



**NEDGROUP**  
INVESTMENTS

## QUARTERLY REPORT

# NEDGROUP INVESTMENTS XS SELECT GUARDED FUND OF FUNDS

as at 31 December 2019

See money differently

# QUARTERLY REPORT: NEDGROUP INVESTMENTS

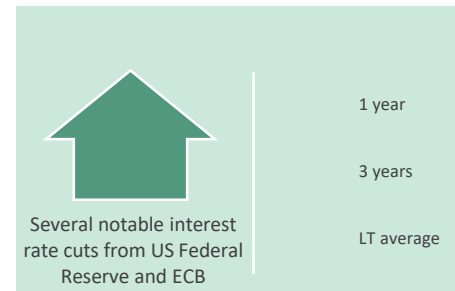
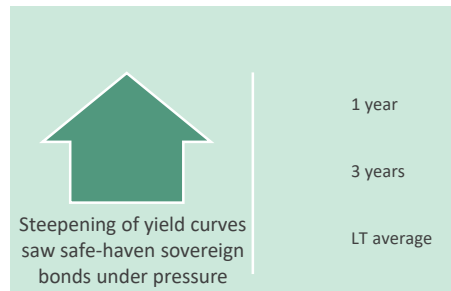
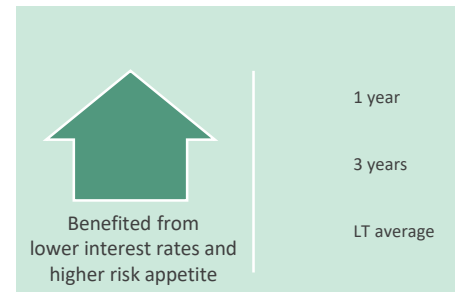
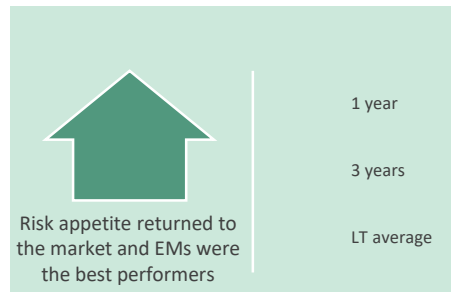
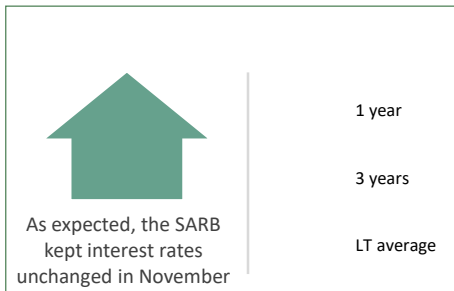
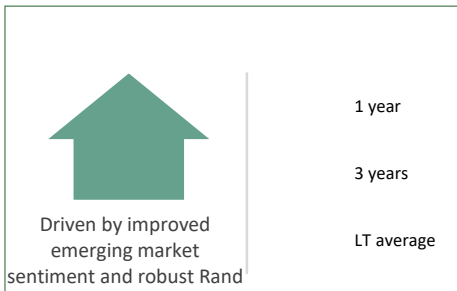
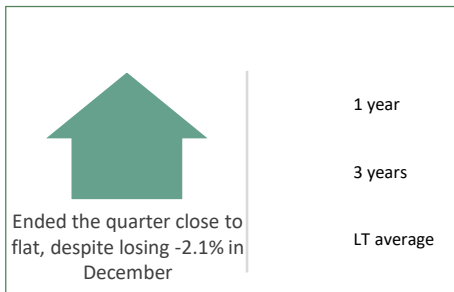
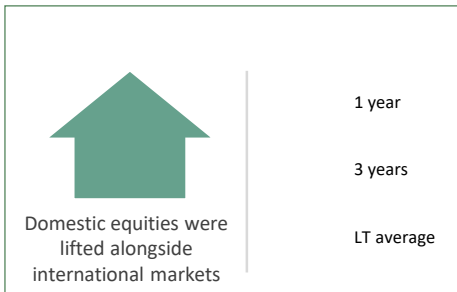
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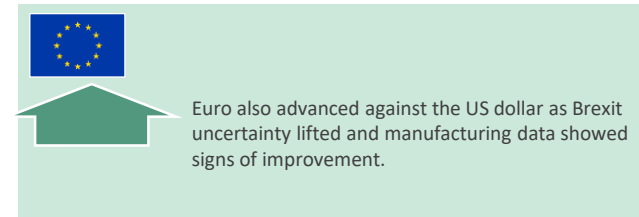
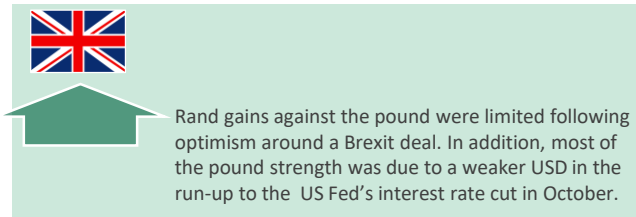
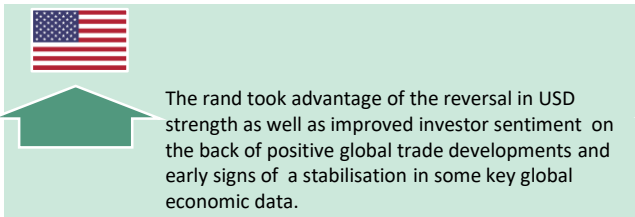
## Domestic asset class returns (ZAR)



