

QUARTERLY REPORT

▶ NEDGROUP INVESTMENTS PRIVATE
WEALTH SATELLITE FUND OF FUNDS

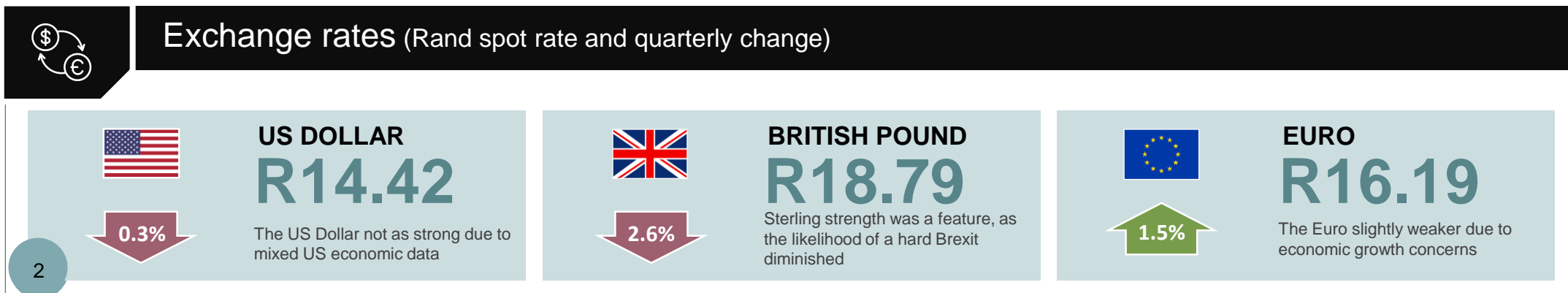
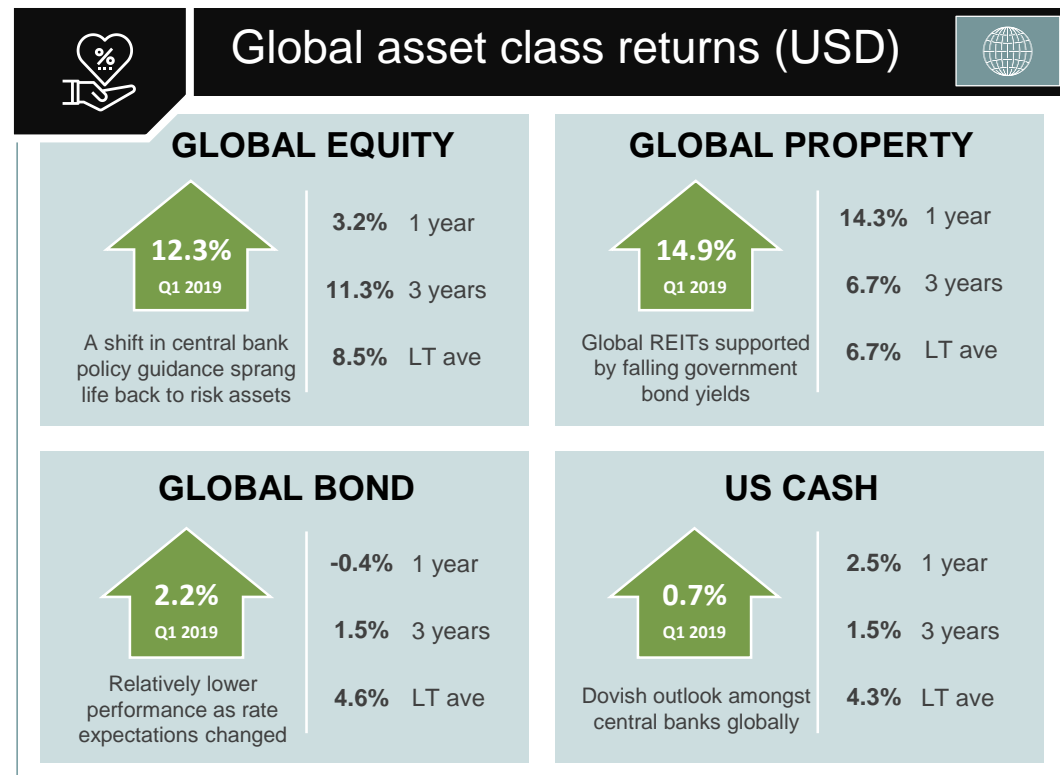
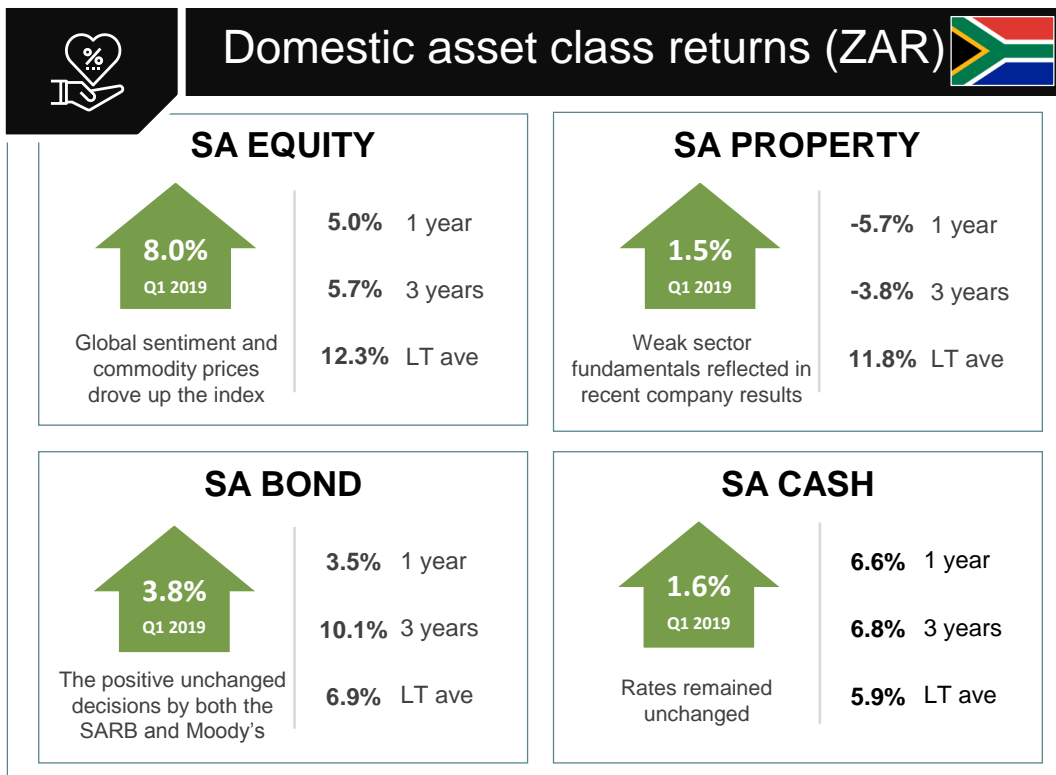
AS AT 31 MARCH 2019



