



QUARTERLY DOMESTIC INVESTMENT REVIEW

For the period ended 30 June 2018



PRIVATE WEALTH
SINCE 1834

The purpose of this report is to provide you, as a unit holder or a stakeholder in one of the Nedgroup Investments Private Wealth unit trust solutions, with a review of the past quarter's performance. The report is structured as follows:

PART ONE: MARKET REVIEW

This section provides a market review, which looks at the performance over the past quarter of local and global asset classes, as well as currencies, and puts this into perspective relative to longer-term performance. The purpose of this review is to provide a context in which the performance of the Nedgroup Investments Private Wealth unit trust range can be assessed.

PART TWO: INVESTMENT SOLUTIONS' PERFORMANCE

This section provides an overview of the performance of the unit trust range that Nedbank Private Wealth Clients are invested. The review focuses on both short and longer time periods.

PART THREE: INVESTMENT SOLUTIONS' POSITIONING

This section provides a detailed assessment of the investment solutions' positioning in terms of asset allocation, portfolio holdings, investment views and outlook.

PART FOUR: PORTFOLIO MANAGER REVIEW

This section provides an assessment of the performance of each of the underlying portfolio managers. This assessment compares the managers' performance to their respective benchmarks.

PART ONE: MARKET REVIEW

The tables below provide a review of key local and international investment indicators for the past quarter, as well as over longer periods.

SOUTH AFRICAN ASSET CLASSES (IN RANDB)

Performance over periods to 30 June 2018

Asset class	Indicator	3 months	1 year	3 years	5 years	LT-average*
Equities	All Share Index	4.5%	15.0%	6.7%	11.1%	12.5%
Property	Listed Property Index	-2.2%	-9.9%	0.9%	6.7%	12.2%
Bonds	All Bond Index	-3.8%	10.2%	7.8%	7.4%	6.9%
Cash	STeFI Call	1.6%	6.7%	6.7%	6.1%	5.9%
Inflation	CPI (one month in arrears)	1.3%	4.4%	5.3%	5.4%	5.7%

Source: Morningstar and Nedgroup Investments.

GLOBAL ASSET CLASSES (IN DOLLARS)

Performance over periods to 30 June 2018

Asset class	Indicator	3 months	1 year	3 years	5 years	LT-average*
Equities	MSCI AC World Index	0.7%	11.3%	8.8%	10.0%	8.6%
Property	FTSE EPRA/NAREIT Developed Property Index	5.5%	6.7%	6.7%	6.9%	7.2%
Bonds	Barclays Global Aggregate TR	-2.8%	1.4%	2.6%	1.5%	4.6%
Cash	US 3-month deposits	0.5%	1.5%	0.9%	0.6%	4.4%
Inflation	US CPI (one month in arrears)	1.0%	2.8%	1.9%	1.6%	3.0%

Source: Morningstar and Nedgroup Investments.

CURRENCIES

Movements over periods to 30 June 2018

Currency	Value at month-end	3 months	1 year	3 years	5 years	LT-average*
Rand / Dollar	13.71	-15.7%	-4.6%	-4.1%	-6.7%	-5.5%
Rand / Sterling	18.10	-8.9%	-6.3%	1.8%	-3.7%	-4.1%
Rand / Euro	16.00	-9.8%	-7.1%	-5.8%	-4.4%	-5.5%

Source: Morningstar and Nedgroup Investments

* Updated annually from 1900, or longest available period. Returns for periods longer than 12 months are annualised.

ECONOMIC AND MARKET COMMENTARY

International

Notes: All quarterly data is quoted in US dollar terms unless otherwise stated.

Despite global forecasts for GDP and corporate earnings remaining robust, investors became more risk averse in the second quarter. Growing trade tensions were the major worry, with President Trump rarely missing an opportunity to pick a fight. The first tariffs (on US\$50bn worth of Chinese exports to the US) were enacted on the 6th July, and Trump has threatened to extend import levies to goods from other countries and regions, such as the EU. In response, the EU has said it will retaliate by putting an equivalent amount of tariffs on US exports to Europe, with products like Harley Davidson motorbikes and Jack Daniels whiskey being targeted. More recently, Trump also stated he would put tariffs on an additional US\$400bn of Chinese goods and US\$360bn worth of auto-related imports. Naturally, all these threats and counter-threats did little for investor confidence, causing volatility to rise and risk assets to falter.

In Europe, the financial markets remained wary about the future budgetary plans of the new Five Star / Lega coalition government, while the Brexit talks continued to give all the appearance of being fairly shambolic on the part of the UK government. With the government, parliament and whole country hopelessly split down the middle on the best course of action, it appears that the prime minister is unable to determine what kind of a future relationship she wants with the EU. With the clock ticking on, business and consumer confidence is waning, which could further undermine both the pound and the UK economy.

Central banks also made headlines, with growing policy divergence contributing to considerable exchange rate volatility. In particular, the dollar was very strong, while many emerging market currencies fell sharply. While the Federal Reserve raised interest rates and made slightly more hawkish noises, the European Central Bank responded to signs of slowing growth and worries about the new anti-EU Italian coalition government by leaving policy unchanged and making generally dovish statements.

Over the quarter, equity markets advanced by +0.6%, according to the MSCI All Country World Index. As the dollar rose sharply, there was a lot of dispersion in performance across the different regions and markets, with the US (+3.4%) being the strongest, and Emerging Markets (-7.8%) the weakest. Sector performance was also broadly spread, with the extremes taken up by energy (+10.5%), which benefited strongly from increased oil prices, and financials (-5.5%), which weakened on lower interest rates and worries about future earnings growth. In terms of style, growth (+2.5%) once again outpaced value (-1.1%), while smaller companies (+2.2%) outperformed larger companies (+0.6%).

Having shown signs of weakness early in the quarter, the performance of safe haven bonds improved in the latter stages as investors' risk appetite waned. With the notable exception of US high yield, credit spreads generally widened, causing corporate bonds to underperform government bonds. Over the period, the JP Morgan Government Bond Index rose +0.2%, while the Merrill Lynch Global Investment Grade Corporate Bond Index declined -0.4% and the Merrill

Lynch Global High Yield Bond Index lost -0.1%. Finally, the JP Morgan Global Emerging Market Bond Index (-3.5%) was particularly weak on worries that a stronger dollar and a wider trade war could become a headwind for some countries.

Commodities were another asset class that delivered quite disparate performance, although this was masked in aggregate by a modest +0.4% rise in the Bloomberg Commodity Index. Crude oil (+13.2%) was the best performing sector, as its supply and demand dynamics continued to improve. In contrast, gold (-5.5%) and agriculture (-8.7%) were weak, in part due to the strength of the US dollar.

Undoubtedly the main stories in the foreign exchange markets were the continued rise of the dollar (+5.3% versus the euro; +6.1% against the pound), and the marked weakness of some emerging market currencies. US economic strength, along with a Fed Funds hike and slightly more hawkish rhetoric, encouraged capital to flow towards the dollar and away from other currencies. This was most acutely felt by the weaker emerging market currencies, especially those that rely on foreign capital to fund trade deficits and government borrowing. Against the US dollar, some of the more dramatic moves included the Turkish lira (-16.6%), Argentinian peso (-43.9%), Brazilian real (-17.0%), South African rand (-16.0%) and Mexican peso (-8.8%).

Domestic

After the positive developments of the first quarter, the second quarter of 2018 started out with a lot of uncertainty over the proposed land expropriation bill and the implementation of higher VAT rates announced in the February 2018 Budget Speech, as it remained to be seen how long the “Ramaphoria” of the first quarter would last.

