



**NEDGROUP**  
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# **NEDGROUP INVESTMENTS** **MULTIFUNDS PLC**

Quarterly Review  
Quarter 2 2022



This report is prepared by Nedgroup Investments (IOM) Limited the Investment Manager of Nedgroup Investments MultiFunds Plc.

The purpose of the report is to provide unitholders in the Nedgroup Investments MultiFunds and their advisers, with a review of the funds' performance since inception. The report is structured as follows:

### **PART ONE: MARKET REVIEW**

This section provides a market review, which looks at the performance of global asset classes over the last quarter, and puts this into perspective relative to longer-term performance. The aim of this review is to provide a context in which the performance of Nedgroup Investments MultiFunds can be assessed.

### **PART TWO: NEDGROUP INVESTMENTS MULTIFUNDS' PERFORMANCE**

This section provides an overview of the performance of the Nedgroup Investments MultiFunds since its launch on 19 August 2011 under the UCITS IV structure. The Income MultiFund was launched on 26 January 2012.

### **PART THREE: MARKET OUTLOOK**

In this section we highlight our current views on the market over the medium term and how these views are implemented within the MultiFunds.

### **PART FOUR: UNDERLYING PORTFOLIO MANAGER PERFORMANCE**

This section shows the performance of the underlying managers.

### **PART FIVE: FUND FOCUS**

In this section we highlight a fund held in the MultiFunds.





# PART ONE: MARKET REVIEW

## Performance over period to 30 June 2022

| Asset class | Indicator                                 | 3 months | 1 year | 3 years | 5 years | 10 years |
|-------------|---|----------|--------|---------|---------|----------|
| Equities    | MSCI All Country World Index              | -15.7%   | -15.8% | 6.2%    | 7.0%    | 5.8%     |
| Property    | FTSE EPRA/NA REIT Dev Property Index      | -17.2%   | -12.7% | -0.2%   | 2.9%    | 3.7%     |
| Bonds       | Bloomberg Barclays Global Aggregate Index | -4.3%    | -8.9%  | -1.1%   | 1.2%    | 1.5%     |
| Cash        | US 3-month deposits                       | 0.0%     | 0.0%   | 0.0%    | 0.0%    | 0.0%     |
| Inflation   | US CPI                                    | 2.6%     | 9.0%   | 5.0%    | 3.9%    | 1.7%     |

All figures are in USD  
 Source Bloomberg, Nedgroup Investments  
 Returns for periods longer than 12 months are annualised.

### Economic and market commentary

Markets took their cue from the start of the year in Q2 to repeat much of the weakness seen in the early months. Many of the concerns that pervaded investor sentiment in Q1 only persisted or worsened, making for particularly challenging conditions: high inflation (at levels not seen in western economies for a generation) and tight labour markets coming up against rising interest rates and stalling economic growth.

The big economic story has been inflation. At already elevated levels, any hopes of more transitory pressures were quashed as high energy costs, rising wages and broader input prices took hold. Existing supply side shocks were further compounded by localised China lockdowns (thanks to a zero COVID approach and questionable vaccination program) and of course the ongoing conflict between Russia and Ukraine has resulted in a continuous fanning of the inflationary flame.

Inflation at current levels has not been seen in most developed economies for a generation and the wall of worry (outside of the immediate hike in living costs) for markets has focused on central bank response. It would be fair to say that this has dominated thinking. Not will rates climb, but how high and how fast? And it has to be noted that a sensitive touch of the controls is required. Too aggressive and you run the risk of smothering growth and forcing a recession. Too little and inflation could become entrenched and central banks lose credibility. Forget a 'goldilocks' economy, central banks have become 'Goldilocks' looking to get their response just right. Not too much and not too little.

This has been the story of the quarter with markets oscillating between optimism that central banks have inflation under control, to concern that a recession is looming. So to start with the bad news: it has been a very challenging quarter for risk assets. Equity markets sold off with the US leading the way, falling 16.9% on the quarter (the worst quarter since the global financial crisis), building on the losses seen in Q1 to end the half year down 21.3%. The biggest H1 decline for 60 years.

Market weakness was reflected globally with Europe (ex UK) down 8.7% in Q2 (much of it in the last month) and emerging markets down 8.1%. Only the UK stood out, with a more moderate loss of 2.9%, reflecting the more 'value based' constituents of the main index. With this in mind it was the 'growth' heavy segments of the markets that fared worst with the likes of Information Technology down 21.6% on the quarter, Communication Services off 18.1% and Consumer Discretionary down 20.2%. Contrast this with Consumer Staples, down 6% and Utilities 6.6%, and the picture is set for the direction of investor thinking over the quarter. In fact this is summed up perfectly by the performance of 'Growth Stocks' as a style during the first half of the year, down 27.8%, with 'Value Stocks' down 12% over the same period. A huge variation in performance.





Losses were not confined to traditional 'risk' assets with notable swings in fixed income markets as investors grappled with a changing landscape of base-rate expectations. Without exception fixed income markets suffered, with default sensitive areas such as high yield and emerging markets seeing the worst of it (down 10% and 10.5% respectively) as well as longer dated securities that are more sensitive to base-rate rises such as index-linked bonds (down 17.5% for UK Index Linked). There really hasn't been much of a traditional 'flight to safety' with only the US Dollar seeing real strength over the quarter (against every major currency) along with a handful of selective areas that can offer a degree of inflation protection or have unique exposure to the current environment (energy for example).

If you're interested, Bitcoin was down a staggering 59% over the quarter.

