

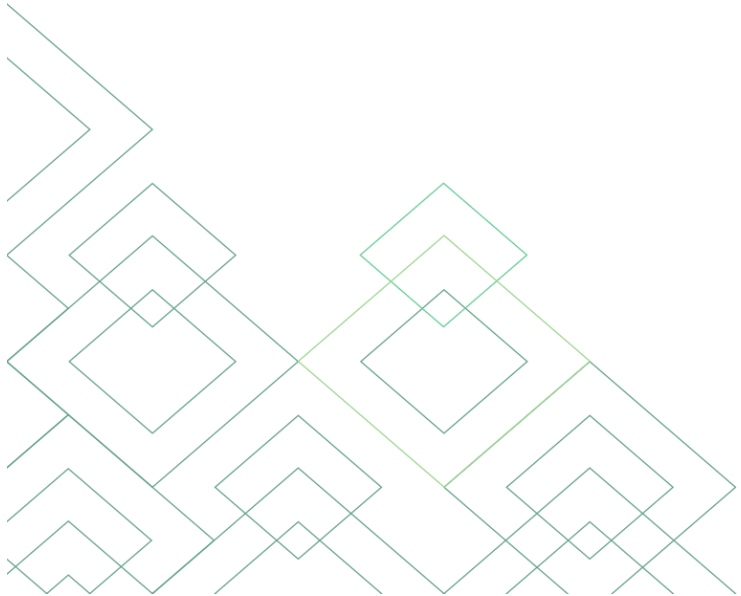
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NEDGROUP INVESTMENTS OPPORTUNITY FUND

Quarter One, 2025





Nedgroup Investments Opportunity Fund

Performance to 31 March 2025	Fund Performance ¹	ASISA category average ²	Inflation + 5%
3 months	1.8%	0.8%	2.5%
12 months	23.6%	11.9%	8.3%
3 years	12.9%	8.7%	10.5%
5 years	18.5%	11.9%	10.1%
Since inception	11.2%	8.5%	10.3%

Market Overview

The first quarter of 2025 began with optimism, as markets anticipated a soft landing for the U.S. economy, expecting one or two interest rate cuts amid declining inflation. Confidence in U.S. exceptionalism under President Trump's leadership was high. However, this narrative unraveled rapidly towards the end of the quarter, culminating in the April 2nd "Liberation Day" tariffs. These sweeping tariffs, including a universal 10% levy and higher rates for specific countries, disrupted global markets, downgraded growth prospects, and reignited inflationary concerns .

The U.S. economy faced significant headwinds as consumer sentiment and business confidence declined. The Atlanta Fed's GDPNow model projected negative GDP growth for Q1. Market expectations shifted dramatically, with four interest rate cuts now priced in for the year. The 10-year Treasury yield rose 36 basis points to 4.21%, while real yields increased by 39 basis points to 1.83%. Inflation-linked bonds underperformed nominal counterparts, reflecting stagflation concerns. The Federal Reserve signaled a willingness to prioritise growth over price stability, viewing tariff-induced inflation as transitory.

South Africa was not spared from the U.S. tariff measures, facing a potential 30% reciprocal tariff. While exemptions for certain commodities like steel, copper, and pharmaceuticals mitigated some impact, exports such as vehicles and citrus remained affected. Given that 75% of South Africa's exports to the U.S. are commodities, the estimated GDP impact is around 0.4%-0.5%.

Domestically, political instability intensified as the Government of National Unity (GNU) teetered on collapse following the DA's refusal to support the ANC's proposed budget. Although the budget passed with support from Action SA, the political upheaval weakened the ZAR against the USD. Local equities and bonds sold off, with the long end of the yield curve exceeding 12%, indicating a significant rerating of South Africa's risk premium. The South African Reserve Bank faces a challenging environment, balancing a weaker currency, political uncertainty, and global inflationary pressures against low growth and potentially lower global interest rates.

Market Returns

After a strong 2024, local bonds (ALBI) returned a modest 0.7%, while inflation-linked bonds returned 0.6%. Cash outperformed with a 1.9% return. Domestic property suffered a -3.5% return. The FTSE/JSE Capped SWIX Index rose 5.8%, driven by a 27.9% surge in SA Resources. Industrials gained 3.1%, while Financials declined by 2.0%. Retailers underperformed, falling 20.3%, reflecting

¹ Net return for the Nedgroup Investments Opportunity Fund, A1 class. Source: Morningstar (monthly data series).

² ASISA multi-asset medium equity category.





fragile consumer confidence. The rand appreciated nearly 3% against the USD over the quarter but weakened significantly in early April following the tariff announcements.

The MSCI Emerging Markets Index gained 3.0% whilst the MSCI World Index declined by 1.7%. The S&P 500 and Nasdaq declined by 4.3% and 10.4%, respectively, as major tech stocks retreated. Hong Kong's market appreciated by 15.3%, while mainland China's market was flat, and Japan's Nikkei declined by 6%. In Europe, indices performed strongly, with Germany's DAX up 17%, France's CAC 40 up 10.5%, and the Euro Stoxx 50 up 12.9%. The UK market also rose by 9%.

Portfolio Commentary

The Nedgroup Opportunity Fund delivered a return of 1.8% (net of fees, most expensive fee class) for the quarter against the peer group return of 0.8%.

