

Nedgroup Investments Growth Fund

Class A

June 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

Electus Fund Managers Proprietary Limited is authorised as a Financial Services Provider under the Financial Advisory and Intermediary Services Act (FSP No. 46077).

Inception date

03 November 2003

Appropriate term

Minimum 5 - 7 years

Market value

R 1,209 Million

Income distributions

Frequency: Annually

December 2016: 47.31 cpu

Previous 12 months: 47.31 cpu

Fees and charges (excluding VAT)

Initial fees 0.00%
Annual management fee 1.50%

Total expense ratio 1.73%
Transaction costs 0.76%
Total investment charges² 2.49%

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.

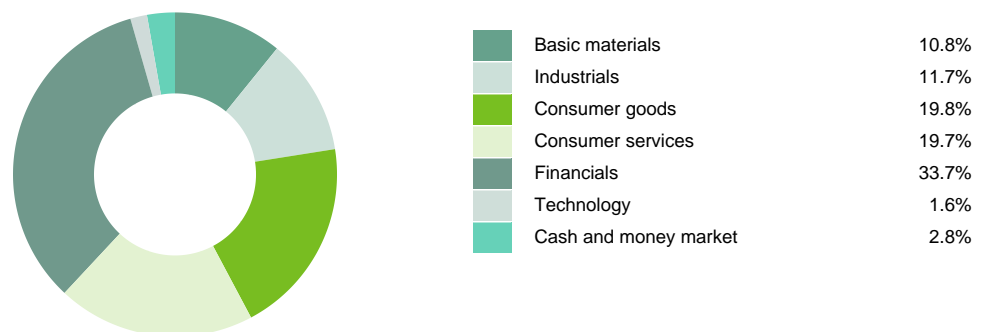
Performance¹

Period	Portfolio	Benchmark
1 year pa	2.9%	-1.1%
3 Years pa	2.3%	1.7%
5 Years pa	9.8%	9.3%
7 Years pa	10.5%	10.9%
10 Years pa	6.9%	7.4%
Lowest 1 year return	-37.1%	
Highest 1 year return	56.7%	

Risk

Period	Portfolio	ALSI
Volatility [5 years]	8.6%	10.5%

Portfolio structure



Top 10 holdings

Share	Percentage
Naspers Ltd	8.4
Italtile Ltd	6.8
Clientele Ltd	6.1
Texton Property Fund Ltd	6.0
Hosken Consolidated Investments Ltd	5.2
EPE Capital Partners Ltd	5.0
British American Tobacco Plc	4.8
Novus	3.5
Hudaco Industries Ltd	3.4
Anheuser-Busch InBev SA	3.3
Total	52.5

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 01/04/2014 and ending 31/03/2017

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Investment manager commentary

Electus

The Nedgroup Investments Growth Fund only invests in South African listed shares and is managed as a style agnostic and diversified Fund, with the goal of strongly growing clients' invested capital over the long-term. In order to deliver this strong capital growth we have a positive bias towards investing in best-in-class companies that are managed by proven management teams, where the business models can deliver profit and dividend growth rates above their sector averages. The Fund is market cap indifferent in its share selection, normally having meaningful exposure to high quality, mid-sized, but market leading, businesses and has a high level of active share risk. Importantly, the shares held in the Fund should trade at discounts to what we consider to be their fair valuations.

During June, in a weak equity market, we sold the 5% weighting in the stable NewGold ETF and invested into a combination of financial, industrial and mining house shares, at attractive prices. We believe that several best-in-class, mid-sized, SA businesses, together with quality rand hedge industrials & mining houses, offer the best risk adjusted returns. We have repeated the following comment since November 2016 and we are now deep into this environment: "Rand weakness seems possible. With a high level of financial market and political uncertainty, we remain very cautious and disciplined in following our investment strategy."

With South Africa having political uncertainty and a volatile currency and equity market, we believe that good share selection, with a more defensive bias, is critical for success in 2017 and 2018. Therefore, we remain focused on investing in best-in-class businesses with zero tolerance for poor businesses.

Based on our valuations for South Africa's 110 largest companies, the main JSE indices are trading 10% below their appropriate price levels. In contrast, this diversified Fund is undervalued, with upside of 30%, which would suggest above average absolute and relative returns. This upside makes us very positive for the future and confident that the Fund is well positioned, being 97% equity invested (with >98% targeted) across 28 shares. All shares have a targeted weight of above 2.0%.

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