But it hasn't all been bad news. Challenging? Yes, but there are signs that inflation may be coming under control. Growth has dipped and investor sentiment has deteriorated but this could turn sharply if we see more evidence of inflationary control which in turn could impact base-rate expectations. Elevated inflation when inflation is still rising does nothing for sentiment, but elevated inflation when inflation is falling is very different. In other words we do not need to see inflation back at around 2.5% for things to feel very different. And so much negativity is now priced in to markets.





## PART TWO: MULTIFUNDS' PERFORMANCE

All performance figures are as at 30 June 2022

Past performance is not indicative of future performance and does not predict future return.

### Growth MultiFund

| PERIOD                        | FUND USD % | Performance Indicator<br>USD Cash +4% | FUND GBP % | Performance Indicator<br>GBP Cash +4% |
|-------------------------------|------------|---------------------------------------|------------|---------------------------------------|
| 3 months                      | -11.0%     | 1.4%                                  | -7.1%      | 1.3%                                  |
| 1 year                        | -11.3%     | 4.5%                                  | -5.1%      | 4.5%                                  |
| 3 years (annualised)          | 3.6%       | 4.7%                                  | 3.9%       | 4.3%                                  |
| Since inception* (annualised) | 5.2%       | 4.7%                                  | 6.0%       | 4.4%                                  |

### Balanced MultiFund

| PERIOD                        | FUND USD % | Performance Indicator<br>USD Cash +2% | FUND GBP % | Performance Indicator<br>GBP Cash +2% |
|-------------------------------|------------|---------------------------------------|------------|---------------------------------------|
| 3 months                      | -8.2%      | 0.9%                                  | -5.7%      | 0.8%                                  |
| 1 year                        | -8.4%      | 2.5%                                  | -4.5%      | 2.5%                                  |
| 3 years (annualised)          | 1.3%       | 2.7%                                  | 1.2%       | 2.3%                                  |
| Since inception* (annualised) | 3.2%       | 2.7%                                  | 3.5%       | 2.4%                                  |

### Income MultiFund Accumulating

| PERIOD                        | FUND USD % | Performance Indicator<br>USD Cash | FUND GBP % | Performance Indicator<br>GBP Cash |
|-------------------------------|------------|-----------------------------------|------------|-----------------------------------|
| 3 months                      | -3.5%      | 0.4%                              | -3.6%      | 0.3%                              |
| 1 year                        | -4.2%      | 0.5%                              | -4.2%      | 0.5%                              |
| 3 years (annualised)          | 0.1%       | 0.7%                              | -0.6%      | 0.3%                              |
| Since inception* (annualised) | 2.6%       | 0.7%                              | 2.4%       | 0.3%                              |

C Class performance with returns prior their inception dates backfilled using class A returns adjusted for fees.

\*Inception dates: NIM Growth USD C: 30/12/2014, NIM Growth GBP C: 06/03/2013,  
NIM Balanced USD C: 08/11/2013, NIM Balanced GBP C: 06/03/2013  
NIM Income USD C Acc: 01/09/2015, NIM Income GBP C Acc: 08/04/2013

Inception date for NIM Growth and Balanced USD A is 19 August 2011 (Valuation date 18 August 2011) / for NIM Income USD A Acc is 12 April 2012  
Inception date for NIM Growth and Balanced GBP A is 19 August 2011 (Valuation date 18 August 2011) / for NIM Income GBP A Acc is 26 January 2012

Source Bloomberg, Nedgroup Investments





## PORTFOLIO REVIEW AND CHANGES

### Growth

The end of June saw the Growth MultiFund fall -6.3% on the month, closing a challenging quarter in which the fund fell -11.0% for the USD share class. This follows the marginal weakness seen in the first quarter of the year, bringing the first half performance to -13.9%. The GBP share class has fared slightly better albeit still in negative territory (-4.4%, -7.1% and -8.8% for the month, quarter and first half respectively). Whilst the longer term cash (+) targets have been missed the performance relative to peer group has continued to be strong with the USD share class ahead by +3.6% on the year to date (and ahead by +1.8% on the quarter).

Within equities our early preference for cheaper stocks and regions was beneficial in terms of relative performance with the more value orientated holdings such as Dodge & Cox Global Stock (+5.9% vs the global benchmark) and iShares FTSE100 (+4.7% relative). We began to lock in some of the relative gains during the quarter and reposition the equity holdings to a more quality growth footing, adding to positions in Fundsmith Equity (-15.6% on the quarter and broadly in line relative to the global benchmark) and Morgan Stanley Global Brands. The challenge of rising base rates and the prospect of slower economic growth leads us to increasingly favour the 'quality' sectors and names which have greater margin protection and are less cyclically exposed. We have also, as a precaution, slightly reduced equity weightings.

Elsewhere, performance within real assets and alternative strategies was diverse across our holdings but broadly positive (both absolute and relative in some cases). Within property, the direct positions softened slightly following a period of very strong performance with BMO Commercial Property falling -2.5% on the quarter. Within infrastructure, our exposure to renewable energy continued to perform well, further benefiting from the current high level of electricity prices and inflation. Greencoat Renewables (+8.0% on the quarter) and JLEN Environmental Assets Group rallied (+9.8%) worthy of particular note. The more traditional infrastructure holdings, 3i Infrastructure (-3.8% on the quarter) and Atlas Global Infrastructure (-7.9%), were more mixed during the period, but together easily outperformed global equity markets, as investors favoured real assets and the potential for a greater linkage to inflation. Within our alternative positions it is also worth highlighting the divergence in performance of our private equity holdings, Oakley Capital Investments (-0.1% in June) and Princess Private Equity (+6.3%). It has been a similar story for the two holdings in song royalties, Hipgnosis Songs Fund (-8.0% on the quarter) and Round Hill Music Royalty Fund (+5.4%) albeit that a very recent ruling regarding royalty rights has gone in favour of royalty owners, which should see a positive uplift to valuations over the coming months.

