



NEDGROUP
INVESTMENTS

see money differently

**NEDGROUP INVESTMENTS
GLOBAL EMERGING MARKETS
EQUITY FUND**

NS  **PARTNERS**

NEDGROUP INVESTMENTS GLOBAL EMERGING MARKETS EQUITY FUND

Sub-investment manager



Founded in 1988, NS Partners Ltd is an investment manager based in London, England providing investment management services to pension funds, foundations, mutual funds and insurance companies around the world. The firm was originally formed as the international investment management arm for the Bank of America and began managing US institutional assets in 1981.

Although the business relationship dates back more than 20 years, in July 2011 they became part of the Connor, Clark & Lunn Financial Group Ltd., a multi-boutique investment management firm with over \$71 billion under management through its affiliated investment managers.

CC&L Financial Group's multi-boutique structure provides NS Partners with high-quality operational expertise that enables them to focus on what they do best – creating value-added global equity portfolios for clients.

NS Partners Ltd is authorised and regulated by the UK Financial Conduct Authority. FRN: 141667.

		
Investment management <ul style="list-style-type: none">• Portfolio management• Portfolio compliance• Client solutions		Business management <ul style="list-style-type: none">• Corporate accounting• Portfolio accounting• Performance reporting• Legal and compliance• Institutional strategy• Sales• Marketing• Information technology
London-based global equity boutique founded in 1988		Over 260 employees supporting Global Alpha in operational roles

At NS Partners the focus is on achieving outstanding performance while providing exceptional service to clients. They employ a unique combination of economic profit analysis and stringent risk controls to construct high quality global equity portfolios.

The strong team culture with peer group discussion and review is an integral part of the investment process. The team of highly-skilled investment professionals has over 200 years of combined industry experience and has been managing global emerging market equities together for more than 20 years. Their ability to attract and retain the most talented investment managers is critical to be able to generate superior long-term returns.

NS Partners' investment philosophy rests on a belief that liquidity and the supply and demand for equity drives markets. Furthermore, research shows that companies generating an improving rate of economic profit will generally exhibit superior long-term share price performance.

As a research-driven active manager of global emerging markets equities, they combine bottom-up fundamental company analysis with industry, sector and regional analyses. Their investment style is core with a growth bias, and predominantly large cap.

The stock-picking skills of each of the portfolio managers in their respective areas of specialisation is used to identify companies with distinct competitive advantages that are generating a high or improving return on invested capital with good earnings momentum. At the same time, the focus on economic profit analysis allows them to consistently avoid companies which tend to underperform the market over the long term.

Emphasis is placed on macro liquidity analysis for assessing the broad market environment and prospects for regional performance. A strategic bias is maintained towards those companies, industries and countries that have superior long-term growth potential.

The overall objective is to maximise exposure to the best market opportunities while keeping portfolios within acceptable risk tolerance levels and ensuring proper diversification of investment ideas. To consistently add value through all phases of the market cycle, it is necessary to have a process that is systematic and disciplined. All components of portfolio construction are considered carefully. A high-level infographic of the investment philosophy is shown below:

- **Country selection matters**

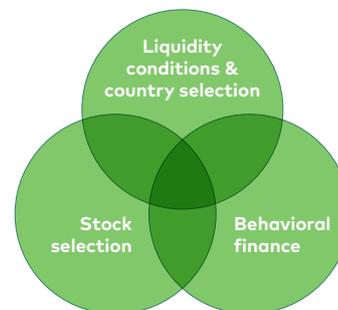
Excess money moves both asset markets and economies i.e. Money Moves Markets (Liquidity Theory of Asset Prices).

- **Profitability focuses stock selection**

Securities expected to generate high / improving economic profitability (ROIC/WACC) relative to the market will outperform (EVA approach).

- **Peer review ensures discipline**

Revalidate, test conviction continuously; ensure tight capital discipline (Behavioral Finance Theory).



Investment approach

NS Partners is a research-driven, active manager that complements its bottom-up fundamental company analysis with industry, sector and regional analyses.

Stock selection is based on identifying companies that are expected to generate increasing economic, not accounting, profit (i.e. where returns on invested capital exceed their cost of capital). NS Partners closely monitors monetary conditions in the major economies and maintains a strategic bias to those companies, industries and countries that have superior long-term growth potential.