During the first quarter, GDP contracted 2.2% quarter-on-quarter, which was much worse than expected and the worst since the depths of the 2009 recession, raising question about how soon the confidence boost generated by South Africa’s new political leadership might translate into stronger investment and growth, even though the GDP expanded by 0.8% year-on-year.

Inflation increased to 4.5% in April, compared to 3.8% in March, driven by a rise in fuel prices and alcoholic beverages. At the end of the quarter, the fuel price reached record highs, breaking R16/litre in some places, as the rising price of oil and a weakening rand placed pressure on the commodity, urging President Ramaphosa to task ministers in the economic cluster to investigate measures of relieving the public of the effects of high fuel prices and the VAT increase.

In May, ratings agency Standard & Poors Global Ratings kept South Africa’s sovereign credit rating unchanged at “BB+”, the first notch of sub investment grade, and South Africa’s foreign-currency debt unchanged at “BB”, the second grade of junk status, while maintaining a stable outlook. The agency said that South Africa still faces considerable economic and social challenges as economic growth remains tentative and the government’s debt burden continues on a rising path.

On the political front public hearings on land expropriation has got underway across the country, but it remains unclear on how land reform will work; the Mining Charter draft has been published for public comment, but early indications are that further consultation is required as the deadline has already been extended; and the proposed National Health Insurance Bill was gazetted in June, detailing an ambitious plan to roll out health care nationally, but while there is no dispute that South Africa’s health care system needs major reforms, the proposed bill still contains too many inconsistencies and unanswered questions for it to be the final roadmap to universal health care in the country.

On the economic front, local and global uncertainty led to the rand weakening by more than 15% to the dollar during the second quarter of 2018, while the bond market retreated by 3.8% on the back of large outflows from foreign investors. Bonds still remain in positive territory for the year, having returned 4.0% year-to-date.

In equities, large cap stocks were helped by rand hedges, as the JSE All Share returned 4.5% for the quarter with the Top 40 index producing 6.2%. Small-cap and mid-cap stocks struggled, returning -4.5% and -7.2% respectively, while SA listed property produced -2.2%. The resources index had a bumper quarter, delivering 21.7%, while industrials produced a 5.3% return. Financials stocks declined by 6.6%, in line with the weakening currency and poorer economic outlook.

PART TWO: INVESTMENT SOLUTIONS' PERFORMANCE

PERFORMANCE OF THE NEDGROUP INVESTMENTS PRIVATE WEALTH FUND OF FUNDS RANGE

Performance periods to 30 June 2018

As at 30 June 2018		Q2 2018	1 year	3 years	5 years	7 years	10 Years	Inception*
Fund of Funds	NPW Defensive	5.2%	7.1%	5.8%	8.2%	9.8%	10.2%	12.7%
Benchmark	CPI + 3%	2.1%	7.5%	8.5%	8.6%	8.6%	8.7%	8.9%
Category average	SA MA Low Equity	2.8%	6.9%	5.7%	7.3%	8.4%	8.1%	9.2%

Source: Morningstar and Nedgroup Investments

As at 30 June 2018		Q2 2018	1 year	3 years	5 years	7 years	10 Years	Inception*
Fund of Funds	NPW Balanced	4.8%	5.4%	4.4%	8.5%	10.4%	10.4%	13.9%
Benchmark	CPI + 4%	2.3%	8.6%	9.6%	9.6%	9.7%	9.8%	9.9%
Category average	SA MA Medium Equity	3.5%	6.9%	4.8%	7.6%	8.9%	8.3%	10.8%

Source: Morningstar and Nedgroup Investments

As at 30 June 2018		Q2 2018	1 year	3 years	5 years	7 years	10 Years	Inception*
Fund of Funds	NPW Satellite	1.5%	2.0%	2.6%	7.9%	10.4%	9.1%	14.4%
Benchmark	CPI + 6%	2.8%	10.6%	11.7%	11.8%	11.8%	11.9%	12.1%
Category average	SA MA Flexible	2.8%	5.9%	3.2%	7.5%	9.0%	8.4%	12.3%

Source: Morningstar and Nedgroup Investments

* From 1 May 2004.

Returns for periods longer than 12 months are annualised.

PORTFOLIO PERFORMANCE

Thus far 2018 has been a tale of two quarters. The SA equity market delivered strong performance (+4.5% All Share Index) with rand hedges benefiting from rand weakness, while we saw a reversal in many SA Inc. stocks' (such as SA-focused banks and retailers) strong first quarter performance. The small/mid cap universe were not spared by the fading of expectations of a SA recovery, mainly adversely affecting the Nedgroup Investments Private Wealth Satellite Fund of Funds, which has approximately 10% to this opportunity.

Global asset classes delivered very strong performance for rand investors, predominantly due to currency weakness. The increase in exposure to our portfolios offshore carve-out was the main contributor to the outperformance, relative to the peers' average return. The exposure to stocks with significant offshore earnings also benefited from a weakening rand. Nominal bonds experienced further outflows from foreigners, which contributed to the -3.8% quarterly return (not far from the higher -3.3% relative return of our underlying bond fund).

The property sector staged a comeback in the last month of the quarter, delivering +7.7% as news flow from the Resilient group helped stabilise share prices. The property sector was however still down 2.2% in Q2 2018, and our portfolios' domestic property portion managed to stay ahead, given a positive return. We are of the view that there remains tremendous pockets of value in the sector. The funds remain well positioned, with a healthy cash allocation, to take advantage of any opportunities that may arise.

Over the last three years, which is equivalent to the lower-risk-profiled fund's investment horizon, returns are behind the CPI+ benchmarks. This performance gap is not unique to this strategy and has been a function of higher inflation in the recent years coupled with no domestic asset classes delivering real returns in excess of the inflation plus targets for the three years ending June 2018.

3-year annualised real return vs SA inflation (5.3%) as at 30 June 2018 (ZAR)

Domestic asset classes			Global asset classes		
Equity	All Share Index	1.3%	Equity	MSCI All Country World	7.5%
Property	SA Listed Property Index	-4.2%	Property	S&P Developed Property Index	5.7%
Bond	All Bond Index	2.3%	Bond	JPM Global Bond Index	1.3%
Cash	STeFI Call	1.2%	Cash	US 3 month deposits	-0.2%

We would expect the performance differentials of the NPW Fund of Funds to narrow, as the high real yields available in the domestic bond market as well as the derating of various pockets of the market to more attractive levels. This give us reason to be more optimistic about reaching the inflation targets in the near future.

RANKINGS AS AT 30 JUNE 2018 AGAINST ALL FUNDS IN THE SAME CATEGORY¹

The table below highlights the performance ranking relative to all funds over various time periods. The appropriate measurement period for each fund is in bold.