### Balanced

The end of June saw the Balanced MultiFund fall -4.6% on the month, closing a challenging quarter in which the fund fell -8.2% for the USD share class. This follows the marginal weakness seen in the first quarter of the year, bringing the first half performance to -10.8%. The GBP share class has fared slightly better albeit still in negative territory (-3.5%, -5.7% and -7.5% for the month, quarter and first half respectively). Whilst the longer term cash (+) targets have been missed the performance relative to peer group has continued to be strong with the USD share class ahead by +2.9% on the year to date (and ahead by +0.8% on the quarter).

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Fixed income has proven challenging in 2022 albeit that our positioning on a relative basis has been beneficial. Exposure to interest rates (through longer duration) and lower grade credit (default potential) has been punished in the market as higher rates have been priced in. Our short dated bond position has been correct over the first half of the year although has been penalised more recently with AXA US Short Duration High Yield (-6.4% on the quarter). We have been selling down positions on the portfolio in favour of longer duration and higher credit quality. Our sense being that much of the interest rate increases have been priced in, but default rates still look vulnerable. We have therefore rotated to Vanguard US Government Bond & PIMCO Global Investment Grade Credit as a means of repositioning for the next leg of the fixed income cycle.

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## Income

The end of June saw the Income MultiFund fall -2.5% on the month, closing a challenging quarter in which the fund fell -3.6% for the GBP share class. This follows the marginal weakness seen in the first quarter of the year, bringing the first half performance to -5.7%. The USD share class has fared similarly (-2.5%, -3.5% and -5.7% for the month, quarter and first half respectively). Whilst the longer term cash (+) targets have been missed the performance relative to peer group has continued to be strong with the GBP share class ahead by +2.6% on the year to date (and ahead by +0.9% on the quarter).

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## PART THREE: MARKET OUTLOOK

- The impact and importance to global economies of **COVID-19 pandemic to continue to recede**, with a further dislocation of COVID news and market reaction. Restrictions to become far more localised and sporadic, with COVID outbreaks contained albeit that a zero-tolerance approach adopted by China could continue to impact global supply chains.
- The global pandemic to move to an '**endemic**' scenario for the majority of major nations where a progressive policy of vaccination and booster has been pursued. The combination of an effective vaccination programme, mass exposure, advances in anti-viral treatments and a less severe but dominant variant should continue to reduce the on-going impact of COVID and enable the next stage of 'living with COVID'.
- **Geopolitical landscape** to continue to dominate discourse and risk positioning. Risk of continued market disruption from the Russia-Ukraine likely to last beyond just military action.
- Whilst still low, the risk of significant global disruption linked to the Russia-Ukraine crisis has risen and remains real. The potential for an escalation beyond economic sanctions should not be fully discounted. Issues likely to extend beyond 2022 with the potential for widening involvement from the West a higher probability.
- **Market volatility** likely to remain elevated and above near term historic levels.
- **Economic growth will remain above long term trends**. We anticipate this to be particularly pronounced with developed economies where receding restrictions meet pent up demand and broadly accommodative policy (albeit less so). There is the real risk however of policy error quashing growth in the near term.
- **Inflation will remain high** and potentially move slightly higher before showing signs of improving. But certainly above our base case scenario prior to the Ukraine invasion. Expectations are for a normalisation of broader supply / demand metrics as the year progresses and for labour markets to settle, albeit with below trend unemployment within developed markets. Inflated energy and food prices however will inevitably feed through to production costs and inflation will remain the single largest influence of global economic activity for the near term.
- Our base case has shifted slightly to anticipate more **pronounced rate hikes** from central banks. The shift in focus away from inflationary control to one of labour market support, effectively allowing economies to 'run hot', has left certain economies exposed to entrenched inflationary pressure. The end goal for rates is likely to remain consistent, but the time to get there has extended given the geopolitical backdrop and increased economic uncertainty. We do however expect policy to remain broadly supportive with any increases seen in the context of a starting position of historically low levels but this is dependent on the inflationary outlook over the short to mid term.

### Asset Class Assumptions

- Investors will be rewarded for taking risk, albeit not at 2021 levels of returns. Patience required given elevated volatility levels.
- Equities will outperform fixed income, with an expectation of high single digit returns over the course of the next 12 months.
- Within equities we favour quality segments of the market with the expectation that these areas will withstand any potential recessionary pressures whilst also benefitting from an inflationary improvement.
- Our core view has shifted to become more favourable on US markets over Europe given the escalation in Ukraine potentially impacted European markets.
- Emerging markets will swing back in to favour later in the period as evidence of an endemic stage emerge and vaccination programmes level up globally.
- Fixed income markets will underperform equities over a 12 month period. We anticipate shifting away from credit risk towards interest rate risk as implied yields climb. There is the potential for an overshoot on rate expectations, particularly if inflation levels start to show signs of peaking.



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- Our view has strengthened on developed government debt as well as investment grade corporate credit. With a more challenging economic environment default rates could come under pressure for the sub-investment grade segment of the market.
  - Real assets will provide positive returns and an attractive income stream (where available) over the coming 12 months. Real Assets are expected to outperform fixed income markets over the period.
  - Selective commercial property segments and the broader infrastructure sectors will benefit from the continued reflation of economies as well as broader structural tailwinds.
  - Property and infrastructure to provide some insulation to portfolios against elevated inflation.
  - Selective Alternative Strategies to provide positive diversification to portfolios and the potential for attractive income streams.
  - Renewable energy to offer some insulation from inflationary pressure given the linkage to energy prices.