NEDBANK
PRIVATE WEALTH
SINCE 1834

NEDGROUP INVESTMENTS PRIVATE WEALTH

SATELLITE FUND OF FUNDS | 31 MARCH 2019



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Domestic performance drivers



HIGHLIGHTS

- The South African Reserve Bank kept interest rates unchanged at 6.75%, partly due to inflation which slowed to 4.1% in February;
- The much-anticipated credit review from Moody's delivered no change in credit rating or outlook;
- The South African equity market delivered one of the best quarters in some time, benefitting from improved global sentiment and a rally in commodity prices.



LOW POINTS

- Load shedding returned and progressed to stage 4, causing consumers and industrial operators much distress;
- The National Energy Regulator of South Africa (NERSA) announced a 9% electricity tariff increase, following Eskom's higher request;
- Further downward adjustments were made to economic growth by different institutions such as the International Monetary Fund, the National Treasury and the South African Reserve Bank.



Global performance drivers



HIGHLIGHTS

- The US government shutdown came to an end, and Trump seems to have moderated his behaviour over recent months;
- Improvement in relationships between the US and China, with the trade talks appearing to be constructive, and both sides suggesting real progress is being made;
- Even though the UK Parliament remained deadlocked over Brexit, it would appear that the probability of an economically damaging hard Brexit has significantly diminished.



