

June 2025

Nedgroup Life Managed Fund



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Investment objective

The Managed Fund is invested in the Nedgroup Investments Balanced Fund. The Managed Fund is for investors requiring real capital growth without having to make complex asset allocation decisions between equities, cash and bonds, whether they are based locally or offshore. Diversification across asset classes and a maximum equity exposure of 75% help achieve this by reducing risk and volatility – 2 downsides found in a general equity portfolio.



Overview

Policyholder premiums are invested in the Nedgroup Life Managed Fund. In 2017 the asset manager of this fund was changed as a result of persistently poor performance; we expect a marked improvement in the performance in the coming years.



Charges

There are 2 categories of charges levied on the Managed Fund:

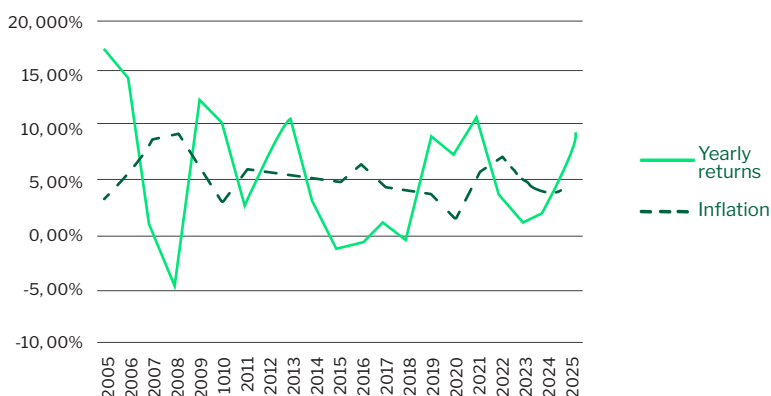
- Investment management charges
- Policy management charges

The average of these charges for the Managed Fund in 2024 is 2.6%, annualised.

Performance¹ per year

Period	Returns	Benchmark (Inflation + 4%)	All-share index (alsi)
1 year	22.9%	6.8%	21.0%
3 years	12.9%	8.8%	13.3%
5 years	13.1%	9.2%	12.1%
10 years	4.7%	8.8%	6.4%

Net returns vs inflation²



¹ The annualised return is the average return earned by an investment each year over a given period. Benchmark is inflation and the alsI column represents the all-share index returns, which exclude dividend payments.

² The graph shows historical returns. The net returns are returns after tax and investment management charges only.



Managed Fund asset composition at June 2025

Market overview

The global investment landscape continues to shift under the weight of escalating geopolitical tensions, an increasingly inward-looking United States (US) foreign policy, and unsustainable debt accumulation in the US. While US markets remain supported in the near term by a weaker dollar and softer energy prices, risks are rising. In contrast, South African assets, though not immune to global headwinds, offer relative value and some insulation amid higher global volatility.

US foreign policy is negative for global growth and equity risk premia

The US is increasingly inward-focused and no longer acting as the primary guarantor of the rules-based international order that has broadly prevailed since the Second World War. This shift towards a more multipolar world is likely to embolden other powerful countries to pursue their own interests, potentially at the expense of global stability. This rise in political and economic risk does not appear to be reflected in current market valuations.

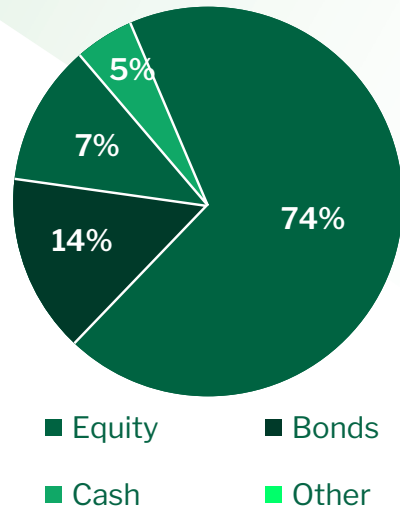
Performance commentary:

A temporary easing of trade tensions and geopolitical uncertainty saw global markets bounce back over the second quarter. Gold came down from lofty highs as investors upweighted riskier assets once again.

Developed markets maintained positive momentum following a weak start to the year in the first quarter (MSCI World Index up 11.6% in US dollars for Q2). US tech stocks in particular regained prior-quarter losses delivering double digit returns. Emerging markets US dollar returns at 12.2% were even stronger than developed market returns as China-US sentiment somewhat thawed and the dollar weakened. South African markets also posted strong second-quarter returns with SA equities in the lead (Capped SWIX up 9.7%). Both local bonds (ALBI) and property (SAPY) were also strong, returning 5.9% and 9.1% respectively. Within equities, SA industrials (11.8%) led local sector performance with good returns from Telcos and Naspers. SA resources (9.2%) were once again supported by platinum miners.

While market performance has been strong, risks remain high. The global economic impact of US policy implementation remains uncertain while the risks relating to mounting US fiscal debt are increasing. The fund maintained a relatively defensive position over the quarter, retaining its focus on companies with strong free cash flow and dividend yields.

Good stock picking within the foreign equity exposure was again the main contributor to quarterly fund performance. Select European industrial counters in the portfolio performed well, particularly Renk Group, a European defence company. The fund exited its position in Renk over the quarter, realising good profits given the significant price increase. Exposure to Taiwan Semiconductor-SP ADR also contributed to fund performance as tech companies rallied.





Performance commentary:

Detractors over the quarter included gold miners, who lost some of the significant Q1 gains. A holding in Aspen proved to be the largest detractor. The share derated significantly following the surprise announcement of the loss of an mRNA manufacturing contract. No details were provided, but it is probably fair to assume that the change to global tariffs would have played a role. Importantly, however, this dispute is not related to Aspen's manufacturing capabilities or quality of their facilities. Aspen should be able to fill the excess capacity in future years, but clearly this will now take much longer than expected.

Top contributors



Top detractors

