

Nedgroup Investments Opportunity Fund

Class A

November 2017



ASSET ALLOCATION RANGE

RISK RATING



Risk reward profile

Equity and property investments are volatile by nature and subject to potential capital loss. For credit and income instruments, while unlikely, capital loss may also occur due to an event like the default of an issuer. The portfolio may be subject to currency fluctuations due to its international exposure.

GENERAL INFORMATION

ASISA category

South African Multi Asset Medium Equity

Benchmark

Inflation + 5% over rolling 3 years

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

27 June 2011

Appropriate term

Minimum 3 - 5 years

Market value

R 10,332 Million

Income distributions

Frequency: Semi-annually

June 2017: 58.86 cpu

Previous 12 months: 127.54 cpu

Fees and charges (excluding VAT)

Initial fees 0.00%
Annual management fee 1.35%

Total expense ratio 1.61%
Transaction costs 0.34%
Total investment charges² 1.95%

Please Note:

Differences may exist due to rounding

CONTACT

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Website: www.nedgroupinvestments.co.za
Email info@nedgroupinvestments.co.za

Portfolio profile

The portfolio is suitable for investors requiring moderate levels of capital growth who do not wish to make complex asset allocation decisions between equities, cash and bonds, both locally and offshore. Diversification across asset classes and a maximum equity exposure of 60% helps to reduce risk and volatility relative to an average prudential portfolio. The portfolio complies with Regulation 28 of the South African Pension Funds Act.

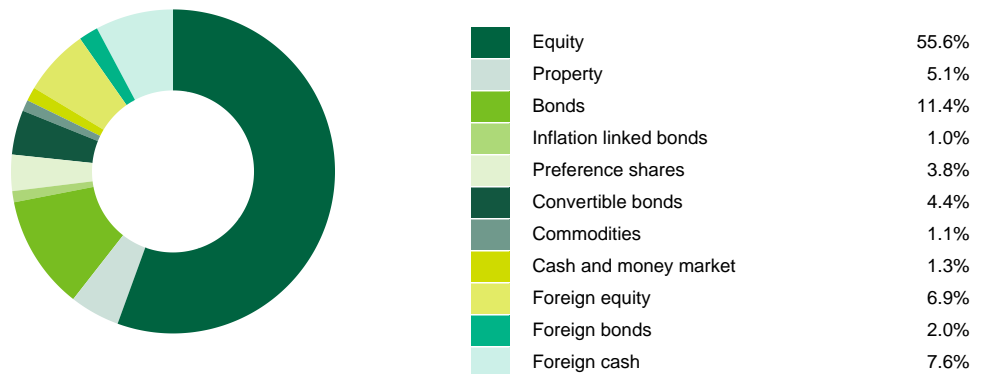
Performance¹

Period	Portfolio	Benchmark
1 year pa	12.5%	10.1%
3 Years pa	8.3%	10.5%
5 Years pa	11.2%	10.7%
Since Inception	12.7%	10.8%
Lowest 1 year return	1.6%	
Highest 1 year return	23.7%	

Risk

Period	Portfolio	ALSI
Volatility [5 years]	5.5%	11.0%

Portfolio structure



Top 10 holdings

Share	Percentage
Naspers Ltd	8.9
Steinhoff International H NV (JSE)	6.9
Barclays Africa Group Ltd	4.5
Sasol Ltd	4.2
Zambezi Platinum RF Ltd Pref Share	2.9
FirstRand Ltd	2.8
Investec Euro Stoxx 50 linked multiplier 121218	2.7
Impala Platinum Holdings Convertible Bond 6.375% 070622	2.2
Old Mutual Plc	2.2
Royal Bafokeng Platinum Convertible Bond 7.00% 150322	2.2
Total	39.3

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.

ASSET ALLOCATION RANGE

Investment manager commentary

Abax Investments

November saw its fair share of domestic market related flashpoints. S&P downgraded South Africa's local and foreign currency ratings as anticipated in last month's market commentary. Moody's however decided to go for a stay of execution and put South Africa on review for a downgrade. This implies that they will likely downgrade but are giving policymakers an opportunity to set policy that would allay a few of their concerns, and potentially avert the downgrade. The ANC Elective Conference in December presents an unusual relatively binary event risk, creating a more complex investment management environment.

The Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) decided to leave interest rates unchanged at their November meeting. They are again concerned about potential upside risks to the CPI outlook largely emanating from currency weakness. Fears of further downgrades from rating agencies had increased after a very weak MTBPS was delivered in October. The MPC also stated the following "the less favourable path of fiscal consolidation could potentially reduce the scope for further monetary accommodation".

Global markets continued their very benign run, with the VIX Index ending the month at 11.3, which is low by historical standards. Corporate bond spreads have remained at their tightest levels for years and global equities continue to perform well with the MSCI World Index up 2.2% for the month. This environment was assisted by representatives of most of the major central banks turning more dovish as CPI inflation continued to undershoot forecasts and targets. Federal Reserve governors continue to indicate a December hike is on the cards and that they will continue to increase the pace at which the balance sheet is run down, but their cautious tone has served to calm any market concerns regarding rapid tightening.

The All Share Index was 1.5% higher for the month, mainly on the back of a strong move in Naspers, which rallied 7% on a strong set of results from Tencent. Bonds were down 1% and inflation-linked bonds were 3.2% lower as real yields continued to climb.

There was little change to the structure of the Nedgroup Investments Opportunity Fund over the course of the month. The Fund remains balanced, with a mix of domestic and offshore holdings. There are also a number of single stock overlays which should help protect some of the larger counters in the event of market weakness. We are hopeful that this will serve investors well, regardless of the outcome in December.

The net effective exposure of 55.5% at 30 November 2017 is a function of:

- Physical equity exposure (62.5%);
- Plus option/future strategies (could increase or decrease net exposure – currently decreasing effective equity exposure by 10%);
- Plus convertibles exposure (this is not the same as actual convertible holdings – currently adding about 3% to effective equity exposure).

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

Our offices are located at

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Write to us

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