The unprecedented performance over the last year placed the Nedgroup Opportunity Fund ahead of peers by 11.7%, ranking the fund top percentile in the peer group over all annual periods, since inception.

The fund continues to achieve its real return objective of CPI + 5%.

Top 5 winners and losers Q1 2025:

Top contributors	Average weight	Performance	Top detractors	Average weight	Performance
TBC Bank Group	3.2%	0.9%	Raubex Group	1.5%	-0.3%
Naspers & Prosus	3.3%	0.9%	Sasol Structured Note	0.6%	-0.2%
Alibaba Group	1.9%	0.8%	Absa Group	3.1%	-0.2%
Qifu Technology	1.8%	0.3%	Zeda	1.1%	-0.2%
MTN Group	0.3%	0.2%	Merafe Resources	0.8%	-0.1%

Source: Abax Investments

TBC Bank delivered a robust performance both in Q1 and over the past year, supported by strong fundamentals, growing credit demand, and digital innovation in Georgia. The bank's consistent profitability, low NPL ratios, and commitment to shareholder returns through dividends and buybacks boosted investor sentiment, even amid broader geopolitical uncertainty.

Naspers/Prosus gave strong returns for the quarter thanks to a rebound in Tencent and improved sentiment around Chinese tech, especially in AI. Regulatory easing in China and active buyback programs helped narrow the NAV discount.

Alibaba began to recover in Q1 after a long period of underperformance. While revenue growth remained muted, signs of stabilisation in cloud and e-commerce, combined with restructuring and cost rationalization, supported the stock.

Qifu posted strong results for both the quarter and the 12-month period, driven by resilient consumer lending volumes, strong risk management, and a successful shift to asset-light models. Regulatory





clarity and renewed interest in Chinese fintech contributed to its re-rating, with investors drawn to its scalable, tech-driven platform.

MTN surged 34% during the quarter, cementing its place among the top local equity performers. Earnings were buoyed by solid data and fintech growth across Africa, improved regulatory relations—particularly in Nigeria—and better currency stability. Deleveraging and cost control efforts further supported the rally.

Raubex posted steady Q1 results, leveraging its exposure to SANRAL and renewable infrastructure projects. Strong execution and cost control helped offset political headwinds from South Africa's government instability, though delays in state spending approvals weighed on the share price.

The Sasol structured note detracted from performance as Sasol continued to be under pressure due to a weak trading update as well as a lower oil price..

Absa contributed strongly over the past 12 months but pulled back over the quarter amid rising sovereign risk, political tensions following the failed budget vote, and higher funding costs. Despite strong capital adequacy and stable asset quality, investor caution around South Africa's macro outlook led to a valuation derating.

Zeda posted tepid Q1 performance, affected by weak consumer demand, and subdued business confidence. Although its contract-driven revenue base offered stability, investors remain cautious pending greater economic and political clarity.

Merafe had a relatively weak Q1 due to continued cost pressures as a result of higher energy prices.. While Eskom-related power constraints persists, the attractive valuation, makes it a cyclical play on metals.

Top 5 winners and losers for last 12 months:

Top contributors	Average weight	Performance	Top detractors	Average weight	Performance
R2040	16.9%	4.5%	Sasol	2.1%	-1.4%
Qifu Technology	1.5%	1.5%	Sasol Structured Note	0.4%	-0.5%
Brait	1.0%	1.4%	Kumba Iron Ore	0.1%	-0.1%
ABSA Group	3.8%	1.3%	Swatch Structured Note	0.2%	-0.1%
TBC Bank Group	2.8%	1.1%	Li Ning	0.2%	-0.1%

Source: Abax Investments

The R2040 bond experienced heightened volatility over the year, initially benefiting from easing inflation and global rate cut hopes. However, political instability from GNU tensions, the budget vote failure, and global shocks like Trump's tariff war sparked a major selloff in Q1 2025.

Brait's performance over the year remained mixed but contributed positively with a relatively lower weighting. A significant recovery in the Premier shareprice drove NAV and the Brait shareprice.





Sasol had a volatile year marked by shifting oil prices, environmental scrutiny, and operational challenges. While earlier periods saw gains from stronger commodities and cash flow, recent macroeconomic, regulatory risks and a poor trading update weighed on performance.

Kumba delivered strong earnings early in the year thanks to robust Chinese iron ore demand but ended weaker due to softening prices and logistical issues.

Li Ning saw a disappointing 12-month period amid soft Chinese consumption, intense domestic competition, and margin compression. Recent tariff tensions further hurt sentiment, with the stock unable to reclaim its prior valuation premiums.

Current positioning and outlook

The portfolio strategy started the quarter shifting towards a risk-on positioning, characterised by increased equity exposure both domestically and offshore, a rotation out of nominal bonds, and reduced cash holdings. This reflected a tactical response to improved market conditions in certain regions and sectors.

Initial expectations deviated significantly, as the quarter progressed, with protectionist U.S. trade policies and domestic political instability reshaping the economic landscape. Investors face heightened volatility and uncertainty, necessitating a focus on resilient assets and diversified strategies. Allocations were adjusted with a view that supports quality equity growth opportunities while managing downside risk from political and fiscal instability. Overall duration was reduced alongside a modest increase in inflation-linked bonds as a hedge against inflationary pressures and further currency weakness.

As global and local dynamics continue to evolve, careful navigation and adaptability remain crucial to ensure we continue to achieve our dual objective of capital protection and upside participation.





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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