



UNIT TRUSTS | INTERNATIONAL | RETIREMENT FUNDS

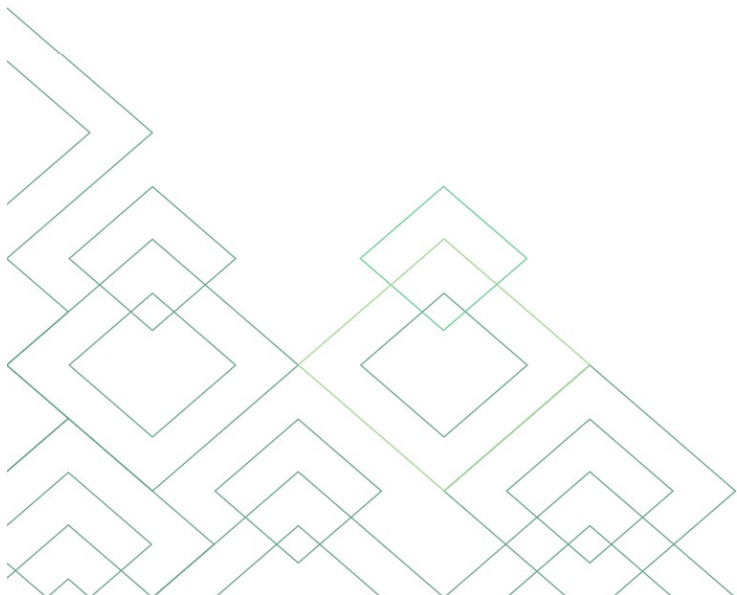
see money differently



NEDGROUP INVESTMENTS

Bravata Worldwide Flexible Fund

Quarter One, 2023





PERFORMANCE

31 March 2023 (Annualised Net returns)	1 year	3 years	5 years	7 years	10 years	Since Inception
Fund – A Class¹	11.0	22.7	14.8	10.7	12.3	11.4
Benchmark²	12.4	10.4	10.1	10.2	10.4	11.1

The fund had a reasonable quarter despite experiencing poor performance from a previous winner of ours, Transaction Capital Ltd (TCP). Below please find an explanation from our analyst Dagon Sachs, on our view of what happened and why we have added to our position consequently:

TRANSACTION CAPITAL

Transaction Capital Ltd, a holding that historically made outsized returns for the fund, released a disappointing trading update well below guidance. Prior to the update it was a much smaller holding in the fund than it used to be, but we thought it important to unpack this result in more detail.

TCP consists of 3 segments:

Nutun - a debt collections and services business,
WeBuyCars (WBC) - a growing used vehicle trader, and
SA Taxi - a financier of commuter taxis.

A major risk item for SA Taxi has always been its reliance on Toyota for new vehicles. As such, they had developed an in-house ability to refurbish repossessed taxis and resell them (as a strategy that also materially lowered the loss given a default). When the floods in KwaZulu-Natal destroyed the Toyota plant, SA Taxi had to increase the number of refurbishments (QRT's) they did per month in an attempt to fill the gap in the lack of supply of new vehicles. This combined with the ever-increasing price of new vehicles seemed like a logical and sustainable strategy.

Unfortunately, this strategy did not work and the result was that they ended up repossessing a much larger number of taxis than anticipated. Hence their decision to reverse course and go back to the original lower number of QRT's that they used to produce. However, if you are no longer refurbishing these repossessed taxis then the loss on those already repossessed is higher. Hence, TCP's need to provide R2 billion against those taxis already, or likely to be, repossessed.

WeBuyCars also experienced its first period where it did not grow. The decline in used car prices meant they moved a lot of stock out of inventory in a matter of months at low margins, in order to transition into the areas of the market that are more vibrant. This ability to turn stock fast means they are far less vulnerable to used car prices than a traditional dealer. In the very short term however, it does hamper their growth. WBC still remains a high-quality model with a long runway of growth ahead.

The market reacted very negatively to this, being concerned that SA Taxi as a whole was bankrupt and that it could bring the whole group down with it. TCP, instead of shying away, provided an immense amount of detail on multiple public webinars to dispel a lot of the misinformation out there, showing very clearly what the issues are, where the risks lie, and what the group is doing to address these challenges.

¹ Net return for the Nedgroup Investments Bravata Worldwide Flexible Fund (A Class).