NPW FoF	Peer Category	Year-to-date	1 year	3 years	5 years	7 years	10 Years	Since Inception*
NPW Defensive	South African – Multi Asset – Low Equity	24/144	56/141	60/108	17/78	11/64	2/45	1/9
NPW Balanced	South African – Multi Asset – Medium Equity	37/87	67/82	42/65	11/49	7/39	1/32	1/9
NPW Satellite	South African – Multi Asset Flexible	41/63	51/59	37/51	22/42	17/39	17/32	3/13

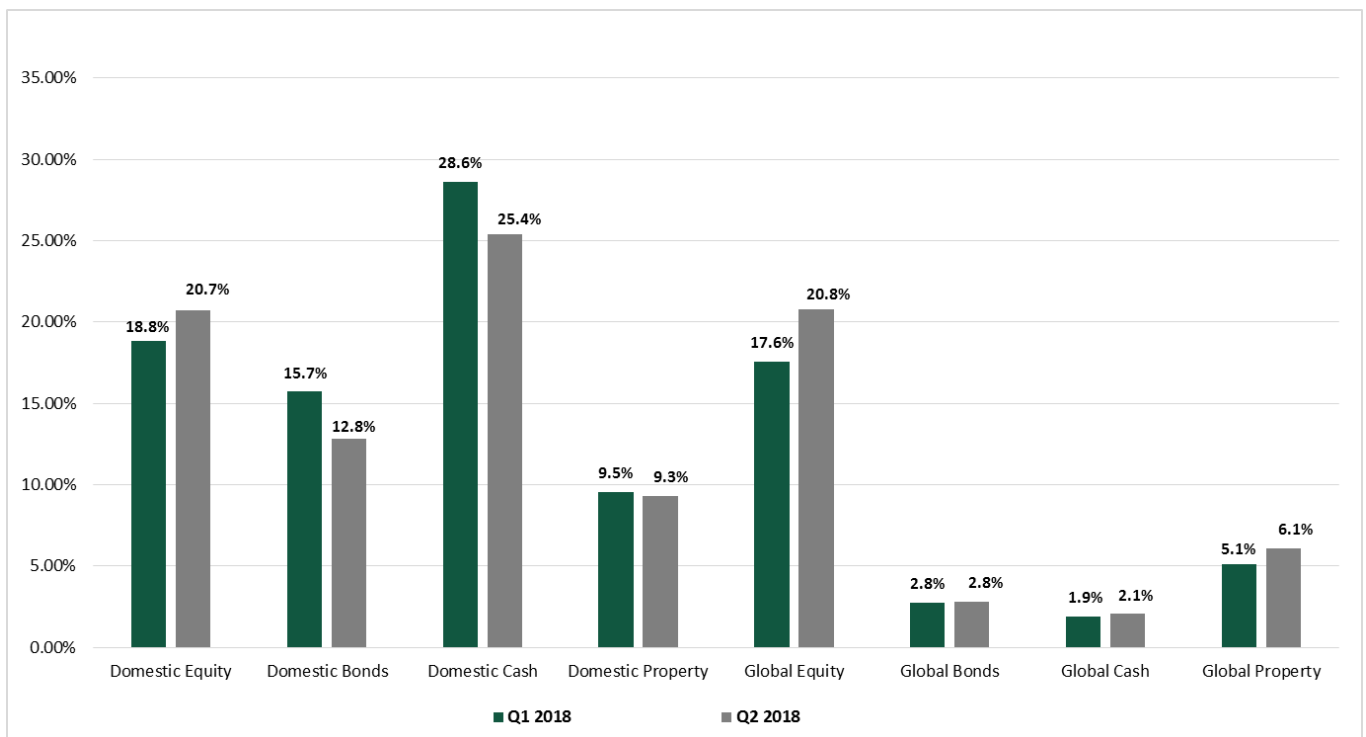
* From 1 May 2004.

¹ Source for all rankings is Morningstar Direct and Nedgroup Investments

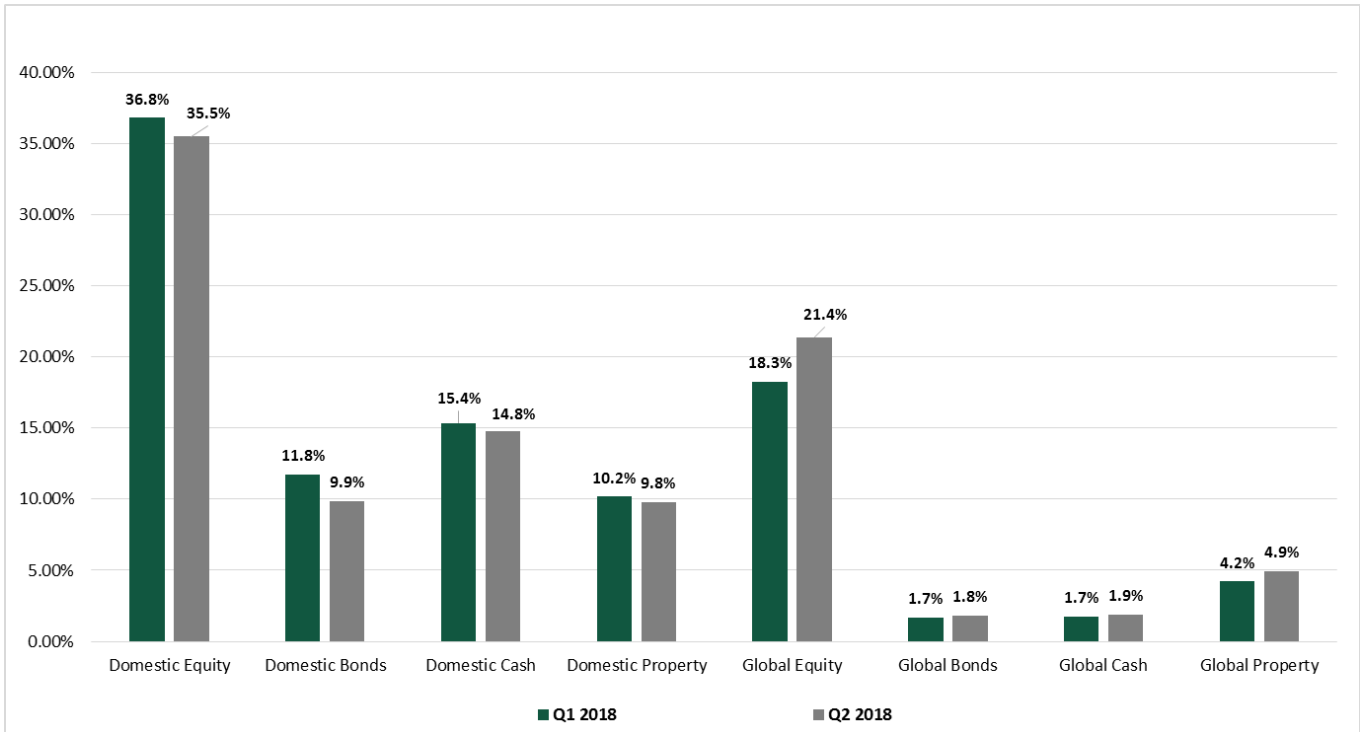
PART THREE: POSITIONING OF THE SOLUTION

Over the quarter, we used some of the cash buffer we had to introduce a 2% allocation to emerging market equities, which continue to show attractive value. The deployment of cash by the underlying offshore managers; as well as the strong performance of the offshore carve-out resulted in an increase in the offshore risky-assets exposure. Further trades will be conducted to take some profits; and ensure that the portfolios are compliant and within their regulatory limits. The neutral position to local nominal bonds was largely retained; and the funds remains well positioned, with modest risk and a healthy cash allocation, to take advantage of any pockets of value.