LOW POINTS

- Disappointing economic data release and a deteriorating economic outlook, which saw the shift in central bank policy guidance;
- In March, the short end of the bond yield curve inverted, leading to an equity market sell off in that month and a rally in the bond markets. The inversion of the bond yield curve has historically been regarded as one of the early warning signs to trigger a recession;
- Returns from Europe remained weak, representing the epicentre of economic growth concerns and business contending with Brexit's uncertainty.

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Fund overview

MAX EQUITY

100%

TIME FRAME

min 7 years

BENCHMARK

Inflation +6.5

PEER GROUP

SA Multi-Asset Flexible

REGULATION 28

Non-compliant

RISK PROFILE

1

2

3

4

5

LOW

MEDIUM

HIGH



Underlying fund structure

Domestic
Equity 29.6%

FOORD

Domestic
Equity 30.7%

CORONATION
FUND MANAGERS



Small/Mid Cap
Equity: 27.8%

Veritas
— Asset
Management

Offshore
Equity: 11.0%



Fund costs (A)*

MANAGEMENT FEE
(excl. VAT)

1.59%

TOTAL
EXPENSE RATIO

1.81%

TRANSACTION
CHARGES

0.17%

TOTAL
INVESTMENT CHARGES

1.98%



Benefits of the Nedbank Private Wealth FoF range

COMPETITIVE
PRICING



DIVERSIFIED ACROSS
ASSET CLASSES



INVESTMENT
EXPERTS



PASSIVE AND ACTIVE
UNDERLYING
INVESTMENTS



TAX
EFFICIENT



ONGOING
DUE DILIGENCE



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Asset allocation

DOMESTIC EQUITY



73.5%

DOMESTIC PROPERTY



2.6%

DOMESTIC FIXED INTEREST



5.7%

FOREIGN EQUITY



16.8%

FOREIGN PROPERTY



0.4%

FOREIGN FIXED INTEREST



1.1%



Regional exposure



51.1%

PURE SA



30.6%

RAND HEDGES



18.3%

DIRECT FOREIGN



Top ten holdings (as a % of fund)