## Global asset class returns (USD)



## Exchange rates (Rand spot rate and quarterly change)





## Domestic performance drivers



- “ The work to bring justice to bear continues. Four individuals, including two former Eskom executives were arrested in late December on charges of corruption, fraud and money laundering
- “ Domestic equities were lifted alongside international markets and domestic bond markets benefitted from improved sentiment towards emerging markets and a robust Rand.
- “ Incoming Eskom CEO Andre de Ruyter, was asked to start earlier than planned to progress the urgent work of steadying the state-owned utility.



- “ The intermittent load shedding at the end of the fourth quarter, increased the risk that economic growth would disappoint again.
- “ Credit ratings agencies Moody’s and S&P downgraded the outlook for the sovereign from stable to negative.
- “ Strikes at national carrier South African Airways saw flights delayed and grounded, as staff and unions sought higher wages. The Government reaffirmed that there are no funds for bailouts and SAA went into voluntary business rescue in December.



## Global performance drivers



- “ In the UK, the Conservative election victory was taken positively as it dealt a fatal blow to the Labour Party’s far left “Corbynistas”, whilst also providing greater clarity over the next stage of Brexit.
- “ Investor confidence in next year’s global and US economic outlook started to improve, helped by growing optimism over a trade deal and strong US job and wage data.
- “ Almost a year after the initial deal was signed, negotiators reached agreement on the US-Mexico-Canada Agreement, or new NAFTA agreement, moving it towards congressional ratification in the US.



- “ Hong Kong protests escalated in November, with violence breaking out between anti-government protesters and the police at a local university. The pro-democracy protests started over the proposed extradition law that would enable easier extradition to mainland China but has quickly evolved into a debate on the autonomy of Hong Kong and the relationship with China.
- “ In October, the IMF downgraded the 2019 global growth outlook to 3.0%, the lowest forecast since the global financial crisis, while China reported growth of 6% in Q3, its slowest pace in decades.