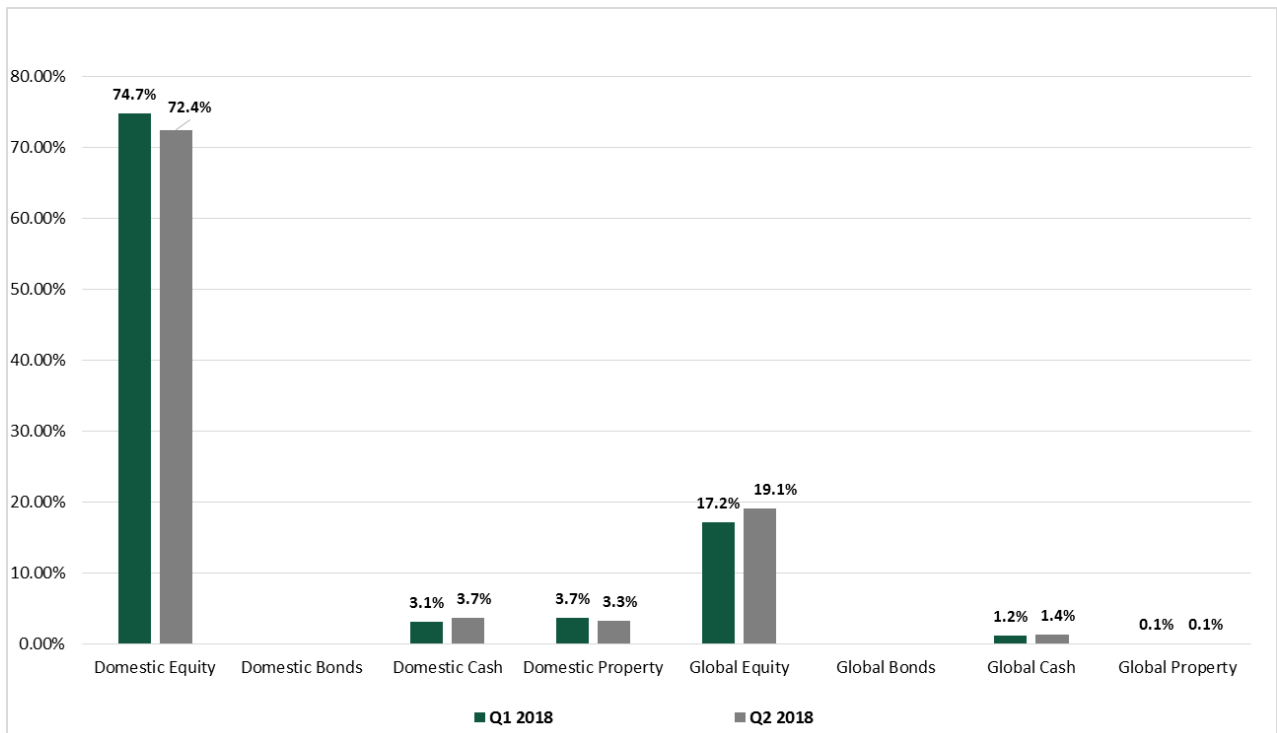
NPW Defensive



NPW Balanced



NPW Satellite



Manager Allocation as at 30 June 2018

	Underlying holdings	Satellite	Balanced	Defensive
1	NGI Private Wealth Core Equity		14.4%	7.8%
2	Nedgroup Inv Value	29.1%	3.7%	2.9%
3	Coronation Top 20		5.7%	3.3%
4	Coronation Equity	29.5%		
5	Prudential Equity		7.4%	5.1%
6	NGI Private Wealth Small-/Mid-Cap	26.6%	5.6%	1.9%
7	Nedgroup Inv Core Accelerated		1.8%	1.0%
8	Nedgroup Inv Stable		7.0%	6.8%
9	NGI Private Wealth Property		8.4%	7.9%
10	NGI Private Wealth Bond		8.7%	11.9%
11	Nedgroup Inv Flex Income		4.9%	13.7%
12	Nedgroup Inv Core Income		6.6%	9.9%
13	ABIL Retention		0.2%	0.5%
14	Nedgroup Inv Global Equity Feeder	14.0%	7.0%	7.1%
15	Investec Worldwide Equity Feeder		5.8%	5.4%
16	Coronation GEM Flexible Feeder		2.0%	2.0%
17	Nedgroup Inv Core Global Feeder		6.4%	7.0%
18	Nedgroup Inv Global Property Feeder		4.4%	5.6%
	Local cash	0.9%	0.2%	0.2%
		100.0%	100.0%	100.0%

HOUSE VIEW SUMMARY

Asset Allocation and general positioning as at 30 June 2018

Asset Class	POSITIONING	General positioning
Domestic Equity	NEUTRAL	<ul style="list-style-type: none"> • Up-weighted to neutral from a slight underweight (mandate dependent) • Headline market valuations remain elevated relative to history. Pockets of opportunity have opened up market, but are not without risks. • Broadly balanced: rand-hedge exposure increased, although there remains meaningful exposure to domestic-facing sectors.
Domestic Property	NEUTRAL	<ul style="list-style-type: none"> • Neutral position retained due to derating in this sector providing more attractive entry points. Preference for active management, as stock selection is crucial.
Domestic Bonds	NEUTRAL	<ul style="list-style-type: none"> • Long dated bonds offer attractive yields and offer reasonable reward for local risks. We are however mindful of global risk factors, which tempers our outlook. • Played this cycle through our duration positioning given increased volatility.
Domestic Cash	SLIGHTLY UNDERWEIGHT	<ul style="list-style-type: none"> • Overweight reduced. Provides optionality and consistent return profile.
Offshore Equity	OVERWEIGHT	<ul style="list-style-type: none"> • International opportunities offer diversification, access to higher growth (e.g. EM) and risk adjusted returns, not just protection against rand weakness.
Offshore Property	SLIGHTLY OVERWEIGHT	<ul style="list-style-type: none"> • Positioned for concerns around rising interest rates and impact of technology disruption. • Some exposure to data centre and cell tower REITS; and office and industrial REITS
Offshore Bonds	UNDERWEIGHT	<ul style="list-style-type: none"> • U/W global bonds in general.
Offshore Cash	SLIGHTLY OVERWEIGHT	<ul style="list-style-type: none"> • The underlying managers have deployed cash, towards attractive stock specific opportunities. Dry powder remains should more opportunities arise.

PART FOUR: PORTFOLIO MANAGER REVIEW

The Nedgroup Investments Private Wealth Fund of Funds' investment philosophy is one that seeks to appoint specialist underlying portfolio managers who are most appropriate for the achievement of each risk profiled fund of funds investment objective. A combination of externally and internally appointed fund managers is used. Below are summaries extracted from the underlying managers' quarterly commentaries and the recent interactions we have had with them.

DOMESTIC GENERAL EQUITY

Fund Manager Performance as at 30 June 2018	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)	10 Years (annualised)
NPW Equity Fund	1.7	0.6	0.7	9.8	9.8
NGI Value Fund	0.0	3.1	2.3	7.7	10.7
Coronation Equity Fund	2.2	8.3	4.8	10.0	12.5
Prudential Equity Fund	5.7	14.9	7.1	11.3	N/A
Coronation Top 20 Fund	2.3	9.5	5.3	9.9	N/A
ASISA SA Equity General Peer Group	1.1	7.9	2.7	7.9	8.4

Source: Morningstar and Nedgroup Investments

NPW Equity Fund (Nedgroup Asset Management):

The JSE All Share index gained 4.5% in rand terms during Q2 2018. The best-performing sectors were Basic Materials (+19.5%), Consumer Services (+10.2%), and Consumer Goods (+3.8%). The worst performing sectors were Telecoms (-11.3%), Industrials (-9.4%) and Financials (-6.0%). During the period the rand gave back its Ramaphoria gains, shedding 16% against the US dollar. The Fund underperformed its SWIX40 index benchmark by 1.88% in the second quarter. Positive contributors for the quarter included positions in Old Mutual (+0.36%), Altron (+0.36%) and Brait (+0.31%). Detractors for the period included the Fund's underweight position in Naspers (-1.96%), as well as positions in Steinhoff Africa Retail (-0.78%) and EOH Holdings (-0.66%). No new positions were added to the Fund during the quarter. The Fund exited its position in hospital group MediClinic International in response to a deterioration of the investment case and a valuation which no longer offered appropriate return prospects.