4.0%



3.0%



2.8%

Hudaco

2.8%

BHP

2.7%



2.6%



2.5%



Standard Bank

2.4%



RMB HOLDINGS

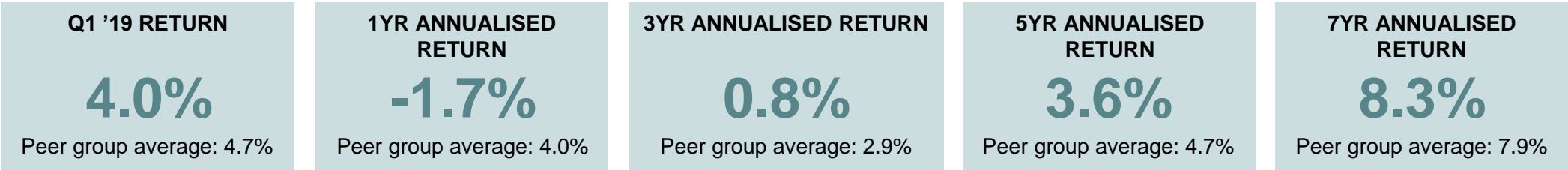
2.4%

RICHEMONT

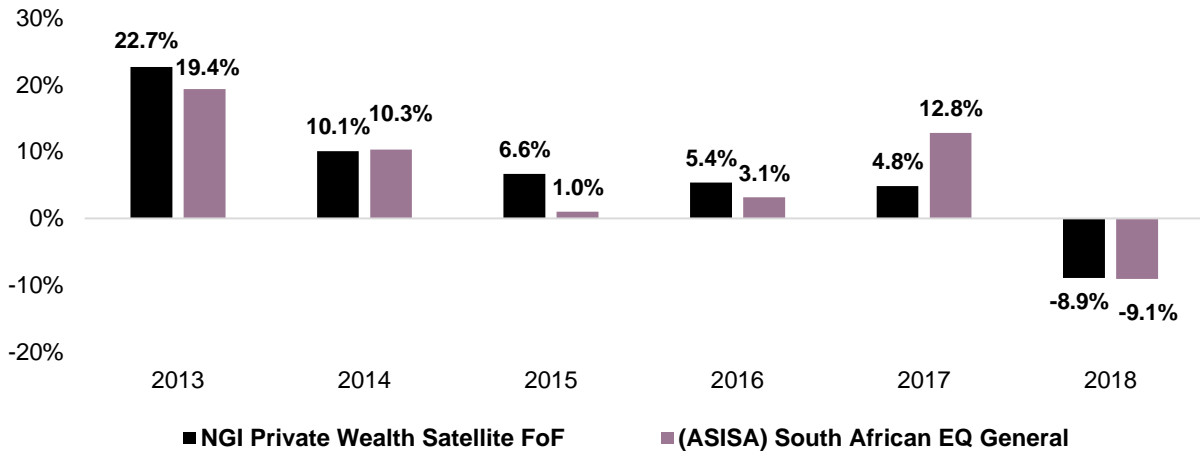
2.0%

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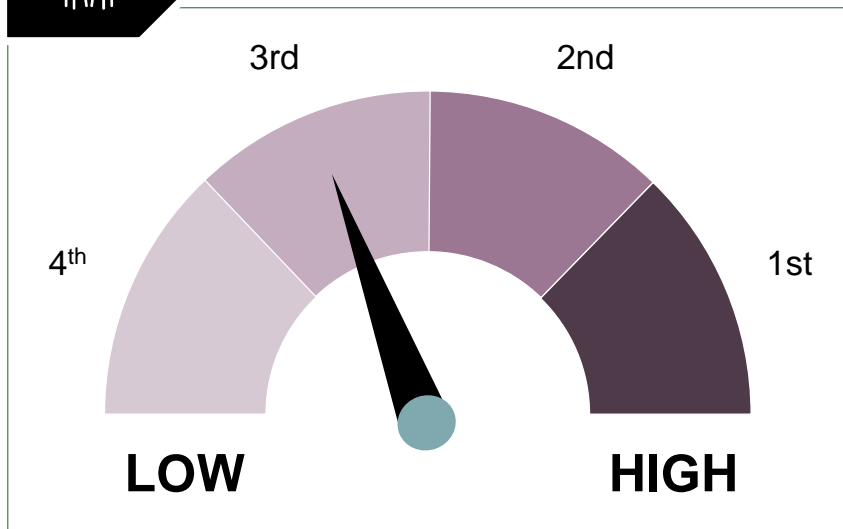
Fund performance (A)



Calendar year performance



Peer group quartile ranking: 7Y



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Risk measures since inception