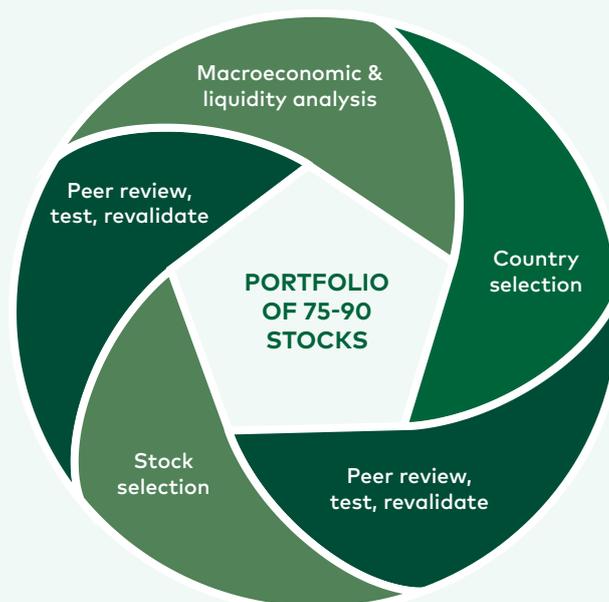
Rigorous research and screening processes results in team members, each a specialist in a particular country or region, explaining the rationale for holding the company before the stock is included in the portfolio. Decisions to buy or sell are made within a broader framework that looks at:

- Liquidity
- Sector exposure
- Performance of stocks owned (and not owned)
- Tracking error of significant positions
- Risk profile of the overall portfolio using quantitative analysis

NS Partners' overall objective is to maximise exposure to the best market opportunities while keeping the portfolio within acceptable risk tolerance levels and ensuring proper diversification of investment ideas.

Investment process

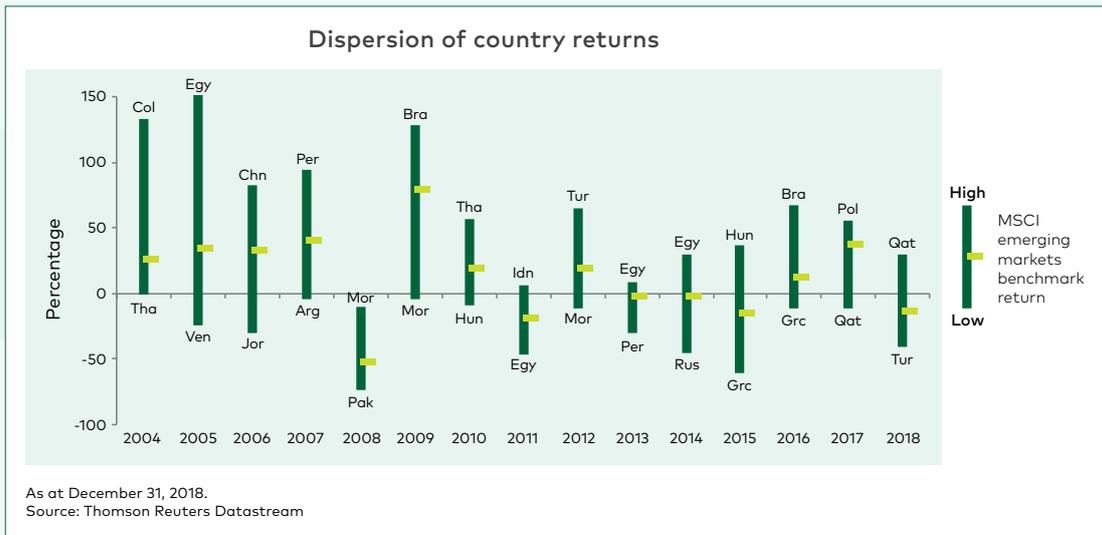
The NS Partners emerging markets equity team is a disciplined, research-based, process-driven, active manager that combines a stock selection process using economic profit analysis with a country analysis which includes specific examination of liquidity and political risk in a carefully designed iterative manner:



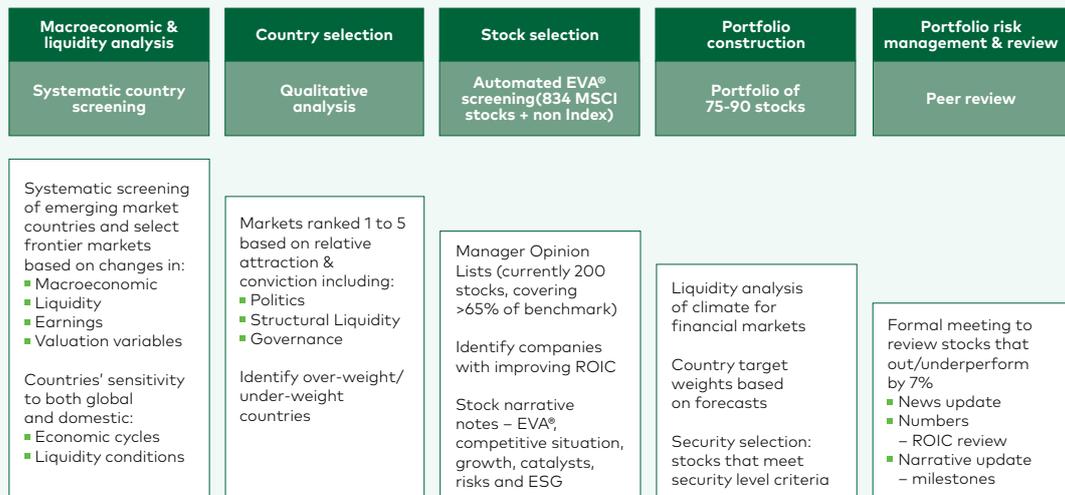
The firm focuses its portfolios on companies with a distinct competitive advantage which it is using to generate a high or improving return on invested capital, with good earnings momentum. The firm maintains a strategic bias towards those companies, industries as well as countries that have superior long-term growth potential.

The importance of country selection

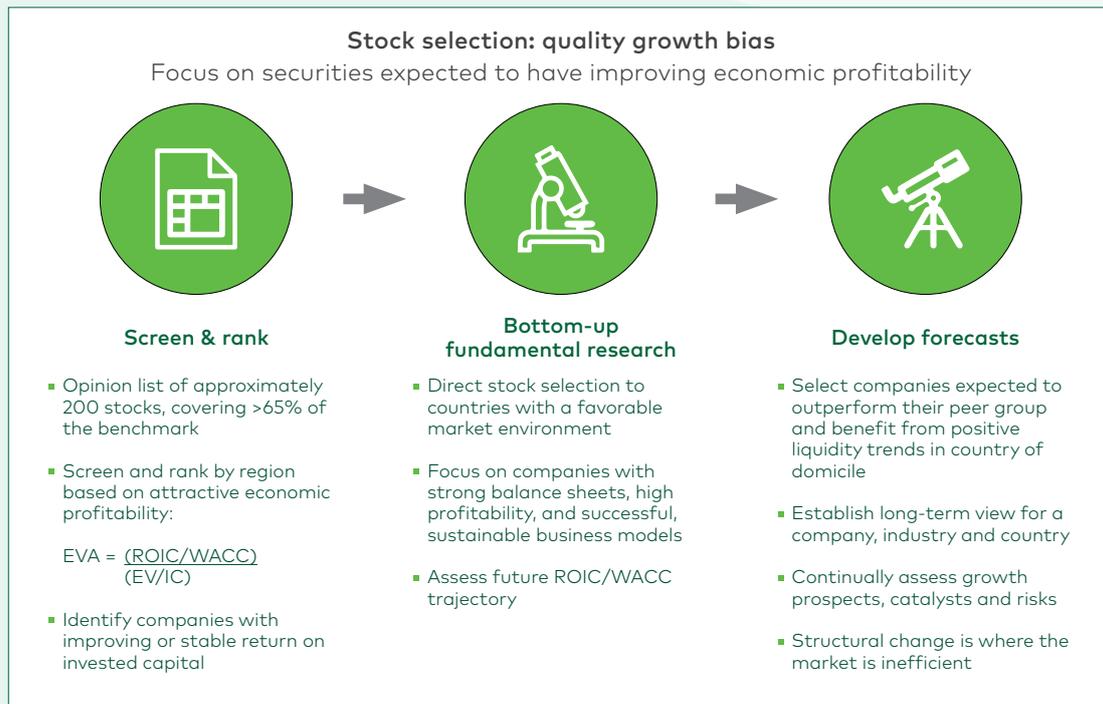
Wide divergence of country returns in emerging markets supports macro-assessment.