Nedgroup Investments Value Fund (Foord Asset Management):

The fund produced a flat return over the quarter, lagging its general equity peers who mostly own the strong performer Naspers. Foord retains some allocation to domestic facing local businesses, but is still in favour of companies whose earnings are derived offshore. Their bias towards rand-hedge industrials has thus remained intact, despite having a zero allocation to Naspers (in line with their value investment style). Some domestically focused companies detracted (Metair, Invicta, EOH Holdings), although the underweight allocation to domestic retailers protected the portfolio from further losses. Substantial positions in rand hedges, BHP Billiton (+32.7%), Sasol (+25.1%), CF Richemont (+9.8%)

rebounded strongly and were the major contributors to performance. Capital & Counties (+15.3%), their only property holding at 6%, performed strongly as a key beneficiary of rand weakness but also because of the company announcing its intention to split the company. NewGold (+11.3%) was a positive contributor to performance.

Regarding Steinhoff, the PWC investigation is still underway with no finality on the scale and breadth of the alleged wrongdoings that have thus far been uncovered. The supervisory board are also currently in the process of finalising a restructuring plan to enable Steinhoff to operate on a financially self-sustaining basis going forward, the results of which are likely to be disclosed in the next few months. In light of these uncertainties, Foord currently remains invested in Steinhoff given the upside optionality that exists off of a low share price prior to the restructuring plan being implemented. The manager's cash holding reduced by almost half, to under 5%. They have also kept a near benchmark exposure to the local resource sector.

Coronation Equity (Coronation Fund Managers):

The fund returned 2.3% for the quarter and has performed well against both its peer group and the quantitative benchmarks over longer periods.

A large weighting in global equities has boosted fund performance in the recent past. During the quarter, the manager added to Vivendi, which owns Universal Music Group (the largest of the three big global music labels). They believe the music industry is undergoing significant disruption. The fund continues to hold large positions in several of the JSE-listed offshore stocks. These positions are held for stock-specific, as opposed to thematic reasons. The post-elective conference rally in domestic stocks provided an opportunity to take profits in certain domestic stocks and add to names including Naspers, British American Tobacco and AB Inbev (ABI). One of the largest positions in the fund is British American Tobacco - a high quality, globally diversified stock trading at the very attractive valuation of 12x forward PE. As the domestic rally reversed and the rand weakened, the team took the opportunity to add to their positions in domestic, high quality defensive names. Their preferred names remain the hospital stocks (Netcare and Life Healthcare) as well as food producers and retailers. They still have limited exposure to economically sensitive domestic companies because valuations do not yet offer a sufficient margin of safety, in their view. Anglo American and Northam remain their largest resources holdings, while Mondi and Sasol (a beneficiary of strong oil prices) were reduced on the back of strong performance. The weakness in domestic financial stocks provided an opportunity for the team to build a holding in FirstRand, a well-run domestic bank which has built a leading retail franchise despite competitive markets. Valuation remains the beacon in these turbulent times and they have used the volatile price environment to build positions in some attractively priced shares.

Prudential Equity (Prudential Investment Management):

The fund returned 5.7% for the second quarter of 2018, outperforming its benchmark (the general equity fund average) by 4.6% over the same period. The fund also outperformed its benchmark by 6.2% for 12 months, with a total return of 14.1%. Contributing towards performance over the quarter was the fund's 20% offshore allocation and exposure to

stocks with significant offshore earnings (such as British American Tobacco and Capital & Counties), which benefited from a weakening rand. Detracting from performance, meanwhile, was the fund's long-standing overweight position in Old Mutual plc, despite its separation towards the end of the quarter into Quilter plc (UK wealth manager) and Old Mutual Limited (South African-focused insurer). The manager believes both entities are favourably valued relative to their listed peer groups, particularly Old Mutual Limited, which they estimate trades on a P/E ratio of approximately 8X after adjusting for its stake in Nedbank. At the same time, a number of resource stocks rose between 10% and 30%, and the fund's performance over the quarter benefited from overweight positions in Anglo American, Sasol and Sappi.

South African equities moved to more attractive valuations during the quarter. At current levels the market is priced to deliver attractive medium-term returns. During the quarter the team took profits on part of the overweight resources position following the sector's 20%+ gains in recent months, but the fund remains broadly overweight to resources stocks like Anglo American, BHP Billiton, Exxaro, Sasol and Sappi. In terms of individual holdings, they sold out of Glencore, but raised their exposure to BHP Billiton and Sasol. In other changes the team sold out of Peregrine and increased their holdings in BAT and Reinet. They also purchased additional shares in Sun International as part of the group's rights issue. The fund maintains its holdings in global giants such as Naspers and BAT, which have significant exposure to global growth. They have also maintained an overweight holdings in financial shares including Old Mutual, Standard Bank and Barclays Group Africa, which have offered attractive valuations with relatively high dividend yields. Meanwhile, they are still underweight retail stocks in the fund, but do hold select overweights versus the benchmark like in Pick 'n Pay. For global equities, gains in developed markets over the quarter lifted valuations slightly, but these are still modestly cheap on a broad basis, having started the quarter at about 10% cheap. However, valuation disparities between developed and emerging markets widened in Q2, with markets like the Nasdaq returning 7.3% and S&P 500 3.4%, while many emerging markets were punished, making many materially cheap. The manager continues to prefer the global banking sector, which has underperformed the broader market, as well as certain developed markets where equities are undervalued but fundamentals for earnings growth remain positive, including Germany, Italy and Japan, and selected emerging markets such as South Korea, Thailand and China.

Coronation Top 20 (Coronation Fund Managers):

The fund delivered a return of 2.2% for the quarter which was behind the benchmark return of 2.9%. However, to this end, the fund's returns since inception are compelling, with alpha of 4% per annum, net of fees.

Despite domestic valuations becoming more palatable, the manager remains very selective with their local investment exposure. The team has increased their holdings in both Standard Bank and Nedbank. Their view is that underlying economic improvement as well as market share gains should contribute to good advances growth. This, together with stringent cost control, will lead to improving returns on equity. Both banks also have reasonable exposure to African economies which are recovering strongly off very depressed bases. At current share price levels, they think their ratings do not fully reflect these companies' ability to deliver low teens earnings growth and decent dividend returns in the medium term.

During the quarter, Old Mutual (which is a Top 10 holding in the fund), implemented the first phase of its managed separation process. The company split into Quilter Cheviot (the UK wealth business) and Old Mutual Ltd (which mainly consists of Old Mutual Emerging Markets and a 55% stake in Nedbank). They continue to think that both components are attractive investments.

The exposure to rand hedge shares have had a mixed performance. Naspers and Mondi have performed well, while shares such as British American Tobacco (BTI) and Intu (ITU) have lagged. The team thinks BTI is a compelling investment opportunity from a local and global perspective. Valuation multiples are at an all-time low due to investor concerns around changes in nicotine consumption due to the introduction of next generation products. BTI is introducing its own portfolio of next generation products and is continuing to compete strongly in traditional combustible cigarettes. They think the risk of disruption by new entrants is limited due to onerous regulatory barriers and that the traditional incumbents will prevail in this growing sector of the tobacco industry. ITU has come under further pressure as Hammerson retracted its buyout offer. This potential commercial deal as well as others e.g. the potential Klépierre/Hammerson deal and potential split of the Capco business, are starting to highlight the value that is emerging in the property sector. ITU now trades at a 50% discount to its underlying NAV, providing us with a sufficient valuation buffer.