## PART FOUR: UNDERLYING PORTFOLIO MANAGER PERFORMANCE

The Nedgroup Investments MultiFunds' investment philosophy is one that seeks to invest in specialist underlying portfolio managers who are most appropriate for the achievement of each risk profiled MultiFunds' investment objective. A combination of externally appointed fund managers is used. The table below shows the performance of the underlying managers used within the Growth, Balanced and Income MultiFunds.

Past performance is not indicative of future performance and does not predict future return.

|                                       | Month to Date | 3 Months | 6 Months | Year to Date | 1 Year  | 3 Years Ann | 5 Years Ann | 7 Years Ann |
|---------------------------------------|---------------|----------|----------|--------------|---------|-------------|-------------|-------------|
| <b>Global Funds - USD</b>             |               |          |          |              |         |             |             |             |
| Fundsmith Equity Fund                 | -6.40%        | -15.55%  | -25.99%  | -25.99%      | -21.58% | 5.03%       | 9.06%       | 11.41%      |
| Relative to MSCI ACWI                 | 2.03%         | 0.11%    | -5.81%   | -5.81%       | -5.83%  | -1.18%      | 2.06%       | 4.43%       |
| Realitive to MSCI ACWI Quality        | 1.62%         | 1.87%    | -1.65%   | -1.65%       | -2.98%  | -4.36%      | -1.16%      | 1.43%       |
| Morgan Stanley Global Brands          | -6.65%        | -12.13%  | -19.07%  | -19.07%      | -10.42% | 6.25%       | 8.93%       | 9.82%       |
| Relative to MSCI ACWI                 | 1.78%         | 3.53%    | 1.11%    | 1.11%        | 5.34%   | 0.04%       | 1.92%       | 2.83%       |
| Realitive to MSCI ACWI Quality        | 1.36%         | 5.28%    | 5.27%    | 5.27%        | 8.18%   | -3.13%      | -1.29%      | -0.17%      |
| Nedgroup Global Equity Fund           | -6.15%        | -12.75%  | -16.52%  | -16.52%      | -13.27% | 5.97%       | 6.68%       | 7.61%       |
| Relative to MSCI ACWI                 | 2.28%         | 2.91%    | 3.66%    | 3.66%        | 2.48%   | -0.24%      | -0.32%      | 0.62%       |
| Realitive to MSCI ACWI Quality        | 1.86%         | 4.66%    | 7.82%    | 7.82%        | 5.32%   | -3.42%      | -3.54%      | -2.38%      |
| Dodge & Cox Global Stock Fund         | -8.36%        | -9.74%   | -7.97%   | -7.97%       | -8.24%  | 8.75%       | 6.56%       | 6.94%       |
| Relative to MSCI ACWI                 | 0.07%         | 5.92%    | 12.22%   | 12.22%       | 7.51%   | 2.54%       | -0.45%      | -0.04%      |
| Realitive to MSCI ACWI Value          | 0.15%         | 1.58%    | 4.06%    | 4.06%        | -0.75%  | 4.13%       | 1.55%       | 1.31%       |
| TT Emerging Markets Equity Fund       | -5.52%        | -10.89%  | -21.72%  | -21.72%      | -33.05% | -0.11%      | 2.26%       | 4.81%       |
| Relative to MSCI ACWI                 | 2.91%         | 4.77%    | -1.54%   | -1.54%       | -17.30% | -6.32%      | -4.74%      |             |
| Relative to MSCI Emerging Market      | 1.12%         | 0.56%    | -4.09%   | -4.09%       | -7.77%  | -0.67%      | 0.08%       |             |
| <b>Regional Funds - USD</b>           |               |          |          |              |         |             |             |             |
| iShares Edge MSCI World Value         | -9.93%        | -12.60%  | -13.17%  | -13.17%      | -10.52% | 3.04%       | 3.08%       | 3.22%       |
| Relative to MSCI ACWI                 | -1.50%        | 3.06%    | 7.01%    | 7.01%        | 5.23%   | -3.17%      | -3.92%      |             |
| Relative to MSCI World Value Enhanced | 0.06%         | -0.41%   | 0.12%    | 0.12%        | 0.11%   | 0.02%       | 0.04%       |             |
| iShares Core S&P 500 ETF              | -8.12%        | -17.37%  | -20.28%  | -20.28%      | -10.89% | 10.33%      | 10.92%      | 10.75%      |
| Relative to MSCI ACWI                 | 0.31%         | -1.71%   | -0.10%   | -0.10%       | 4.86%   | 4.12%       | 3.92%       | 3.76%       |
| Relative to S&P 500 Index             | 0.17%         | -1.17%   | -0.14%   | -0.14%       | 0.12%   | 0.28%       | 0.21%       | 0.23%       |
| SPDR S&P 400 US Mid Cap ETF           | -9.36%        | -16.75%  | -19.85%  | -19.85%      | -15.15% | 6.27%       | 6.38%       | 7.13%       |
| Relative to MSCI ACWI                 | -0.93%        | -1.09%   | 0.33%    | 0.33%        | 0.60%   | 0.06%       | -0.62%      | 0.14%       |
| Relative to S&P 400 Index             | 0.31%         | -1.23%   | -0.12%   | -0.12%       | -0.15%  | -0.11%      | -0.14%      | -0.12%      |
| iShares EURO STOXX Mid ETF            | -11.93%       | -15.48%  | -24.44%  | -24.44%      | -25.30% | -0.79%      | 0.77%       | 3.41%       |
| Relative to MSCI ACWI                 | -3.50%        | 0.18%    | -4.26%   | -4.26%       | -9.55%  | -7.00%      | -6.23%      | -3.57%      |
| Relative to EURO STOXX Mid Index      | -0.02%        | -0.02%   | 0.38%    | 0.38%        | -0.04%  | -0.03%      | 0.06%       | -0.01%      |
| iShares FTSE UK Dividend Plus         | -10.26%       | -12.78%  | -12.58%  | -12.58%      | -7.79%  | 2.49%       | -0.81%      | -2.32%      |
| Relative to MSCI ACWI                 | -1.83%        | 2.88%    | 7.60%    | 7.60%        | 7.96%   | -3.72%      | -7.81%      | -9.31%      |
| Relative to FTSE UK Dividend Index    | 0.01%         | -0.26%   | 0.37%    | 0.37%        | -0.10%  | -0.93%      | -0.62%      | -0.65%      |
| iShares FTSE 100 ETF                  | -8.88%        | -10.97%  | -10.65%  | -10.65%      | -6.43%  | 0.91%       | 2.11%       | 1.45%       |
| Relative to MSCI ACWI                 | -0.45%        | 4.69%    | 9.53%    | 9.53%        | 9.32%   | -5.30%      | -4.90%      | -5.54%      |
| Relative to FTSE 100 Index            | -0.04%        | -0.13%   | 0.29%    | 0.29%        | 0.30%   | -0.15%      | -0.03%      | -0.13%      |
| iShares FTSE 250 ETF                  | -11.45%       | -17.44%  | -27.57%  | -27.57%      | -24.92% | -0.96%      | 0.01%       | -0.69%      |
| Relative to MSCI ACWI                 | -3.02%        | -1.78%   | -7.39%   | -7.39%       | -9.17%  | -7.17%      | -6.99%      | -7.67%      |
| Relative to FTSE 250 Index            | 0.10%         | 0.06%    | -0.09%   | -0.09%       | -0.29%  | -0.43%      | -0.41%      | -0.47%      |
| iShares Core MSCI Japan IMI ETF       | -7.27%        | -14.08%  | -19.84%  | -19.84%      | -20.28% | 0.46%       | 1.32%       | 2.40%       |
| Relative to MSCI ACWI                 | 1.16%         | 1.58%    | 0.34%    | 0.34%        | -4.53%  | -5.75%      | -5.69%      | -4.58%      |
| Relative to MSI Japan IMI Index       | 0.06%         | -0.07%   | -0.06%   | -0.06%       | -0.09%  | -0.18%      | -0.12%      | -0.13%      |