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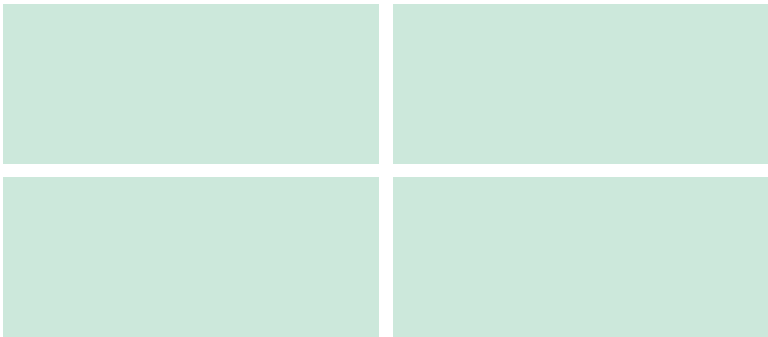
## Fund overview



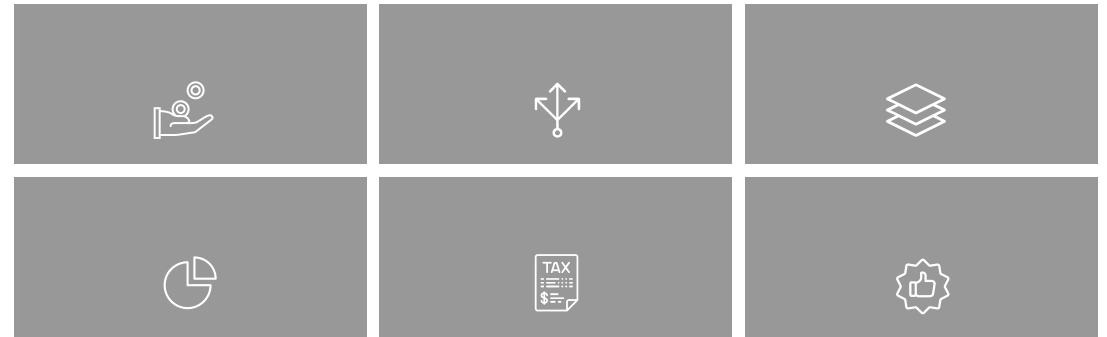
## Underlying fund structure



## Fund costs (C – clean class)



## Benefits of the XS Select range



\*Both the Total Expense Ratio (TER) and Transaction Costs (TC) of the Fund are calculated on an annualised basis, beginning 1 October 2019 to 30 September 2019.

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## Asset allocation



## Regional exposure



PURE SA

RAND HEDGES

DIRECT FOREIGN



## Top ten holdings



Standard Bank



SASOL

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## Fund performance (clean class)