Coronation remains constant in applying their long-term valuation driven process to help them identify the right holdings for the fund, regardless of the macro theme of the moment. They believe this patience and discipline will deliver strong results and support returns over the medium to long term.

DOMESTIC SMALL/MID CAP EQUITY

Fund Manager Performance as at 30 June 2018	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)	10 Years (annualised)
NPW Small Mid Cap Equity Fund	-5.7	-5.3	-1.1	5.3	10.1
ASISA SA Small/Mid Cap Peer Group	-5.5	-3.5	-0.6	4.7	7.3

Source: Morningstar and Nedgroup Investments

Nedgroup Private Wealth Small/Mid Cap Equity (Nedgroup Asset Management):

During the second quarter, equity returns were negative for most SA inc. companies as the expectation of a SA recovery, on the back of the newly elected ANC President, began to fade.

Although Cyril Ramaphosa has delivered on a fair amount of his commitments since being elected, conditions on the ground have yet to see improvement. A 2.2% contraction in GDP for the first quarter weighed on sentiment during the period under review, while the ZAR also gave back gains from the first quarter. In addition, trade war fears and rising US interest rates continue to weigh on emerging markets.

During the second quarter, the fund returned -5.7%, while the benchmark returned -6.3%. On a YTD basis, the fund returned -5.4%, ahead of the benchmark return of -9.2%. Pleasingly the fund's largest holding (Adapt IT, +9.7%) was

the biggest contributor to performance over the quarter. The investment case for ADI remains intact, while the valuation remains undemanding even after the recent positive performance. Brait (+16%) also contributed strongly during the period, albeit off a low base. The discount to NAV has narrowed somewhat (currently 25%), while management are pulling all the available levers in order to stabilise New Look.

The fund's position in Adcorp also added positively to performance during the quarter. The involvement of Value Capital Partners as an activist shareholder has thus far been positive, as evidenced by the recent strategic review, the refinancing of group debt and the stabilisation of underlying EBITDA.

The Fund continued to benefit from not owning Sibanye, Harmony and Impala. While returns from resource businesses are volatile, they are structurally unattractive in their view and prefer to allocate capital to higher quality businesses with less forecast risk.

Clicks (+7.6%) was amongst the largest negative contributors to performance for the quarter. CLS is the largest position in the benchmark, while the fund has no exposure. The team views CLS as one of the highest quality businesses on the JSE due to its attractive business model, which earns high returns on capital, and allows the business to reinvest incremental capital at high rates of return via the roll out of stores. However, despite the attraction of the quality of the CLS business model, the team believes valuation always matters. CLS currently trades on a one year rolled forward PE of 30x. In their view, the market has priced Clicks for perfection.

Invicta (-26%) has been the most disappointing performer in the fund for the quarter. IVT's results showed HEPS fell 23%, excluding the specific tax provision of R400m. Uncertainty regarding the final settlement amount remains an overhang on the business. However, going forward, the business is well positioned to benefit from a recovery in the SA mining, manufacturing and agriculture sectors.

Real estate now contributes c.18% to the benchmark (the fund has zero exposure). Not owning Resilient REIT and Fortress REIT, detracted 0.6% for the quarter.

The fund has accumulated a position in African Rainbow Capital Investments (AIL). AIL provides investors with diversified exposure to both financial and industrial businesses in SA, with an overarching theme of BB-BEE. AIL is positioned in the SA context as the "go to BEE partner of choice", and is led by a management team with a solid track record of delivering shareholder value across their respective industries. The current discount to NAV provides an attractive entry point to a business which could deliver attractive returns to shareholders over time.

The fund has also accumulated a position in Afrocentric Ltd (ACT). ACT is a healthcare focused investment holding company with a purpose of lowering the cost of healthcare in SA. The largest business in the group is Medscheme, which currently administers 3.6m lives across 18 medical schemes. The business is owner-operated, and has partnered with Sanlam, who owns c.28% of the healthcare assets. In their view, the current valuation is attractive, given the predictable earnings in the administration business and the resultant free cash generation.

While YTD returns have been negative, the fund is positioned to minimise downside risk while maintaining exposure to attractive returns by owning a well-diversified selection of businesses. Given both the local and global uncertainties, the fund has diversified its holdings across 14 different sectors, owning 42 different businesses. The team continues to apply the same philosophy and process of "Long-term investing, well considered". In their view, given the current attractive starting valuations across the small and midcap universe, patient long-term investors should be handsomely rewarded for placing capital where the symmetry of risk and return is favourable.

DOMESTIC PROPERTY

Fund Manager Performance as at 30 June 2018	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)	10 Years (annualised)
NPW Property Fund	1.0	-5.8	2.5	6.7	15.4
ASISA SA Real Estate General Peer Group	-2.1	-8.7	0.9	6.9	14.1

Source: Morningstar and Nedgroup Investments

Nedgroup Private Wealth Property (Nedgroup Asset Management):

Listed property, as measured by the SA Property Index, delivered -2.19% to investors in the second quarter of 2018. The Nedgroup Investments Private Wealth Property Equity Fund returned 0.96% over the period, outperforming its benchmark. For the twelve months ending 30 June 2018 the fund outperformed its benchmark by returning -5.79% to investors while the index returned -9.94%.

The top contributors to the fund's performance over the 12 months were overweight positions in Fairvest Property Holdings, Rebosis Property Fund A, Stor-Age REIT and Hammerson PLC. The fund also benefitted from underweight positions in Resilient REIT, NEPI Rockcastle, Fortress REIT B and Arrowhead Properties A. The major detractors to performance were underweight positions in Growthpoint Properties, Redefine Properties and Emira Property Fund. The fund's performance was also negatively impacted by overweight positions in Greenbay Properties, Hospitality Property Fund B and Mas Real Estate.

The worst performing stocks in the index over the year were the Resilient Group related shares; the share price corrections were driven mainly by governance concerns. The governance concerns relate mainly to accusations of management share price manipulation through various means. The board appointed an independent investigator to look into the allegations, and he found no apparent wrongdoing. The team has used the weakness in the Fortress REIT B and Resilient REIT share prices to close the underweight positions given the more attractive valuations but remain cautious pending the outcome of investigations by the regulators (FSB/ Directorate of Market Abuse).

The fund maintains a large overweight position in the Rebosis Properties Fund A share and has in the quarter also introduced a sizeable position in Fortress REIT A. The guaranteed income growth of A shares, coupled with substantial interest cover, remains an attractive value proposition in a market in which income growth is difficult to sustain. The fund also continues to maintain large overweight positions in stocks that have relied more on fundamental drivers of income growth than on once-off gains. The fund manager is of the view that this mispricing will correct in time as the sector finds it more difficult to generate income through (i) debt restructuring and (ii) yield enhancing acquisitions over time. Defensive and prudently managed SA portfolios at appropriate prices will deliver superior performance over the medium-term compared to peers that trade at similar valuations but on inflated income streams.

