



NEDGROUP
INVESTMENTS

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**NEDGROUP INVESTMENTS
PRIVATE WEALTH EQUITY
FUND**

Quarter One, 2018

For the period ended 31 March 2018

NEDGROUP INVESTMENTS PRIVATE WEALTH EQUITY FUND

MARKET OVERVIEW

The JSE All Share index shed 6% in rand terms during Q1 2018. The best-performing sectors were Oil & Gas (+0.0%), Industrials (-1.7%), and Health Care (-1.9%). The worst performing sectors were Technology (-30.5%), Consumer Services (-10.3%) and Consumer Goods (-7.5%). During the period the rand gained 4.2% against the US dollar.

THE NEDGROUP INVESTMENTS PRIVATE WEALTH EQUITY FUND Q1 2018: +0.81% RELATIVE TO BENCHMARK

The Fund outperformed its Swix40 index benchmark by 0.81% in the first quarter. Positive contributors for the quarter included Naspers, Steinhoff Africa Retail and software group, Adapt IT. The Fund's performance benefited from an underweight position in Naspers. Naspers constitutes in excess of 25% of the Swix40 index. Detractors for the period included the Fund's positions in IT services group, EOH Holdings, education group, Curro and investment holding company, Reinet.

PORTFOLIO ACTION UNDERTAKEN DURING THE PERIOD: REDUCED SA INC. POSITIONS IN RESPONSE TO RAMAPHOSA RALLY

In response to a resurgent rand and moderating domestic interest rate expectations, a broad basket of SA Inc. stocks posted a strong rally over the period. The Fund took the opportunity to reduce certain positions in response to this "Ramaphosa rally". Examples of positions reduced included The Foshini Group, Bidvest, and RMH Holdings.

Focus areas in the Fund: EOH announced a particularly weak trading statement during the period for the six months ending 31 January 2018. The interim performance reflected the knock-on financial consequences of the 2017 news flow relating to unfounded adverse media coverage. Going forward, EOH will now need to rebuild market confidence which will require evidence of a return to business as usual. In addition, an internal restructuring exercise is also underway in a bid to enhance transparency and efficiency within the Group.

Reinet also remained under pressure during the quarter which reflected the performance of its largest investment, British American Tobacco (BAT). The tobacco industry has entered what has been dubbed "the FDA bear market". The US Food and Drug Administration (FDA) has recently adopted a more proactive strategy in a bid to discourage the appeal of smoking. In particular, the FDA is targeting a reduction in flavours, menthol and nicotine levels in cigarettes and has embarked on a process of public consultation. The market has adopted a cautious stance and BAT has in turn de-rated to a low teens multiple and a dividend yield approaching 5%.

DISCLAIMER

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.

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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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