|  | Month to Date | 3 Months | 6 Months | Year to Date | 1 Year  | 3 Years Ann | 5 Years Ann | 7 Years Ann |
|--|---------------|----------|----------|--------------|---------|-------------|-------------|-------------|
| <b>US High Yield - USD</b>   |               |          |          |              |         |             |             |             |
| AXA US Short Duration High Yield                                       | -4.85%        | -6.41%   | -7.83%   | -7.83%       | -6.84%  | -0.05%      | 1.54%       | -           |
| Relative to Bloomberg Barclays Global Aggregate Index                  | -3.34%        | -2.12%   | 1.23%    | 1.23%        | 2.10%   | 1.08%       | 0.38%       |             |
| Relative to ICE BofA 1-3yr BB US High Yield                            | -1.70%        | -2.77%   | -1.58%   | -1.58%       | -1.44%  | -1.72%      | -1.07%      |             |
| Muzinich Short Duration High Yield                                     | -4.72%        | -6.89%   | -8.37%   | -8.37%       | -7.29%  | 0.14%       | 1.47%       | 1.91%       |
| Relative to Bloomberg Barclays Global Aggregate Index                  | -3.21%        | -2.60%   | 0.69%    | 0.69%        | 1.65%   | 1.27%       | 0.31%       | 0.12%       |
| Relative to ICE BofA 1-3yr BB US High Yield                            | -1.57%        | -3.24%   | -2.12%   | -2.12%       | -1.90%  | -1.53%      | -1.14%      | -1.32%      |
| <b>Global Investment Grade - USD</b>                                   |               |          |          |              |         |             |             |             |
| PIMCO Low Duration Global IG Credit                                    | -1.56%        | -2.32%   | -5.87%   | -5.87%       | -7.02%  | -0.55%      | 0.88%       | 1.50%       |
| Relative to Bloomberg Barclays Global Aggregate Index                  | -0.04%        | 1.98%    | 3.19%    | 3.19%        | 1.92%   | 0.58%       | -0.27%      | -0.29%      |
| Relative to Bloomberg Barclays Global Aggregate Credit 1-5 Years Index | -0.28%        | -0.22%   | -0.18%   | -0.18%       | -1.02%  | -0.61%      | -0.52%      | -0.18%      |
| Lord Abbett Short Duration Income Fund                                 | -1.21%        | -1.75%   | -4.23%   | -4.23%       | -4.23%  | 0.41%       | -           | -           |
| Relative to Bloomberg Barclays Global Aggregate Index                  | 0.31%         | 2.54%    | 4.83%    | 4.83%        | 4.71%   | 1.54%       |             |             |
| Relative to Bloomberg Barclays Global Aggregate Credit 1-5 Years Index | 0.07%         | 0.35%    | 1.46%    | 1.46%        | 1.77%   | 0.35%       |             |             |
| PIMCO Global IG Credit   | -3.30%        | -7.32%   | -14.89%  | -14.89%      | -15.54% | -2.72%      | 0.33%       | 1.83%       |
| Relative to Bloomberg Barclays Global Aggregate Index                  | -1.78%        | -3.02%   | -5.83%   | -5.83%       | -6.60%  | -1.60%      | -0.82%      | 0.04%       |
| Relative to Bloomberg Barclays Global Aggregate Credit Index           | -0.72%        | -0.99%   | -2.05%   | -2.05%       | -2.79%  | -1.43%      | -0.85%      | -0.28%      |
| Wellington Global Credit Plus  | -2.27%        | -5.97%   | -12.02%  | -12.02%      | -12.54% | -0.47%      | 1.88%       | 2.80%       |
| Relative to Bloomberg Barclays Global Aggregate Index                  | -0.75%        | -1.67%   | -2.97%   | -2.97%       | -3.60%  | 0.66%       | 0.72%       | 1.00%       |
| Relative to Bloomberg Barclays Global Aggregate Credit Index           | 0.31%         | 0.36%    | 0.81%    | 0.81%        | 0.21%   | 0.83%       | 0.70%       | 0.68%       |
| <b>US Government Bonds - USD</b>                                       |               |          |          |              |         |             |             |             |
| iShares \$ Treasury Bond 1-3YR UCITS ETF                               | -0.66%        | -0.60%   | -3.06%   | -3.06%       | -3.50%  | 0.15%       | 0.84%       | -           |
| Relative to Bloomberg Barclays Global Aggregate Index                  | 0.86%         | 3.70%    | 6.00%    | 6.00%        | 5.44%   | 1.28%       |             |             |
| Relative to ICE BofA 1-3 Year US Treasury Index                        | -0.08%        | -0.10%   | -0.22%   | -0.22%       | -0.21%  | -0.09%      |             |             |
| Vanguard US Government Bond Index Fund                                 | -0.88%        | -3.74%   | -9.00%   | -9.00%       | -8.91%  | -0.99%      | 0.57%       | 0.88%       |
| Relative to Bloomberg Barclays Global Aggregate Index                  | 0.64%         | 0.55%    | 0.06%    | 0.06%        | 0.03%   | 0.14%       | -0.59%      | -0.92%      |
| Relative to Bloomberg Barclays US Government Float Adjusted Bond Index | -0.01%        | -0.03%   | 0.04%    | 0.04%        | -0.09%  | -0.14%      | -0.19%      | -0.19%      |





