



NEDGROUP
INVESTMENTS

UNIT TRUSTS | INTERNATIONAL | RETIREMENT FUNDS

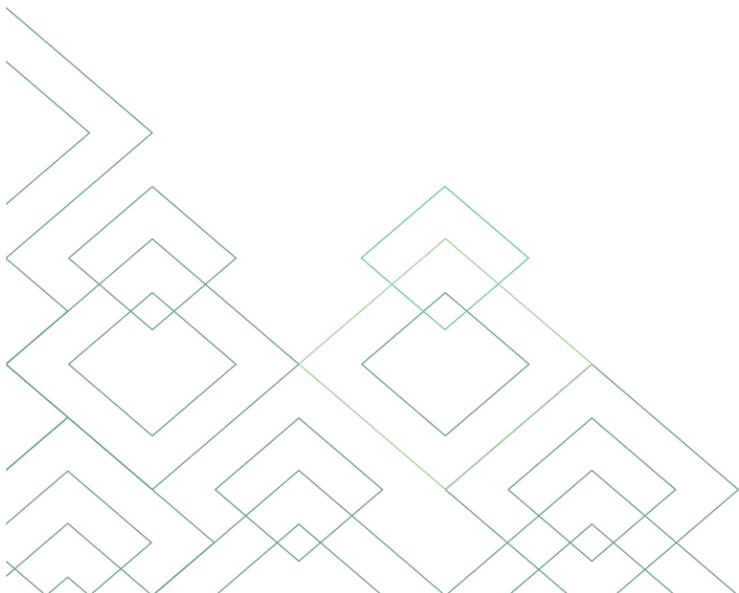
see money differently



NEDGROUP INVESTMENTS

Bravata Worldwide Flexible Fund

Quarter Four, 2021





31 December 2021 (Annualised Net returns)	1 year	3 years	5 years	7 years	10 years	Since Inception
Fund – A Class ¹	37.6%	18.7%	11.9%	11.6%	14.5%	11.6%
Benchmark ²	10.7%	9.3%	9.6%	10.0%	10.3%	10.7%

Past performance is not indicative of future performance.

The fund performance has exceeded both the benchmark and internal benchmarks set by the manager over all time periods. If we can consistently provide upper quartile performance, then the fund will be a top performer and generate meaningful returns for investors.

Outside of asset allocation and security selection contributing to performance some further observations need to be made. The team culture and working environment is vital at Aylett & Co. and this is shown in the results generated. The team has been working together for a long time with a consistently executed investment approach.

The fund has also benefitted from the tenure of the fund manager who is unchanged since inception 16 years ago. Few funds in the industry have been managed by the same manager for significant periods of time, even though a long time horizon (5+ years) is required to see investment calls come to fruition. Furthermore, we benefit from clients who share the same time horizons and the patience required to be long term investors.

TOP HOLDINGS & ASSET ALLOCATION

The volatility in markets from COVID-19 allowed us to make additional, significant investments into assets and companies we knew and understood well. In addition to this, it also allowed us to introduce new ideas into the fund at compelling valuations. Since then, we have seen several of our companies being acquired for prices in excess of what we paid as their attractiveness becomes clear. Not all of these deals have gone through yet as we wait to see the outcome for some of them.

Holdings	Holding (%)		Change (%)
	31 Dec 2021	31 Dec 2020	
Reinet Investments SCA	7.5	9.8	-2.2
Berkshire Hathaway Inc-CI B	5.7	8.0	-2.3
Transaction Capital Ltd	4.9	6.1	-1.2
AECI Ltd	4.2	4.8	-0.6
Spirit Aerosystems Hold-CI A	2.9	3.2	-0.4
British American Tobacco Plc	2.8	2.1	0.7
Tsogo Sun Gaming Ltd	2.6	1.2	1.4
Wabtec Corp	2.1	0.0	2.1
Booking Holdings Inc	2.1	1.6	0.5
Sabre Corp	2.1	1.0	1.1
	36.8	37.8	

Date: 31 December

However, the offers have provided positive evidence for the investment cases and valuation targets and should any of them fall through we would not be disappointed. We are not indiscriminate sellers, and should the takeout price not be fair, we wouldn't accept it. Small cap stocks and illiquidity discounts are often arguments made by investment bankers, we are not forced sellers and will wait for the price to reflect fair value.