DOMESTIC FIXED INCOME

Fund Manager Performance as at 30 June 2018	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)	10 Years (annualised)
NGI Flexible Income Fund	2.4	7.7	8.5	8.4	N/A
NGI Core Income Fund	2.0	8.4	8.2	7.4	N/A
<i>ASISA SA IB Money Market Peer Group</i>	1.8	7.5	7.4	6.8	6.9
NPW Bond Fund	-3.3	8.8	7.6	7.0	9.2
<i>ASISA SA IB Variable Term Peer Group</i>	-3.2	8.4	6.9	6.7	9.2

Source: Morningstar and Nedgroup Investments

Nedgroup Investments Flexible Income (ABAX Investments):

ABAX Investments believes that government bonds are now closer to fair value, after a significant sell-off. Given that the risks to the economy and fiscus remain, they prefer to only take on a material long duration position if the market were to cheapen further. As the market for fixed income assets weakened over the quarter, the manager added to the Fund's domestic nominal duration position. Domestic duration is now around 0.2 from 0 last quarter. This is still a relatively low duration exposure as South African yields are only marginally cheaper than fair value. The team anticipates that worse fundamentals and greater pressure on emerging markets as central banks reduce monetary support, will present an opportunity to invest at higher yields. The portfolio has a high degree of credit quality, with no unlisted issuers. Corporate credit spreads remain very compressed, as a function of the global liquidity dynamic and lack of corporate bond issuance in South Africa. They have focused their asset purchases on senior bank debt and will wait for value to emerge before taking corporate bond exposure. The ZAR is currently marginally cheaper than fair value after this quarter's significant sell-off. As a consequence, they reduced the Fund's exposure to foreign currencies by 2%. The team used the opportunity to lock in some gains using derivative overlays. These will benefit them if the Rand appreciates, while offering further participation to Rand weakness. The team believes it makes sense to maintain a foreign exposure at these levels. The effective currency exposure is 6.5% at present. They hold just under 4% in convertible bonds issued by Royal Bafokeng Platinum (local) and Remgro (offshore). The manager has historically added value through this asset class as it provides a mix of yield and capital appreciation. They will look to increase the exposure if they see value. The manager's aim is to generate a reasonable return with a low level of downside risk, and take advantage of opportunities provided by any shocks to add risk exposure when the market offers value. A more volatile environment, which they are starting to see materialise, and wider credit spreads will create opportunities for the Flexible Income Fund.

Nedgroup Investments Bond (Taquanta Fund Managers):

The Core Income portion of our portfolios is well invested across all the major South African banks as well as having international bank and South African government exposure. The fund is within its mandate with investments in high quality issuers, with almost all with an investment grade rating. Approximately 39% of the assets have been obtained

within the last year and assets that are maturing in the next 90 days will be reinvested with new assets. In line with the manager's long-standing philosophy of immunising their portfolios against market risk by including a high level of floating rate assets, the fund holds a large number of floating rate NCDs issued by banks (60%). The general nature and quality of the assets also provide a high degree of liquidity to the Fund whilst still providing excellent yields. The average modified duration (term to re-pricing) of the Core Income portfolio was approximately 38 days. The fund is well positioned to take advantage of the current economic climate and any rate hikes should they materialise sooner than expected.

Nedgroup Private Wealth Bond (Nedgroup Asset Management):

The vanilla bond market had a weak second quarter, following the strong first quarter, which was partly linked to 'Ramaphoria'. The bond market is up 10.2% over the last 12 months, which is more reflective of the normalised longer term return expectations that investors can expect from bonds, as opposed to the 16.2% annual return recorded at the end of the 1st quarter. Bonds remain the second best performing asset class, after equities over the last 12 months. The Fund did not fully participate in the bond market rally over the last 12 months, as it was more conservatively positioned, but still delivered good absolute returns of 8.8% over the last year. Over the last 3 years the Fund has returned 7.6%, broadly in line with the index's 7.8%. The reason for the more conservative positioning is that SA's fiscal risks remain high, given SA's precarious fiscal position. This can be turned around with prudent, sound financial management but will require a different approach from the political leadership of the country. The manager will be keeping a close eye on these developments and are thus far encouraged by some of the early signs emerging from the new leadership in the country, although the market's initial enthusiasm with Ramaphosa's election was dampened somewhat.

The Fund remains a balanced approach, with exposure to short and long-term assets, as well as a reasonable exposure to less liquid, shorter dated, highly rated corporate paper (no more than 2% of the fund is exposed to any one non-government issuer) and longer dated bonds issued by state owned enterprises which the manager believes to be of similar credit risk as the SA government. The Fund has exposure to quality corporate names such as Netcare, MTN, Bidvest, Imperial, Liberty and Discovery.

DOMESTIC MULTI-ASSET

Fund Manager Performance as at 30 June 2018	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)	10 Years (annualised)
NGI Stable Fund	5.4	7.3	5.7	7.7	N/A
ASISA SA MA Low Equity Peer Group	2.8	6.9	5.7	7.3	8.1

Source: Morningstar and Nedgroup Investments

Nedgroup Investments Stable Fund (Foord Asset Management):

Foord is pleased to report that their long-standing defensive investment thesis was again well rewarded in June, resulting in a solid performance for the second quarter and year to date. The portfolio was, on the whole, well positioned for this environment. The offshore allocation accounted for the majority of the fund's returns over the quarter, given the weaker rand. The fund's low allocation to domestic equities limited the downside from lower local equity prices, in particular "SA Inc." shares, while the allocation to commodity shares contributed positively. The short future position further protected the fund towards the latter end of the quarter. The physical gold allocation (Newgold ETF) provided an uncorrelated, positive return stream. The higher bond yields resulted in a fall in bond prices for the quarter given a mass liquidation of holdings from foreign investors. However, the high-yielding, near-term duration R186 South African government bond provides a good buffer against capital losses resulting from higher bond yields. The managers opportunistically increased the allocation to these bonds as yields ticked above the 9% level. With inflation likely to remain below the 5% level, the high real yield on these assets remains attractive.

In the offshore-carve out of the fund, the manager remain wary given the late stage of the cycle and downside risk accompanying the rise in geopolitical tensions. An oil price shock is another external factor with rising potential to disrupt the maturing bull market. The portfolio's diversified and cautious positioning has been well rewarded this year as the economic facts have re-asserted in domestic markets and volatility has increased globally. Although domestic valuations are looking substantially more attractive than at the end of January, the current focus on capital preservation remains undoubtedly the correct strategy. The manager still prefers JSE-listed global businesses to SA Inc. shares. The team also decreased their cash allocation within the portfolio. Their positions in listed property and commodity ETF position are also marginally lower.

GLOBAL EQUITY

Fund Manager Performance as at 30 June 2018	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)	10 Years (annualised)
NGI Global Equity Feeder Fund	19.4	9.2	11.9	15.9	10.9
Investec Worldwide Equity Feeder Fund	15.4	11.4	7.7	13.7	9.6
Coronation Global Emerging Markets Flexible FF	5.3	10.4	9.3	9.5	-N/A
<i>ASISA Global Equity Peer Group</i>	15.6	12.9	10.1	13.9	9.7

Source: Morningstar and Nedgroup Investments

Nedgroup Investments Global Equity (Veritas Asset Management):

For the second quarter of the year, the global building block portion of our portfolios delivered just over 19%, with the weak rand adding to the strong performance. The portfolio also outperformed the index over the quarter. The key contributors were within Health Care, IT and Industrials. Turning first to Health Care, the two largest price rises came from Baxter International and UnitedHealth Group. Dentsply Sirona within HealthCare was a detractor as it fell over the quarter. The portfolio is overweight in IT with a number of positions performing well over the quarter. These included Baidu, Alphabet, Black Knight, Microsoft and Facebook. The key detractors over the quarter were the two US cable companies, which despite performing well in June and finishing positive for the quarter, rose less than the benchmark.

