

September 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	24.8%	7.4%	24.7%
3 years	14.8%	8.2%	19.2%
5 years	14.9%	9.0%	14.7%
10 years	5.7%	8.8%	8.0%

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 als 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.



Market overview

Geopolitical tensions remain elevated, both between and within nations, contributing to a persistently uncertain global environment.

While the escalation of US tariffs presents a modest headwind to growth, the overall impact is likely to be contained, and the inflationary effects are expected to be transitory.

Domestically, South Africa's strong terms of trade continue to support the trade balance and fiscal position. At the same time, a firm rand and moderate inflation have created room for measured interest rate cuts.

US: AI-led growth

US GDP growth for Q2 was revised upward, driven by stronger-than-expected consumer services spending, which rose by 2.5%, and non-residential investment, which was up by 3.6%. Notably, technology-related expenditure now accounts for over 40% of total fixed investment in the US.

This growth driver is expected to persist in the short term as major technology companies continue to invest in AI infrastructure, driven by ample cash reserves and strong incentives to maintain technological leadership.

South Africa: Incremental improvement

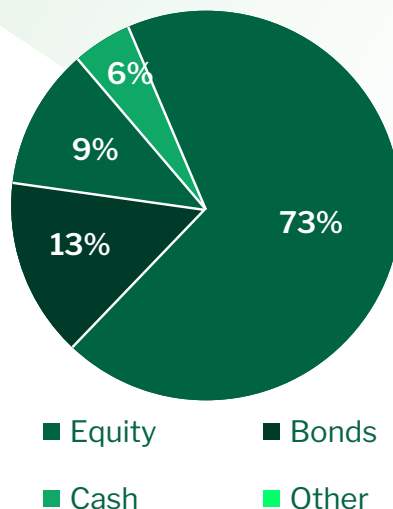
While strong terms of trade, a firm rand and moderate inflation have created room for measured interest rate cuts in tandem with the US easing cycle, the South African Reserve Bank's commitment to inflation targeting may temper the pace of policy loosening. Challenges remain, particularly around subdued domestic consumption and ongoing earnings downgrades in cyclical consumer sectors, reflecting ongoing household pressures.

Performance commentary

Global financial markets delivered strong gains in the third quarter of 2025, driven by resilient corporate earnings, optimism around policy easing, and renewed strength in technology and growth sectors. The MSCI World Index advanced 8.5%, while the S&P 500 rose 8.1%. Asian and emerging markets outperformed, with the MSCI Asia ex-Japan up over 11%, boosted by a rebound in Chinese and Taiwanese technology shares. In contrast, European markets lagged, delivering modest positive returns amid uneven economic data. Fixed income performance was more muted, with global bonds gaining around 0.6% and credit markets tightening modestly as investor appetite for yield persisted.

Q3 was also a favourable quarter for South African financial markets. Equities were once again boosted by performance from precious metal miners, delivering a stellar 12.9% (Capped SWIX) and bringing the year-to-date returns to 31.4%. Gold and commodity prices continued to rise with the gold price reaching record highs of \$3 830 by quarter-end and platinum surging to an 11-year high. At a sector level, SA Resources returned 46.8% in Q3 while SA Industrials only gained 3.7%, mostly due to Naspers' performance. SA Financials returned just 1% over the quarter. SA government bond yields eased modestly, reflecting lower real long-term rates and lower expected inflation.

Managed Fund asset composition at September 2025





Portfolio movements

Over the quarter, the fund took profit on select foreign equity counters that had rerated, particularly in the Banking and Defence sectors. Within local equity, the fund took profits in British American Tobacco (BAT) and used some of the proceeds to build a position in Richemont, as the share was offering value post its 30% decline from its March high.

The fund added to its position in MTN, after its 20% decline. The fund manager generally has a higher conviction in African earnings recovery, and MTN through its Nigerian and Ghana exposure is well placed to benefit.

Top contributors



Top detractors