Equity	28.3%
Preference shares	0.8%
Cash and money market	15.7%
Foreign equity	35.5%
Foreign cash	19.7%

Date: 31 December

¹ Net return for the Nedgroup Investments Bravata Worldwide Flexible Fund, A class.

² Benchmark is the South Africa CPI+5%, Bloomberg data





TRANSACTIONS

Two significant sales took place, both of which were in companies that we owned for more than 5 years. The companies in question were Royal Bafokeng Platinum Ltd and Oriental Watch Holdings, which made up around 13% of the fund pre-sale.

Returns for both these companies were nothing short of exceptional in 2021, with Royal Bafokeng Platinum Ltd growing approximately 151% and Oriental Watch Holdings growing approximately 125% over the period we held these shares in the year. These companies differ in all aspects like products, business models and regions but the common ingredient for success they shared from an investment perspective was TIME. We continued to learn about these businesses and the market gave us repeated opportunities to buy them at bargain prices.

This is even when the underlying fundamentals for the businesses kept improving and gave us increased conviction to own more. Business prospects continue to improve, cash continued to build, and good news exceeded even our own forecasts. As an example, COVID-19 forced the Chinese watch consumer to stay home and purchase their luxury watches there, rather than in Europe as many had in the past. Oriental Watch Holdings was ideally placed to capitalise on this demand.

Entries

From 31/12/2020 to 31/12/2021

	Holding (%)	Change (%)
Wabtec Corp	2.1	2.1
Rubis	1.8	1.8
Victoria's Secret & Co	1.8	1.8
Impala Platinum Holdings Ltd	1.6	1.6
Conocophillips	1.5	1.5
Arco Platform Ltd	1.2	1.2
Delfi Ltd	1.1	1.1
Exxon Mobil Corp	1.0	1.0

Exits

From 31/12/2020 to 31/12/2021

	Holding (%)	Change (%)
Royal Bafokeng Platinum Ltd	0.0	-8.5
Bank Of New York Mellon Corp	0.0	-2.5
Longleaf Asia Pacific Ucits	0.0	-2.5
Oriental Watch Holdings	0.0	-1.9
Jefferies Financial Group In	0.0	-1.7
Lazard Ltd-CI A	0.0	-1.1
Redwood Trust Inc	0.0	-1.0
CK Hutchison Holdings Ltd	0.0	-1.0

Up Weights

From 31/12/2020 to 31/12/2021

	Holding (%)	Change (%)
Tsogo Sun Gaming Ltd	2.6	1.4
Jumbo Sa	1.6	1.4
Sabre Corp	2.1	1.1

Down Weights

From 31/12/2020 to 31/12/2021

	Holding (%)	Change (%)
Berkshire Hathaway Inc-CI B	5.7	-2.3
Transaction Capital Ltd	4.9	-1.2

Date: 31 December 2020 to 31 December 2021

Primary Contributors to Return

From 31/12/2020 to 31/12/2021

Holding	Contributor %
Royal Bafokeng Platinum Ltd	10.8
Transaction Capital	3.9
Bath & Body Works Inc	2.8
Berkshire Hathaway Inc-CI B	2.7
AECI Ltd	1.8

Primary Detractors from Return

From 31/12/2020 to 31/12/2021

Holding	Detractor %
Melco International Develop.	-1.3

Figures are not exact but do give good estimates of the relative contribution of the underlying securities.

Source: Bloomberg, 31 December 2021





Volatility is generally viewed as bad by market participants and penalised by those who subscribe to the more textbook driven valuation methods. However, volatility gives the rational and prepared investor incredible opportunities to own assets at prices far below their true worth. Given our longer term focus we are able to act rational and add to holdings in periods of short-term fear and weakness, which results in the long-term compounding of returns.

Finally, we have noted in the past that good things happen to companies run by good management teams. It is hard to price this explicitly into a valuation model but being able to trust a good management team also allows for long-term outperformance. As an example, the fund has owned Transaction Capital for many years and we never forecasted them acquiring WeBuyCars in a deal which is now looking to be incredibly prescient. Astute management saw an opportunity and made a very compelling acquisition which has benefitted us as shareholders.

OUTLOOK

As per usual we do not profess to know how markets are going to act. Factors like inflation, the direction of interest rates and the overall level of the market are ones which are discussed at length by the financial press and other market participants. Much is already known on those factors, but much can also change in the future. It is safe to say though our expectations are conservative, and we feel it is prudent to have some cash available in the fund should future opportunities present themselves.





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