The most notable changes in the portfolio is the 40% turnover of the Top 10 holdings, which saw the largest counter Comcast being trimmed down from 5.9% to being 3.2% over the quarter. Charter Communications, also a US cable company, was increased and is now the new largest holding at 6.7%; followed by American Express (5.6%), Microsoft (4.2%), Rolls Royce (4.1%) and Cigna Corp (4.0%). Airbus has also been reduced, to just under 4%, given its good results which were well above expectations and led to the share price rising. Robust free cash flow growth has been at the core of the team’s investment thesis for Airbus since they initiated the position and is clearly now coming to fruition. The Veritas Global team are adherents of both quality investing and value investing at the same time, aiming to buy companies with substantial competitive advantages (i.e. quality) when they are available at attractive valuations. Given the prolonged bull market we have experienced over the last 9 years and particularly the increasing trend to invest in “quality” companies it has become harder to find attractively valued opportunities. Consequently, Veritas has more recently increased existing opportunities (Cigna, Facebook, Unilever and Reckitt Benckiser) when others are selling due to short-term concerns, reducing their cash holding by over 4% to 9.2% as the end of June 2018. The purchase of Unilever and Reckitt Benckiser in the last 6 months, and after 5 years since the portfolio held a position within Consumer Staples (a sector that contains a high number of high quality companies), was due to an opportunity that often arises if a company goes through a difficult period or is perceived to be suffering from a significant competitive threat.

Over the quarter, the manager completely disinvested out of the healthcare company, Express Scripts. The geographical allocation of the fund is currently mainly split between the US (55.7%), European (18.6%) and UK (11.5%) equity markets. The fund has smaller holdings across Asian equity markets (5.0%) through Baidu and Sonic Healthcare.

Investec Worldwide Equity (Investec Asset Management):

For the quarter, the portfolio underperformed the benchmark. The leading cause of this underperformance were the stock selection in the real estate and consumer staples sectors. The underperformance seen across the consumer staples sector is mostly attributable to one stock: Hong Kong listed Chinese pork producer WH Group. WH was caught up in the ongoing US-China trade tensions. Although WH Group has little direct US-China sales exposure, investors and analysts became concerned that the recent tariffs levied on US pork by Chinese authorities may strand large quantities of US pork domestically, therefore negatively impacting pricing and profitability at its recently acquired Smithfield Foods division. Within real estate, the portfolio was negatively impacted by a sell-off in shares of Chinese developer Vanke, due to fears it may face a harder time accessing liquidity to fund new projects after Chinese legislators stepped up efforts to cool the housing market. On a more positive note, the technology part of the portfolio outperformed on the back of a strong contribution from storage infrastructure provider NetApp, which managed to extend its recent rally on the strength of US enterprise IT spending. Highlights for NetApp over the quarter included its analyst day in April, when the firm raised its revenue growth and free cashflow guidance, and a material earnings beat in late May. Sector peer VMware also added over the quarter after reporting similarly good results. In the energy space, the portfolio was able to benefit from the recent strength in oil prices, which lifted the shares of Chinese offshore oil producer CNOOC and Spanish oil firm Repsol. Being underweight the underperforming telecommunication services sector also added to the strategy's relative performance.

Significant purchases over the quarter included Swiss watch manufacturing company, Swatch Group. The team believes the Swiss watchmaker is attractively valued given the Swiss watch market is now larger than ever and growing. The company could benefit in the short to medium term from increased demand and changes in its business model indicating a shift from wholesale sales channels to online sales. On the other hand, they sold their holdings in Dutch financial services company, ING Group. After two soft quarters the quality of ING's earnings has deteriorated and, they believe, earnings are unlikely to see upgrades given the company's unexciting targets. ING's valuation remains undemanding although only marginally cheaper than European peers. With the company posting less-than-convincing numbers, the decision was taken to exit the position. At this point the portfolios remain well balanced across factors and sectors.

Coronation Global Emerging Markets Flexible (Coronation Fund Managers):

The fund appreciated by 5.3% in the past quarter, slightly behind the 6.9% increase in the MSCI EM index. The largest negative detractors over the period were the Brazilian education stocks, Kroton and Estácio, which together detracted 2.3%. The Brazilian education stocks, after being significant positive contributors in both 2016 and 2017, have been large detractors in 2018 so far. The main positive contributors were YES Bank (+0.7% contribution), Baidu (+0.5%) and Airbus (+0.5%). Since the fund launched 10.5 years ago it has appreciated by 9.8% per annum when compared with the 8.2% per annum return from the MSCI Emerging Markets Index.

There were three new buys during the quarter: Phillip Morris International (4.8% of fund and the largest new position), Anheuser Busch InBev (1.7% of fund) and YUM China (0.8% of fund). For the c. 10.5-year period since inception of the fund in December 2007 and until January of this year, the team had on average 1% exposure to the tobacco companies. However, they believe that for the first time in several years tobacco stocks are now very attractive and BAT and PMI (both of which have high emerging market exposure: 43% and 55% respectively) are 5.4% and 4.8% positions in the fund.

Members of the team continue to travel extensively to enhance their understanding of the businesses they own in the fund, their competitors and the countries in which they operate, as well to find potential new ideas. The weighted average upside to fair value of the fund at the end of June was an attractive c. 53%.

GLOBAL PROPERTY

Fund Manager Performance as at 30 June 2018	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)	10 Years (annualised)
NGI Global Property Fund	20.1	10.8	11.9	15.3	14.2
<i>ASISA Global Real Estate Peer Group</i>	18.9	8.4	7.9	11.4	9.0

Source: Morningstar and Nedgroup Investments

Nedgroup Investments Global Property (Resolution Capital):

Following weakness in the preceding quarter, the global listed real estate sector rebounded to produce strong returns for the quarter ended 30 June 2018. The portfolio underperformed the benchmark, although remained ahead of the category peer average. The REITs short-term performance was boosted by balanced supply/demand conditions with broad tenant demand absorbing moderately elevated commercial construction activity; strong transaction pricing of direct real estate; and increasing levels of REIT M&A activity.

Furthermore, during the quarter, investors appeared to be willing to take more risk within the REIT sector, buying what the manager considers to be real estate at the lower quality end of the spectrum as well as real estate sectors with shorter-term leases, such as self-storage and hotels. Additionally, REIT sectors which had underperformed in recent periods (such as U.S. healthcare and retail) rebounded. It was notable that U.S. and Hong Kong retail related REITs appeared encouraged by improving retail sales and signs that an increasing number of retailers are adapting to an omni-channel environment, which involves a combination of on-line and in-store sales platforms.

The fund's lack of exposure to the strongly performing self-storage sector was a major detractor from relative performance. Furthermore, some of the key stock positions failed to perform in the quarter, namely ProLogis, Empire State Realty Trust and Sun Hung Kai. In light of strong market gains, the circa 4% cash exposure also acted as a drag on returns. The manager did get some calls right – their decision in the earlier part of the year and quarter to selectively

buy and increase positions in retail and healthcare property focused vehicles in Hong Kong and the US limited some of the underperformance. Both Simon Property Group and U.S. Healthcare REIT HCP were two of the largest contributors to performance for the quarter.

The portfolio changes that were made by the manager over the past 3 months was disinvesting out of the US retail REIT GGP and the Australian office REIT Investa Office Fund. The team also introduced exposure to US healthcare REIT Healthcare Realty Trust Incorporated, increased over benchmark weight in US healthcare REIT HCP, switched from over to under benchmark weight in European retail REIT Unibail-Rodamco-Westfield and reduced over benchmark weight in US industrial REIT Prologis This carve-out remains exposed to REITs with high quality property portfolios which are underpinned by contractual medium to long term inflation linked income streams and balance sheets appear to them to be in reasonable, if not strong, shape.

Disclosures:

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