Peer group average: 1.5%

Peer group average: 8.6%

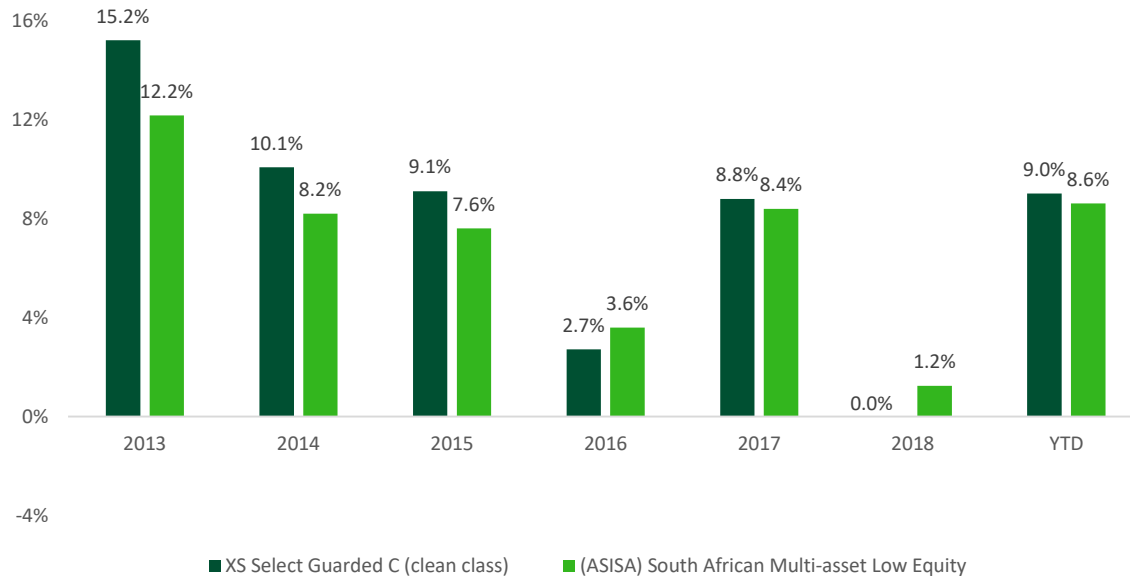
Peer group average: 8.6%

Peer group average: 56.0%

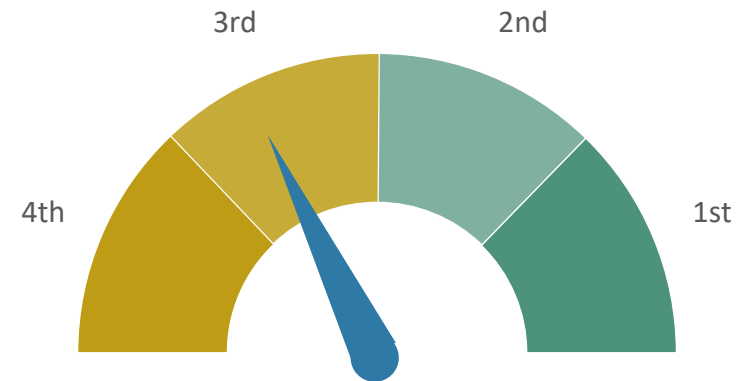
Peer group average: 5.8%



## Calendar year performance



## Peer group quartile ranking: 3Y



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## Risk measures since inception

