million litres of diesel through an in-house efficiency drive, since July 2021 and have integrated new environmentally related KPI's into senior and lower management incentive structures. Extensive community engagement, including meeting with tribal leaders, has resulted in a successful turnaround at the Nkomati Mine, which was purchased out of business rescue, and has result in material uptick in local employment.</p>
Santam	Environmental and Climate Change	Chief Risk Officer and Investor Relations	<p>Met with Santam's Chief Risk Officer to see how they are addressing the volatility of various environmental factors and challenges facing the business. Santam have embarked on an extensive geo-coding analysis of their portfolio to reduce risk to environmental factors such as flooding and fires. This would reduce claims risks and also reduce reinsurance premiums by 40%. They have also partnered with the municipalities to upgrade fire stations and install fire lines. Given the high volatility in changes in climate, this shows the work that Santam has conducted to help to reduce some of the environmental impacts and at the same time improve risk management.</p>
Fortress B	Governance – Remuneration	Remuneration Chairman and Board Chairman	<p>Extensive discussions around Remuneration Policy and changes required to align shareholder and management incentives. Detailed discussions around loans to management and terms under which these loans will be written down or off.</p>





Jubilee Metals	Environmental Impact and Community Engagement	CFO	Arranged a catch-up call with Management to discuss the roll-out strategy of copper operations in Zambia. - Part of the strategy relates to the reprocessing of old tailings dams, which poses as a health risk to local communities. This continues to be executed on. - The processing plants have been specifically designed to be low-energy, low-water facilities; which is vitally important in Zambia; where local communities faced constrained supply of both. - Furthermore, the Zambian staff compliment is almost entirely local; driving empowered and supportive communities.
Dis-Chem	Governance	Senior Management and Chairman	Extensive discussion on the details of the related party transaction of OneSpark, a company in which the Chairman has a shareholding.





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.
Contact details: Standard Bank, Po Box 54, Cape Town 8000,
Trustee-compliance@standardbank.co.za, Tel 021 401 2002.

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.

NEDGROUP INVESTMENTS CONTACT DETAILS

Tel: 0860 123 263 (RSA only)
Tel: +27 21 416 6011 (Outside RSA)
Email: info@nedgroupinvestments.co.za
For further information on the fund please visit: www.nedgroupinvestments.co.za

OUR OFFICES ARE LOCATED AT

Nedbank Clocktower, Clocktower Precinct, V&A Waterfront, Cape Town, 8001
WRITE TO US
PO Box 1510, Cape Town, 8000

