

Nedgroup Investments Rainmaker Fund

Class A2

November 2017



EQUITY RANGE

RISK RATING



Risk reward profile

Equity investments are volatile by nature and subject to potential capital loss.

GENERAL INFORMATION

ASISA category

South African Equity General

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

04 January 2010

Appropriate term

Minimum 5 - 7 years

Market value

R 14,727 Million

Income distributions

Frequency: Annually

December 2016: 170.91 cpu

Previous 12 months: 170.91 cpu

Fees and charges (excluding VAT)

Initial fees 0.00%
Annual management fee 1.25%

Total expense ratio 1.45%
Transaction costs 0.16%
Total investment charges² 1.61%

Please Note:

Differences may exist due to rounding

CONTACT

Client Services Centre
Tel: 0860 123 263
Fax 0861 119 733

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

Portfolio profile

The portfolio is suitable for investors seeking exposure to the domestic equity market with maximum capital appreciation as their primary goal over the long term. Investors should have a tolerance for short-term market volatility in order to achieve long-term objectives.

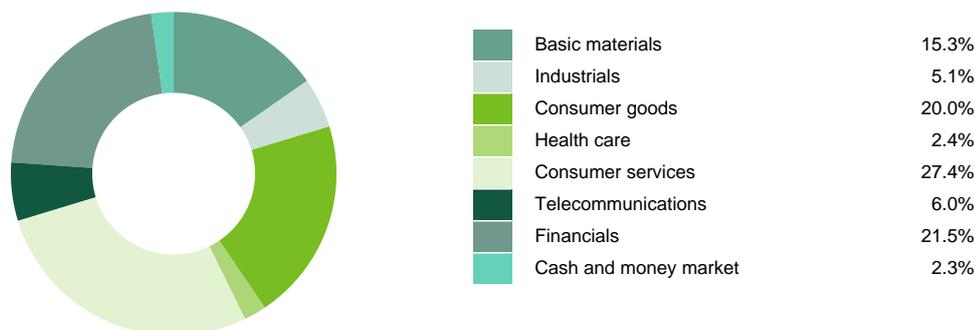
Performance¹

Period	Portfolio	Benchmark
1 year pa	20.5%	15.3%
3 Years pa	8.0%	5.8%
5 Years pa	11.7%	10.0%
7 Years pa	12.1%	10.6%
Since Inception	12.7%	11.0%
Lowest 1 year return	-6.7%	
Highest 1 year return	33.3%	

Risk

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

Portfolio structure



Top 10 holdings

Share	Percentage
Naspers Ltd	20.0
British American Tobacco Plc	8.8
FirstRand Ltd	5.8
Sasol Ltd	4.6
MTN Group Ltd	4.5
Steinhoff International H NV (JSE)	4.0
BHP Billiton Plc	3.7
Barclays Africa Group Ltd	3.0
Tiger Brands Ltd	2.8
Old Mutual Plc	2.7
Total	59.8

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.

EQUITY RANGE

Investment manager commentary

Abax Investments

The JSE All Share Index posted a total return of +1.5% in November. Our holdings in Shoprite (+12.6%), Barclays Africa (+12.6%) and FirstRand (+10.0%) enhanced the Fund's performance while our holdings in Steinhoff (-8.4%), Mediclinic (-7.2%) and Mondi (-4.5%) detracted from performance.

Politics continued to take center stage during the month, both in South Africa as well as in neighbouring Zimbabwe. After 37 years in power, Robert Mugabe resigned as president of Zimbabwe. Mugabe initially defied demands to step down after a military takeover and expulsion from his own ruling Zanu-PF party but did so when parliament started proceedings to impeach him. At 93-years-old, Mugabe was, until his resignation, the oldest head of state in the world.

In South Africa, S&P Global Ratings downgraded our local and foreign currency credit ratings by one notch each, bringing both the local and foreign currency ratings to junk. Moody's kept its ratings unchanged, subject to review for possible downgrade. Concerns cited by both rating agencies included the low growth environment, deterioration of governance and fiscal health in state owned enterprises (SOEs) and the rising debt burden of the country. As things stand, both Fitch and S&P have South Africa's local currency rating on junk, while Moody's remains in investment grade. South Africa needs to retain Moody's investment grade rating for its local currency sovereign debt to remain in key global indices (such as the World Government Bond Index, WGBI). If not, it could result in significant currency outflows, which in turn could cause the rand to weaken sharply. Moody's review for downgrade is expected to be concluded after the 2018 budget is known in February 2018.

In contrast to our domestic challenges, the world's major economies appear to be in good health. European and Japanese economies are continuing on a path of steady improvement, and the US continues to grow strongly. Out of the 192 economies that the IMF follows and provides growth forecasts for, only 6 are expected to have negative growth in 2018 - the lowest number on record since 1981. This co-ordinated global growth is providing a strong backdrop for global markets, with US stock indices reaching new highs and the Nikkei 225 surpassing the 22,000 mark for the first time in 21 years. Further support could come from the planned US tax reform. It is worth noting that the Nedgroup Investments Rainmaker Fund owns a number of globally diversified businesses that will benefit from this backdrop of synchronized global growth and US tax reform (i.e. British American Tobacco).

As we approach the end of 2017, the potential for shocks remain given the upcoming ANC elective conference. We are mindful that a market friendly outcome (i.e. Cyril Ramaphosa elected as ANC president) could see a significant rally in domestic-orientated businesses. As such, we have recently increased the Fund's exposure to a variety of stocks which will flourish should an improvement in domestic conditions materialise in South Africa.

The Nedgroup Investments Rainmaker Fund currently trades on a forward rolling Price/Earnings (P/E) ratio of 14.2x and a dividend yield of 2.9%.

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

Tel: 0860 123 263 (RSA only)
Tel: +27 21 416 6011 (Outside RSA)
Fax: 0861 119 733 (RSA only)
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