ROLLING 7YR RETURN

95%

Hit rate: outperforming peer group average

VOLATILITY

11.7%

SA equity market: 14.8%

MAX DRAWDOWN

-31.1%

SA equity market: -40.4%

SHARPE RATIO

0.6

SA equity market: 0.6

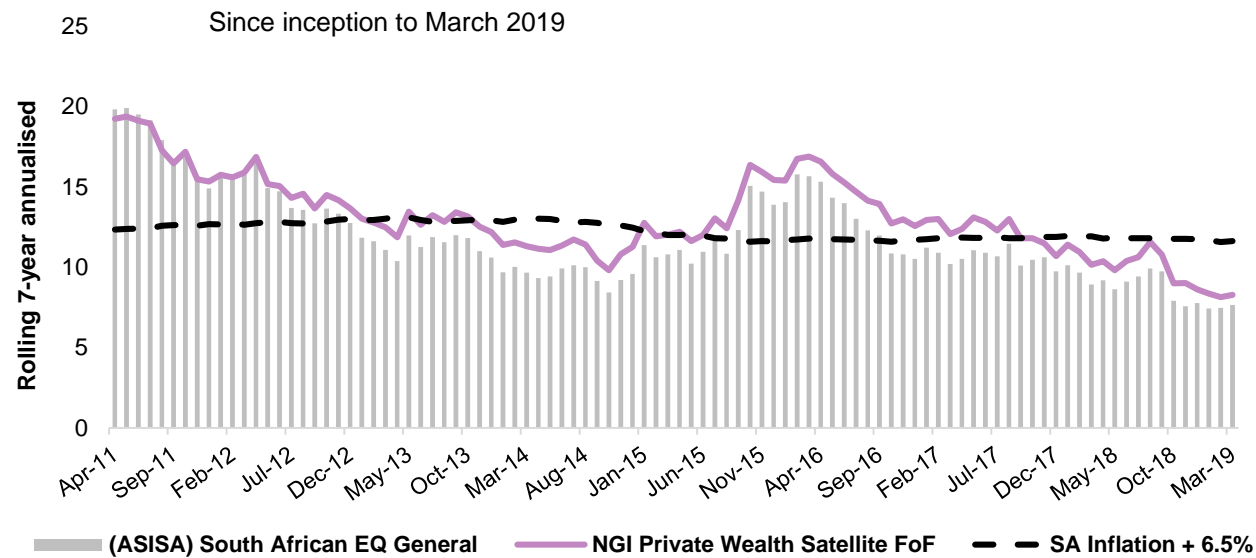
% POSITIVE MONTHS

65%

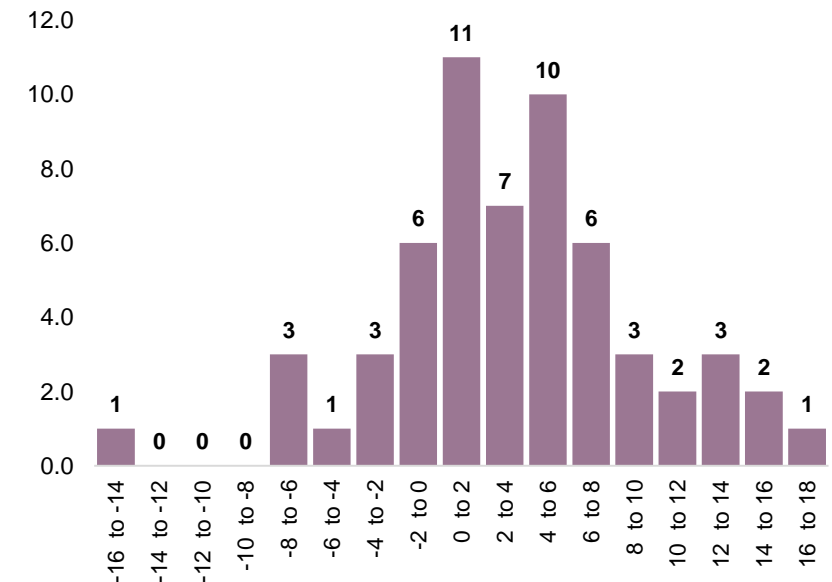
SA equity market: 63%



Rolling 7-year annualised return



Quarterly return distribution



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Fund Contributors and Detractors – Q1 2019



CONTRIBUTORS THIS QUARTER

- The general domestic equity carve-out did well for the quarter, led by the rand-hedges. BHP Group (+21.7%), British American Tobacco (+29.5%) and Anheuser Busch Inbev (+26.7%) rose sharply despite only moderate rand weakness.
- The property holding, Capital and Counties (+8.0%), moved higher.
- The offshore equities exposure took part in the rally given the shift in central bank policy guidance that saw the Fed and the ECB stating that they no longer expect to raise interest rates in 2019.



DETRACTORS THIS QUARTER

- Underweight allocation to the resource sector (platinum and gold in particular), which continued to do well over the period and the past year.
- Given disappointing economic activity and increased concerns around weaker SA GDP growth, performance of most SA domestic sectors was weak. This negatively impacted our allocation to the mid-small cap sector.
- Other several holdings (EOH, Aspen, Advtech) also faced stock specific concerns. For example, Aspen traded down -31.0% for the quarter, following results which offered little in terms of top line growth but lots in terms of balance sheet issues.



NEDGROUP INVESTMENTS PRIVATE WEALTH

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Performance across classes

	A CLASS (all-in)	A1 CLASS (clean)	A2 CLASS (product)	PEER GROUP	SA INFLATION + 6.5%
Q1 2019	4.0%	4.1%	4.0%	4.7%	2.0%
1 YEAR	-1.7%	-1.4%	-1.5%	4.0%	10.8%
3 YEAR	0.8%	1.1%	0.9%	2.9%	11.6%
5 YEAR	3.6%	N/A	N/A	4.7%	11.9%



Costs across classes*

	MANAGEMENT FEE (excl. VAT)	TOTAL EXPENSE RATIO	TRANSACTION CHARGES	TOTAL INVESTMENT CHARGES
A Class (all-in)	1.59%	1.81%	0.17%	1.98%
A1 Class (clean)	1.34%	1.64%	0.17%	1.81%
A2 Class (product)	1.49%	1.74%	0.17%	1.91%

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