|   | Month to Date | 3 Months | 6 Months | Year to Date | 1 Year  | 3 Years Ann | 5 Years Ann | 7 Years Ann |
|---|---------------|----------|----------|--------------|---------|-------------|-------------|-------------|
| <b>Real Estate - Indirect - USD</b>                                       |               |          |          |              |         |             |             |             |
| Nedgroup Global Property Fund   | -9.05%        | -17.60%  | -20.14%  | -20.14%      | -10.51% | 1.04%       | 3.44%       | -           |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | -4.07%        | -7.58%   | -5.57%   | -5.57%       | 1.59%   | -1.95%      | -0.97%      |             |
| Relative to FTSE EPRA/NAREIT Developed Dividend Index                     | -0.56%        | -1.02%   | -0.80%   | -0.80%       | 2.28%   | 1.99%       | 1.35%       |             |
| iShares Developed Markets Property Yield ETF                              | -8.30%        | -17.34%  | -19.21%  | -19.21%      | -13.32% | -1.00%      | 2.04%       | 3.41%       |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | -3.31%        | -7.32%   | -4.64%   | -4.64%       | -1.22%  | -4.00%      | -2.38%      | -1.28%      |
| Relative to FTSE EPRA/NAREIT Developed Dividend Index                     | 0.19%         | -0.76%   | 0.14%    | 0.14%        | -0.53%  | -0.06%      | -0.06%      | -0.03%      |
| <b>Real Estate - Direct - GBP</b>   |               |          |          |              |         |             |             |             |
| BMO Commercial Property Trust   | -4.95%        | -2.47%   | 8.27%    | 8.27%        | 28.28%  | 4.30%       | -0.95%      | 1.01%       |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | -1.70%        | 3.96%    | 18.21%   | 18.21%       | 34.75%  | 0.84%       | -5.55%      | -5.22%      |
| Relative to FTSE EPRA/NAREIT UK Index                                     | 5.71%         | 14.69%   | 27.65%   | 27.65%       | 34.60%  | 3.18%       | -1.93%      | 0.61%       |
| Impact Healthcare REIT  | -1.83%        | -3.17%   | 0.71%    | 0.71%        | 11.22%  | 8.12%       | 8.45%       | -           |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 1.42%         | 3.25%    | 10.65%   | 10.65%       | 17.70%  | 4.66%       |             |             |
| Relative to FTSE EPRA/NAREIT UK Index                                     | 8.83%         | 13.98%   | 20.09%   | 20.09%       | 17.54%  | 7.00%       |             |             |
| Target Healthcare REIT  | -8.00%        | -1.88%   | -5.28%   | -5.28%       | -0.44%  | 3.77%       | 4.31%       | 6.18%       |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | -4.75%        | 4.55%    | 4.66%    | 4.66%        | 6.04%   | 0.31%       | -0.29%      | -0.04%      |
| Relative to FTSE EPRA/NAREIT UK Index                                     | 2.66%         | 15.28%   | 14.10%   | 14.10%       | 5.89%   | 2.64%       | 3.33%       | 5.79%       |
| <b>Renewables - GBP</b>   |               |          |          |              |         |             |             |             |
| Greencoat UK Wind   | 2.62%         | 2.25%    | 12.24%   | 12.24%       | 28.16%  | 8.38%       | 10.50%      | 10.50%      |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 5.87%         | 8.67%    | 22.18%   | 22.18%       | 34.64%  | 4.92%       | 5.90%       | 4.28%       |
| Relative to GBP LIBID 3 Month + 4%  | 2.17%         | 0.93%    | 9.74%    | 9.74%        | 23.63%  | 4.04%       | 6.08%       | 6.09%       |
| Greencoat Renewables  | 4.31%         | 8.01%    | 11.66%   | 11.66%       | 6.56%   | 5.77%       | -           | -           |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 7.56%         | 14.43%   | 21.60%   | 21.60%       | 13.03%  | 2.31%       |             |             |
| Relative to GBP LIBID 3 Month + 4%  | 3.86%         | 6.69%    | 9.16%    | 9.16%        | 2.03%   | 1.42%       |             |             |
| John Laing Environmental Assets Group                                     | 2.09%         | 9.81%    | 19.83%   | 19.83%       | 30.01%  | 6.90%       | 8.82%       | 8.43%       |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 5.33%         | 16.24%   | 29.77%   | 29.77%       | 36.49%  | 3.44%       | 4.22%       | 2.21%       |
| Relative to GBP LIBID 3 Month + 4%  | 1.63%         | 8.50%    | 17.33%   | 17.33%       | 25.48%  | 2.55%       | 4.39%       | 4.02%       |
| The Renewable Infrastructure Group  | 1.51%         | 1.47%    | 3.41%    | 3.41%        | 11.38%  | 7.41%       | 10.20%      | 9.86%       |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 4.76%         | 7.89%    | 13.35%   | 13.35%       | 17.86%  | 3.95%       | 5.60%       | 3.64%       |
| Relative to GBP LIBID 3 Month + 4%  | 1.06%         | 0.15%    | 0.92%    | 0.92%        | 6.85%   | 3.07%       | 5.77%       | 5.45%       |
| <b>Indirect Infrastructure - USD Unhedged</b>                             |               |          |          |              |         |             |             |             |
| ATLAS Global Infrastructure   | -8.28%        | -7.94%   | -2.85%   | -2.85%       | 6.45%   | 5.69%       | -           | -           |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | -3.29%        | 2.08%    | 11.72%   | 11.72%       | 18.55%  | 2.69%       |             |             |
| Relative to FTSE Global Core Infrastructure                               | -2.50%        | 0.88%    | 2.88%    | 2.88%        | 4.34%   | 0.77%       |             |             |
| <b>Direct Infrastructure - GBP</b>  |               |          |          |              |         |             |             |             |
| 3i Infrastructure   | -4.12%        | -3.84%   | -5.74%   | -5.74%       | 13.86%  | 6.76%       | 14.04%      | 13.50%      |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | -0.87%        | 2.58%    | 4.20%    | 4.20%        | 20.33%  | 3.30%       | 9.44%       | 7.28%       |
| Relative to FTSE Global Core Infrastructure                               | -1.77%        | -2.22%   | -10.52%  | -10.52%      | -1.86%  | 0.37%       | 5.68%       | 2.13%       |





