

Nedgroup Investments Entrepreneur Fund

Class A

November 2017



EQUITY RANGE

RISK RATING



Risk reward profile

Equity investments are volatile by nature and subject to potential capital loss. Due to its specialist nature, the portfolio will typically display higher volatility than a general equity portfolio.

GENERAL INFORMATION

ASISA category

South African Equity Mid & Small Cap

Benchmark

ASISA Category Average

Investment manager

Abax Investments (Pty) Ltd is authorised as a Financial Services Provider under the Financial Advisory and Intermediary Services Act (FSP No. 856).

Inception date

03 November 2003

Appropriate term

Minimum 5 - 7 years

Market value

R 2,143 Million

Income distributions

Frequency: Annually

December 2016: 18.38 cpu

Previous 12 months: 18.38 cpu

Fees and charges (excluding VAT)

| | |
|-----------------------|-------|
| Initial fees | 0.00% |
| Annual management fee | 1.50% |

| | |
|---|--------------|
| Total expense ratio | 1.73% |
| Transaction costs | 0.21% |
| Total investment charges² | 1.94% |

Please Note:

Differences may exist due to rounding

CONTACT

Client Services Centre

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Website: www.nedgroupinvestments.co.za

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Portfolio profile

The portfolio is suitable for investors who require specific exposure to small- and mid-cap sector shares as part of their overall investment strategy, with maximum capital appreciation as their primary goal over the long term.

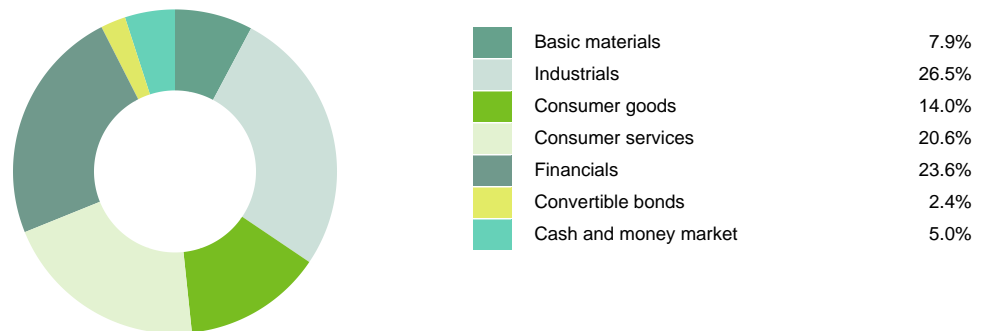
Performance¹

| Period | Portfolio | Benchmark |
|-----------------------|-----------|-----------|
| 1 year pa | 6.6% | -2.0% |
| 3 Years pa | 6.8% | 2.5% |
| 5 Years pa | 12.2% | 7.7% |
| 7 Years pa | 15.8% | 9.6% |
| 10 Years pa | 11.1% | 5.6% |
| Lowest 1 year return | -36.9% | |
| Highest 1 year return | 47.2% | |

Risk

| Period | Portfolio | ALSI |
|----------------------|-----------|-------|
| Volatility [5 years] | 8.7% | 11.0% |

Portfolio structure



Top 10 holdings

| Share | Percentage |
|-----------------------------|-------------|
| Naspers Ltd | 7.4 |
| KAP Industrial Holdings Ltd | 5.6 |
| Reinet Investments SCA | 5.1 |
| Barloworld Ltd | 4.6 |
| RMI Holdings Ltd | 4.1 |
| AVI Ltd | 4.0 |
| Santam Ltd | 4.0 |
| JSE Ltd | 3.8 |
| Sappi Ltd | 3.8 |
| Italtile Ltd | 3.7 |
| Total | 46.2 |

¹ The annualized total return is the average return earned by an investment each year over a given time period. Performance is calculated for the portfolio and individual investment performance may differ as a result of initial fees, the actual investment, the actual investment date, the date of reinvestment and dividend withholding tax. Due to the delayed release of inflation data, relevant benchmarks will lag by one month.
Data source: © Morningstar Inc. All rights reserved.

² Total Expense Ratio (TER), expressed as a percentage of the Fund, relates to expenses incurred in the administration of the Fund. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TERs. Transaction Costs (TC), expressed as a percentage of the Fund, relate to the costs incurred in buying and selling the underlying assets of the Fund. TC are a necessary cost in administering the fund and impact fund returns. It should not be considered in isolation as returns may be impacted by other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER. The Total Investment Charges expressed as a percentage of the Fund, relates to all investment costs of the Fund. Both the TER and TC of the Fund are calculated on an annualised basis, beginning 01/10/2014 and ending 30/09/2017.

INVESTMENT MANAGER COMMENTARY

Investment manager commentary

Abax Investments

The Nedgroup Investments Entrepreneur Fund had yet another reasonable month in November 2017 appreciating by 1.3% which compares favourably with its benchmarks, the JSE Mid Cap Index which rose by 2.3% while the JSE Small Cap Index actually declined by 2.7%.

Primary positive contributors to the fund's performance in the month were mostly long-term core holdings – notably Naspers, Rand Merchant Insurance Holdings, Barloworld and KAP. Short-term detractors from performance in the month were Merafe, Oceana and recent addition to the fund; Advtech.

The most notable development during November was the evolving political landscape as we close-in on the ANC Elective Conference in late December. During this period, the Cyril Ramaphosa campaign gained increasing momentum and enjoys the majority of support from the ANC branches and provincial councils. While we have worried that a clear positive outcome was unlikely the chances this may occur are undeniably rising. In the event that actually occurs we would anticipate further strength in the rand and a likely strong price response from many sectors that are trading at low valuations in the expectation of little growth driven by an indefinite delay of recovery and low at best economic growth in South Africa. While we appreciate that even if the Ramaphosa campaign succeeds and a more pragmatic, uncorrupt and business-friendly approach is adopted, the inherited structural economic problems of the country's balance sheet and income statement can at best only be addressed over a multi-year time-frame. Regardless of that reality we would anticipate the market will move quickly to discount that scenario and we are likely to see a strong run in many stocks currently pricing in a zero growth future.

As a consequence we have continued to migrate the portfolio more into under-valued domestic-oriented counters, where even if the positive scenario we explained above does not occur, we see little downside to their depressed valuations.

As at the end of November 2017 the Nedgroup Investments Entrepreneur Fund's weighted Price to Earnings, dividend yield and Price to Book ratios were 12.7X, 2.8% and 2.0X respectively.

Please note an important change that will be effective January 2018. Fund commentary will be produced on a quarterly basis, moving from the current monthly cycle, to provide an enhanced analysis of the fund over a longer period.

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).

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.

Performance

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.

Pricing

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

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.

Disclaimer

Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. Nedgroup Investments has the right to close unit trust funds to new investors in order to manage it more efficiently. For further additional information on the fund, including but not limited to, brochures, application forms and the annual report please contact Nedgroup Investments.

Nedgroup Investments contact details

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For further information on the fund please visit: www.nedgroupinvestments.co.za

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Write to us

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