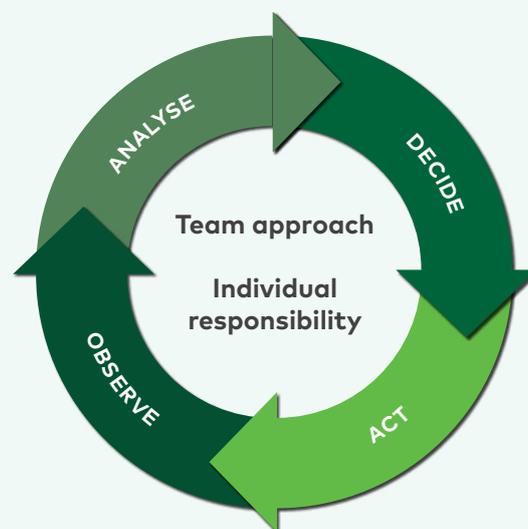
Additionally, it believes liquidity and the supply and demand for equity drives markets (the liquidity theory of asset prices), and it closely monitors real money growth relative to the economy’s demand for money. The firm’s overall objective is to maximise exposure to the best market opportunities, while keeping the portfolio within acceptable risk tolerance levels and ensuring proper diversification of investment ideas. An outline of the investment process is shown below:



The firm's philosophy has been consistently applied in the management of its emerging market equity portfolios and has resulted in outperformance relative to its peers and applicable indices. The focus on economic profit analysis allows the firm to avoid companies that are destroying shareholder value which typically underperform the market over the long term:



The firm believes that in order to consistently add value through all phases of the market cycle it is necessary to have a process that is systematic and disciplined. In addition to believing the firm's process can add value through stock picking and country selection, the team uses a peer group review mechanism throughout to reduce behavioural errors.



1 Highlights

■ Unique investment philosophy

Emphasise inflection points in liquidity conditions and stocks with improving economic profitability;

■ Differentiated investment process

Designed to steer fundamental stock selection to countries with a favourable market environment;

■ Focused risk management

Employs a factor risk model designed to avoid unintended country, sector or company exposure.

2 Objectives

■ Strategy objective

Long-term growth through investments in equity securities listed on emerging markets stock exchanges;

■ Return objective

Outperform MSCI Emerging Markets Index over a market cycle;

■ Risk objective

3-6% average tracking error per year over a market cycle.

3 Investment philosophy

■ Country selection matters

Excess money moves both asset markets and economies;

■ Economic profitability drives stock selection

Securities generating high or improving economic profitability relative to the market will outperform;

■ Peer review discipline

Revalidate, continually test convictions, ensure tight capital discipline.

4 Investment process

■ Macro-economic and liquidity analysis

- Changes in liquidity conditions influence security prices;

■ Country selection

- Country weights based on conviction, relative return opportunity and risk;

■ Stock selection

- Focus on securities expected to have improving economic profitability;

■ Portfolio construction

- Macroeconomic liquidity analysis provides the framework for portfolio construction;
- Portfolio of 75 – 90 securities;

■ Portfolio risk and review

- Formal bi-weekly meetings to peer review portfolio;
- Employ a factor risk model to avoid unintended country, sector or company exposure.

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The Fund and certain of its sub-funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000.

UK investors should read the Appendix for UK Investors in conjunction with the Fund's Prospectus which are available from the Investment Manager. www.nedgroupinvestments.com

The Fund has been recognised under paragraph 1 of schedule 4 of the Collective Investment Schemes Act 2008 of the Isle of Man

Isle of Man investors are not protected by statutory compensation arrangements in respect of the Fund.

The State of the origin of the Fund is Ireland. In Switzerland, the Representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zürich, whilst the Paying agent is Banque Heritage SA, route de Chêne 61, 1211 Geneva 6, Switzerland. The prospectus, the Key Investor Information Documents, the fund regulation or the articles of association as well as the annual and semi-annual reports may be obtained free of charge from the representative. In respect of the units distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units

The Prospectus of the Fund, the Supplement of its Sub-Funds and the KIIDS are available from the Investment Manager and the Distributor or from its website www.nedgroupinvestments.com

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