|   | Month to Date | 3 Months | 6 Months | Year to Date | 1 Year  | 3 Years Ann | 5 Years Ann | 7 Years Ann |
|---|---------------|----------|----------|--------------|---------|-------------|-------------|-------------|
| <b>Asset backed lending - GBP</b>   |               |          |          |              |         |             |             |             |
| GCP Asset Backed Income Fund  | -2.43%        | -0.43%   | 2.03%    | 2.03%        | -0.43%  | 2.91%       | 4.66%       | -           |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 0.82%         | 6.00%    | 11.98%   | 11.98%       | 6.05%   | -0.54%      | 0.06%       |             |
| Relative to GBP LIBID 3 Month + 4%  | -2.89%        | -1.74%   | -0.46%   | -0.46%       | -4.96%  | -1.43%      | 0.23%       |             |
| SFL Realisation Fund - C Shares   | 20.15%        | 52.05%   | 46.67%   | 46.67%       | 107.76% | 9.81%       | 11.29%      | -           |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 23.40%        | 58.48%   | 56.61%   | 56.61%       | 114.23% | 6.35%       | 6.68%       |             |
| Relative to GBP LIBID 3 Month + 4%  | 19.70%        | 50.74%   | 44.17%   | 44.17%       | 103.22% | 5.46%       | 6.86%       |             |
| <b>Song Royalties - GBP</b>   |               |          |          |              |         |             |             |             |
| Hipgnosis Songs Fund  | -1.76%        | -8.03%   | -10.09%  | -10.09%      | -5.59%  | 6.14%       | -           | -           |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 1.49%         | -1.60%   | -0.15%   | -0.15%       | 0.88%   | 2.68%       |             |             |
| Relative to GBP LIBID 3 Month + 4%  | -2.22%        | -9.34%   | -12.59%  | -12.59%      | -10.12% | 1.80%       |             |             |
| Round Hill Music Royalty Fund   | -0.22%        | 5.38%    | 7.83%    | 7.83%        | 11.22%  | -           | -           | -           |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 3.03%         | 11.81%   | 17.77%   | 17.77%       | 17.70%  |             |             |             |
| Relative to GBP LIBID 3 Month + 4%  | -0.68%        | 4.07%    | 5.33%    | 5.33%        | 6.69%   |             |             |             |
| <b>Private Equity - GBP</b>   |               |          |          |              |         |             |             |             |
| Oakley Capital Investments  | -0.14%        | -8.56%   | -7.49%   | -7.49%       | 7.03%   | 20.89%      | 19.78%      | 15.34%      |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 3.11%         | -2.13%   | 2.45%    | 2.45%        | 13.50%  | 17.43%      | 15.18%      | 9.11%       |
| Relative to GBP LIBID 3 Month + 4%  | -0.59%        | -9.87%   | -9.99%   | -9.99%       | 2.49%   | 16.55%      | 15.35%      | 10.93%      |
| Princess Private Equity   | 6.26%         | 6.35%    | -11.08%  | -11.08%      | -0.03%  | 13.34%      | 9.22%       | 16.03%      |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 9.51%         | 12.77%   | -1.14%   | -1.14%       | 6.44%   | 9.88%       | 4.62%       | 9.80%       |
| Relative to GBP LIBID 3 Month + 4%  | 5.81%         | 5.03%    | -13.58%  | -13.58%      | -4.56%  | 9.00%       | 4.79%       | 11.62%      |
| <b>Energy Efficiency - GBP</b>  |               |          |          |              |         |             |             |             |
| SDCL Energy Efficiency Income Trust                                       | -2.31%        | 0.07%    | 1.27%    | 1.27%        | 4.71%   | 8.19%       | -           | -           |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 0.94%         | 6.50%    | 11.21%   | 11.21%       | 11.19%  | 4.73%       |             |             |
| Relative to GBP LIBID 3 Month + 4%  | -2.76%        | -1.24%   | -1.23%   | -1.23%       | 0.18%   | 3.85%       |             |             |
| Gore Street Energy Storage Fund   | 0.00%         | 7.09%    | 4.23%    | 4.23%        | 13.20%  | 17.61%      | -           | -           |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 3.25%         | 13.51%   | 14.18%   | 14.18%       | 19.68%  | 14.15%      |             |             |
| Relative to GBP LIBID 3 Month + 4%  | -0.46%        | 5.77%    | 1.74%    | 1.74%        | 8.67%   | 13.27%      |             |             |
| Gresham House Energy Storage Fund   | 2.30%         | 13.89%   | 23.37%   | 23.37%       | 37.12%  | 21.04%      | -           | -           |
| Relative to 50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Index | 5.55%         | 20.32%   | 33.31%   | 33.31%       | 43.60%  | 17.58%      |             |             |
| Relative to GBP LIBID 3 Month + 4%  | 1.84%         | 12.58%   | 20.87%   | 20.87%       | 32.59%  | 16.70%      |             |             |

