

## ASSET ALLOCATION RANGE

### RISK RATING



### Risk reward profile

Equity and property investments are volatile by nature and subject to potential capital loss. For credit and income instruments, while unlikely, capital loss may also occur due to an event like the default of an issuer. The portfolio may be subject to currency fluctuations due to its international exposure.

## GENERAL INFORMATION

### ASISA category

Worldwide Multi Asset Flexible

### Benchmark

Inflation + 5% over rolling 3 years

### Investment manager

Aylett & Co. (Pty) Ltd is authorised as a Financial Services Provider under the Financial Advisory and Intermediary Services Act (FSP No. 20513).

### Inception date

03 October 2005

### Appropriate term

Minimum 3 - 5 years

### Market value

R 986 Million

### Income distributions

Frequency: Annually

December 2016: 0.24 cpu

Previous 12 months: 0.24 cpu

### Fees and charges (excluding VAT)

Initial fees	0.00%
Annual management fee	1.50%

Total expense ratio	2.01%
Transaction costs	0.07%
<b>Total investment charges<sup>2</sup></b>	<b>2.08%</b>

### 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](http://www.nedgroupinvestments.co.za)  
Email [info@nedgroupinvestments.co.za](mailto:info@nedgroupinvestments.co.za)

## Minimum Disclosure Document

## Portfolio profile

The portfolio is suitable for investors looking for a balanced exposure to both domestic and international assets, with maximum capital appreciation as their primary goal. This portfolio will typically display lower volatility than a general equity portfolio.

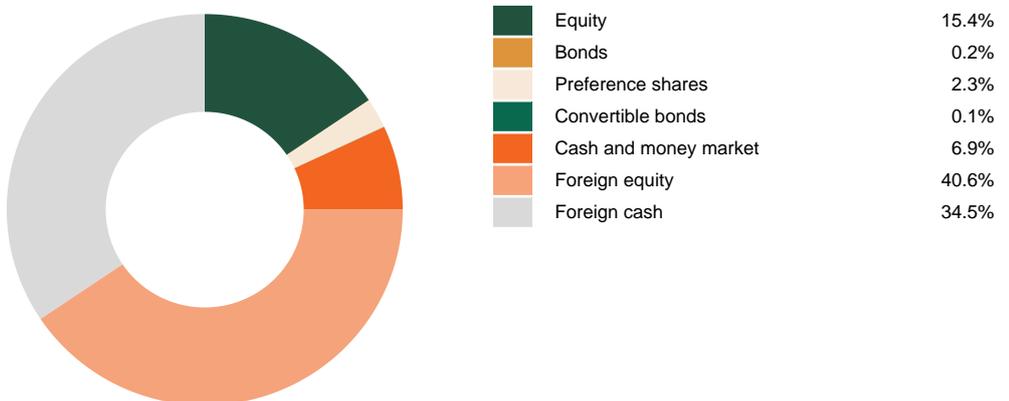
## Performance<sup>1</sup>

Period	Portfolio	Benchmark
1 year pa	6.2%	11.4%
3 Years pa	9.7%	10.7%
5 Years pa	16.4%	11.0%
7 Years pa	13.6%	10.8%
10 Years pa	10.3%	11.6%
Lowest 1 year return	-16.9%	
Highest 1 year return	47.7%	

## Risk

Period	Portfolio	ALSI
Volatility [5 years]	11.0%	10.5%

## Portfolio structure



## Top 10 holdings

Share	Percentage
Berkshire Hathaway - B	7.8
Transaction Capital Ltd	6.0
International Business Machines	3.6
Bank of New York Mellon	2.9
Walmart Stores	2.7
RECM & Calibre Ltd Pref Share	2.3
Melco International Development	2.3
Pargesa Holding S.A	2.0
AECI Ltd	2.0
Redwood Trust Inc	1.7
<b>Total</b>	<b>33.3</b>

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. Inclusive in the TER of the fund, a performance fee of 0.21% of the net asset value of the Fund was recovered. 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 01/01/2014 and ending 31/12/2016

# Nedgroup Investments Bravata Worldwide Flexible Fund

April 2017



## ASSET ALLOCATION RANGE

### Investment manager commentary

#### Aylett & Co

*"All we're trying to be is rational while everyone is trying to be brilliant"*  
Charlie Munger - Berkshire AGM, 2017

I am writing this month's commentary on an Emirates flight back from the Berkshire Hathaway Investment Conference in Omaha. In the past, I was a loyal paying customer of South African Airways until it was run into the ground due to bad management. Thereafter, I became a loyal customer of British Airways until they went out of their way to disappoint me. I am now a loyal paying customer of Emirates who go out of their way to delight me. In successful investing, all that is required is to invest in companies whose aim is to delight their customers year-on-year, thereby increasing the moat around their business. Bravata endeavours to seek out these companies - and Berkshire Hathaway is one such company.

Apart from choosing investments, it is rational in certain times to accumulate cash in preparation for opportunities presenting themselves. I attended an investment conference before the AGM - and what struck me was the quantity of professionals all trying to do the same thing. I kept asking myself: *What is our value proposition?* Furthermore, what was very clear was the hot topic of the inability of fund managers to beat the market. I had to concede that there is some merit in this thinking.

*How could we at Aylett and Co. beat the market?* The answer is simple: be rational while everyone else tries dramatically to be brilliant. *But how?*

1. Have a significant amount of your own money in the funds alongside your clients'.
2. Make sure that the single goal is to grow your capital without the pressure that is applied by short term investors.
3. Be prepared to take career risk. For instance: rather run the funds for the investors than the profitability of your firm.

This is a very hard thing to do, but I am convinced that you will beat the market if you do this. This is rational, which will ultimately lead to actions that will delight your clients. Over eleven years, there is no doubt that in our local mandates we have beaten the market by more than 90%. In our offshore fund it is more difficult to measure given the array of different markets and currencies, however, over the long run it feels like we have added value. We will have to try and do more work on this topic and report back to our investors.

Clients will notice that year-to-date we have been lagging competitors significantly. This was predicted in our December commentary. This underperformance has come from being rational, building cash reserves and the lack of investments that meet our valuation levels. We have been here before, and in my opinion, this has always been the best time to invest with Aylett and Co. Our best investment decisions come during times of underperformance relative to the market and our competitors.

#### 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](mailto: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](mailto:info@nedgroupinvestments.co.za)  
For further information on the fund please visit: [www.nedgroupinvestments.co.za](http://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

#### Date of issue

15 May 2017