² Benchmark is South Africa CPI+5%





Positive Contributors	%	Negative Contributors	%
Delfi Ltd	1.7	Transaction Capital	-3.4
Grupo Aeroportuario Cen-Adr	1.5	Sabre Corp	-1.9
Reinet Investments Sca	1.5	Arco Platform Ltd - Class A	-0.7
Jumbo	1.3	AECI Ltd	-0.7
Melco International Develop.	1.3	Spirit Aerosystems	-0.4

Date: 31 March 2022 to 31 March 2023

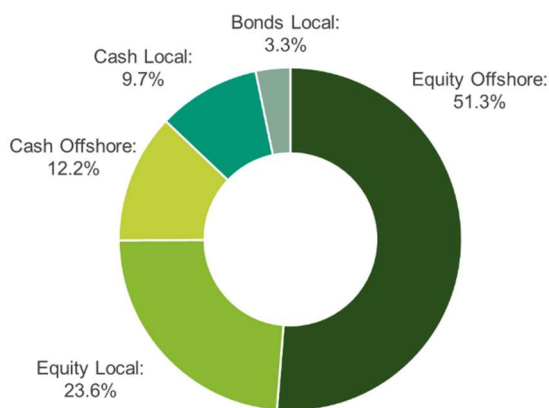
Spirit Aerosystems and Sabre Corp have also disappointed but expect them to recover but we have lowered our expectations for these two businesses.

On the positive side it was pleasing to see some new winners from the offshore side of the fund such as Delfi Ltd and Grupo Aeroportuario Cen-Adr (a Mexican airport company). Finally Jumbo, a Greek retailer in true fashion continues to surprise to the upside.

TOP HOLDINGS

Holdings	Holding (%) 31 Mar 2023	Holding (%) 31 Dec 2022
Reinet Investments SCA	10.1	9.8
Aylett Global Equity Fund	5.7	5.7
Berkshire Hathaway Inc	4.5	4.6
Delfi Ltd	3.3	2.4
British American Tobacco Plc	3.0	3.4
Rubis	2.9	2.7
Tsogo Sun Gaming Ltd	2.8	3.0
AECI Ltd	2.8	2.8
Melco International Develop.	2.8	2.7
Bath & Body Works Inc	2.7	3.2
	<hr/>	<hr/>
	40.6	40.3

ASSET ALLOCATION



Date: 31 March 2023





TRANSACTIONS

Up Weights	Traded Value as % of NAV	Down Weights	Traded Value as % of NAV
SBM Offshore Nv	0.8	Grupo Aeroportuario Cen-Adr	-2.1
Conocophillips	0.7	Booking Holdings Inc	-0.9
Transaction Capital Ltd	0.7	Sonic Automotive Inc-Class A	-0.6
Coca-Cola Co	0.5		

Date: 31 December 2022 to 31 March 2023

We continue to add to our high dividend yielding shares such as SBM Offshore Nv and Conocophilips and introduced a new counter, the Coca-Cola company.

OUTLOOK

In the short term our view of the future is mixed. On the one hand the market is looking for rate cuts to commence in the second half of the year, whereas if the US Fed is to be believed, we will perhaps have to wait a little longer until it's fight against inflation succeeds. Ultimately the lowering of rates is positive for most assets and we have already seen some evidence of this. As normal we do not attempt to forecast these events but to rather pick quality assets.

Bravata's portfolio is made up of very good assets with significant upside if rates do come down. If they stay at current levels the shares that we own have significant dividend yields.

High interest rates in South Africa are compensating for the risk of the region and for offering real interest rates i.e. rates in excess of inflation.

The currency is difficult to call but could surprise to the upside should interest rates decline. Local risk factors such as the political landscape make it a difficult call to make.

In conclusion, the equity exposure of 75 per cent gives some opportunity to take advantage of any bad news that may surprise investors.





Disclaimer

WHO WE ARE

Nedgroup Collective Investments (RF) Proprietary Limited is an authorised Collective Investment Scheme and the representative of Nedgroup Investments Funds PLC in terms of the Collective Investment Schemes Control Act. 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, Tel 021 401 2002.

HOW ARE OUR FUNDS PRICED

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

A schedule of fees and charges is available on request from Nedgroup Investments. One can also obtain additional information on Nedgroup Investments products on our website.

DISCLAIMER

Unit trusts are generally medium to long-term investments. The value of your investment may go down as well as up. 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. Our funds are traded at ruling prices and can engage in borrowing and scrip lending.

Some funds may hold foreign securities including foreign CIS funds. As a result, the fund may face material risks, which could include foreign exchange risks, market conditions and macro-economic and political conditions.

A fund of funds may only invest in other funds, and a feeder fund may only invest in another single fund, both will have funds that levy their own charges, which could result in a higher fee structure.

The Nedgroup Investments Money Market Fund offering aims to maintain a constant price of 100 cents per unit. A money market fund is not a bank deposit. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument held. In most cases the return will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of a capital loss. Excessive withdrawals from the fund may place the fund under liquidity pressures and that in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. The yield is calculated using an annualised seven day rolling average as at the relevant dates provided for in the fund fact sheet. Nedgroup Investments has the right to close its funds to new investors in order to manage it more efficiently.

NEDGROUP INVESTMENTS CONTACT DETAILS

Tel: 0860 123 263 (RSA only)

Tel: +27 21 416 6011 (Outside RSA)

Email: info@nedgroupinvestments.co.za

For further information on the fund please visit: 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