Hit rate: outperforming peer group average

SA equity market: 14.3%

SA equity market: -40.4%

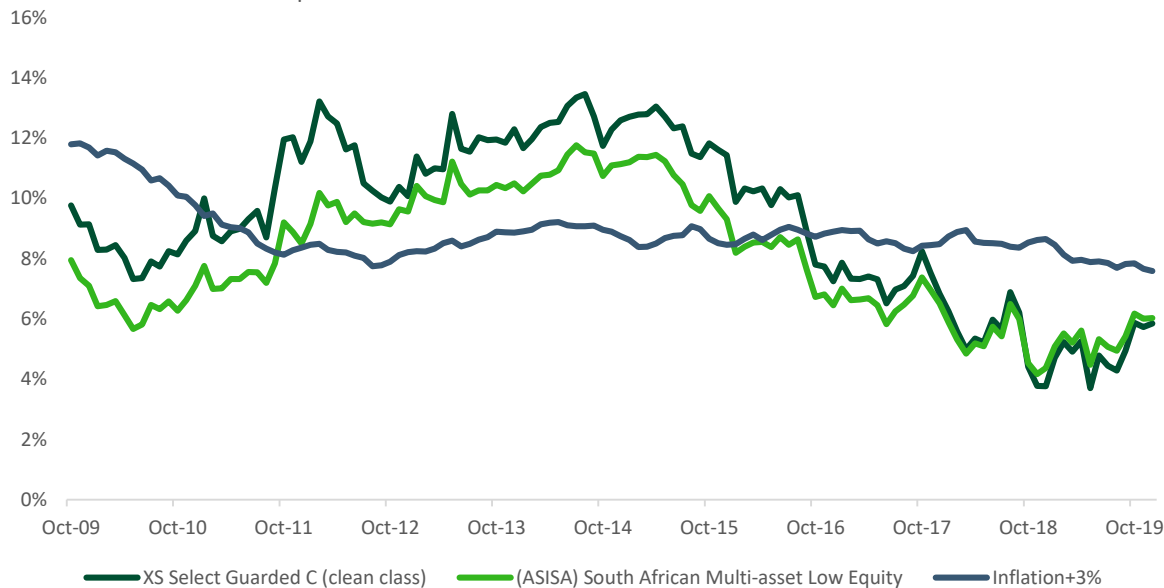
SA equity market: 0.2

SA equity market: 61%

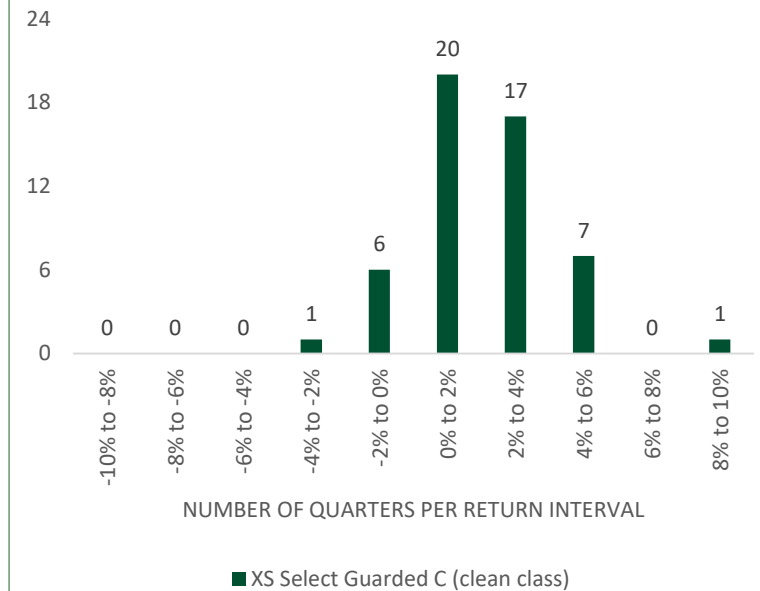


## Rolling 3-year annualised return

Since inception Nov 2006 to date



## Quarterly return distribution





## Underlying fund performance

Allan Gray Stable	12.6%	13.7%	6.4%	11.1%	2.9%	11.1%
Coronation Balanced Defensive	11.2%	11.4%	4.6%	9.8%	2.6%	9.5%
Nedgroup Inv Core Guarded	8.9%	9.5%	4.4%	9.6%	2.0%	8.7%
Nedgroup Inv Stable	8.8%	8.3%	3.9%	7.8%	1.7%	7.1%
Prudential Inflation Plus	6.6%	8.1%	0.4%	7.1%	-4.3%	6.5%



- “ Foord’s bias to global shares and high-yielding, medium-term SA debt over SA Inc. shares contributed to performance. In addition, its overweight to equity within the global allocation worked in their favour, with information technology and consumer discretionary being the star performers
- “ Some of the major contributors for Coronation for the year include Northam Platinum, Naspers, British American Tobacco, Anglo American and AnheuserBusch.



- “ The Rand strengthened 8% relative to the US dollar, benefitting from the positive global sentiment. This outweighed the impact of concerns about local electricity supply even though Eskom continued to implement load-shedding. A weaker USD also provided additional support to the local unit.
- “ The fund’s exposure we have to Sasol, Shoprite, Nedbank, Advtech and Woolworths detracted from performance as these companies ended the year in the red.
- “ Local listed property remains one of the weakest sectors for the year, albeit marginally positive. Prudential’s relatively high allocation to this sector of the market remains a drag on performance.





## Performance across classes

1.1%	1.5%	1.4%	1.4%	1.5%	0.4%
7.8%	9.2%	9.0%	8.8%	8.6%	3.6%
4.6%	6.0%	5.8%	N/A	6.0%	4.5%
4.6%	0.06	5.9%	N/A	5.8%	4.9%



## Costs across classes

2.03%	1.00%	2.45%	0.05%	2.50%
0.88%	N/A	1.13%	0.05%	1.18%
1.03%	N/A	1.30%	0.05%	1.35%
1.18%	N/A	1.46%	0.05%	1.51%

\*Both the Total Expense Ratio (TER) and Transaction Costs (TC) of the Fund are calculated on an annualised basis, beginning 1 October 2019 to 30 September 2019.



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