



Active Quants Fund

Market context

Coming into 2025, markets were positioned for a continuation of US exceptionalism under a new Republican administration. Instead, investors were served with unpredictable trade policy, leading to heightened volatility, weaker US growth expectations, and a shift in leadership abroad.

In the US, equity markets struggled weighed down by renewed trade tensions, inflation concerns and the unwinding of big tech dominance. The S&P 500 posted its worst quarterly return in three years, while investor sentiment shifted toward more traditional sectors.

In contrast, European equities delivered strong returns, buoyed by a structural shift in fiscal policy towards higher defence spending and relative economic resilience. UK equities followed suit, supported by large-cap banks and defence firms.

South African equities delivered a standout performance, with the All Share Index gaining 9.0%, outpacing the MSCI World (-1.8%) and MSCI Emerging Markets (+2.9%) in US dollar terms. The rally was underpinned by a significantly stronger resources sector, fuelled by a surge in precious metal prices. Gold was the standout performer, as investors sought safe-haven assets amid growing geopolitical uncertainty and the implementation of global trade tariffs.

To read more, please click [here](#) or visit the Insights section of www.ninetyone.com.

Performance

For the quarter, the portfolio underperformed the benchmark.

Among the largest detractors from relative performance was the portfolio's underweight exposure to Gold Fields. Our decision to hold an underweight position was supported by negative signals in quality, momentum and value. Within the value category, earnings yield and price-to-sales were the key negative indicators, while volatility and capital utilisation were the main drawbacks within the quality category. Also weighing on returns was the portfolio's overweight exposure to Mr Price. Our overweight exposure was primarily driven by strong signals in momentum, quality, and earnings expectations, with revenue growth, earnings growth and low volatility among the main contributing factors within the quality category.

Contributing to relative performance over the period were the portfolio's overweight positions in AngloGold Ashanti and British American Tobacco. Our decision to hold an overweight position in AngloGold Ashanti was driven by strong signals in earnings expectations, momentum and quality, with revenue growth and earnings growth the key contributors in the quality category. Our exposure to Sappi, meanwhile, was driven by strong signals in earnings expectations, momentum and value. The key contributors in the value category were cash flow yield, dividend yield and earnings yield.

Outlook

The portfolio's investment philosophy and process aim to deliver consistent returns for investors. We follow a multi-style investment approach, which is dynamically adjusted to ensure that relative risk is actively managed throughout the business cycle. We prefer shares that are trading at a discount relative to the market, with positive momentum, positive earnings expectations and low downside risk.

Some of the portfolio's largest overweight positions include British American Tobacco and Tiger Brands, while significant underweights include Gold Fields and Anglo American.

Our overweight position in British American Tobacco is largely driven by positive earnings expectations, positive momentum, and attractive value. In terms of Tiger Brands, our overweight position is largely driven by earnings expectations, positive momentum and strong quality.

Positive quality refers to good financial health, low volatility and downside risk, while positive value indicates that the stock is trading at an attractive value.

In terms of the portfolio's underweights, in our view, Gold Fields displays negative momentum, poor value, and poor quality, while Anglo American displays poor value and poor quality value.

Disclaimer

All information and opinions provided are of a general nature and are not intended to address the circumstances of any particular individual or entity. We are not acting and do not purport to act in any way as an advisor or in a fiduciary capacity. No one should act upon such information or opinion without appropriate professional advice after a thorough examination of a particular situation. We endeavour to provide accurate and timely information but we make no representation or warranty, express or implied, with respect to the correctness, accuracy or completeness of the information and opinions. We do not undertake to update, modify or amend the information on a frequent basis or to advise any person if such information subsequently becomes inaccurate. Any representation or opinion is provided for information purposes only.

Ninety One will not be held liable or responsible for any direct or consequential loss or damage suffered by any party as a result of that party acting on or failing to act on the basis of the information provided by or omitted from this document. This document may not be amended, reproduced, distributed or published without the prior written consent of Ninety One.

In the event that specific collective investment schemes in securities (unit trusts) are mentioned please refer to the relevant fact sheet in order to obtain all the necessary information in regard to that unit trust.

Collective Investment Schemes in Securities (CIS) are generally medium to long-term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Copies of the audited annual financial statements of the manager and of the scheme managed by it, are available, free of charge, upon request. Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used.

Certain Ninety One funds are offered as long-term insurance policies issued by Ninety One Assurance Limited, a registered insurer in terms of the Long-term Insurance Act.

Ninety One is an authorised financial services provider.

Further information

36 Hans Strijdom Avenue

Foreshore, Cape Town 8001

Telephone: +27 (0)21 910 1000