Source Bloomberg, Nedgroup Investments





## PART FIVE: FUND FOCUS

In this section of the report we cover the underlying funds in slightly more detail in order to assist investors in gaining a better understanding of the underlying funds and the reasons we hold them. In this report we look at Morgan Stanley Global Brands Fund.

### Morgan Stanley Global Brands Fund

The Morgan Stanley Global Brands Fund is a focused, high conviction equity product biased towards quality companies that demonstrate sustainable high returns on investment capital, with some kind of a dominant edge, such as strong brand loyalty. The management team's investment process takes a bottom-up, value oriented, stock picking approach, focusing on absolute valuations. The Team's research effort seeks out companies that offer dependable earnings growth, pricing power and high barriers to entry. The typical characteristics of companies often favoured include difficult to replicate intangible assets, high free cash flow, strong repeat business, and shareholder friendly managements. Price-valuation assessments are conducted on all potential investments, with the aim of minimising the risk of overpaying for stocks.

The portfolio will usually have a strong bias towards Consumer Staples and Information Technology, and away from the more cyclical types of companies commonly found in the Consumer Discretionary, Industrial, Materials, Financial and Energy sectors. Over shorter periods, the fund's performance relative to the MSCI World Index is most vulnerable during very strong markets, which are often led by lower quality / higher risk / more leveraged companies. On the other hand, Morgan Stanley Global Brands often has its best periods of relative performance in times when markets are under pressure, as its defensive qualities help it to hold up better than many other global equity funds.

The London based team that manages the fund has an impressive level of experience and is now headed up by William Lock. The team follows a clear and sensible philosophy with discipline and conviction. Overall, the Morgan Stanley Global Brands Fund would be a strong choice to form part of any global investment portfolio.

### WHY WE LIKE THE FUND:

- Excellent long-term track record, both in terms of higher returns, and lower volatility relative to the MSCI World Index
- Holding 25 to 30 stocks makes Morgan Stanley Global Brands a very high conviction fund
- Managed by a well-resourced and highly experienced team with a first class track record
- Clearly defined investment process, backed by a mix of sound investment theory and common sense
- The Global Brands Team operates as an independent boutique within Morgan Stanley Investment Management. The Team have plenty of investment freedom, and a significant financial stake in the success of their products
- Management style tends to make the fund less volatile than many competitor funds





## Disclaimer

This is a marketing communication. Please refer to the prospectus, the key investor information documents (the **KIIDs**) and the financial statements of Nedgroup Investments MultiFunds plc (the **Fund**) before making any final investment decisions.

These documents are available from Nedgroup Investments (IOM) Ltd (the **Investment Manager**) or via the website: [www.nedgroupinvestments.com](http://www.nedgroupinvestments.com).

This document is of a general nature and intended for information purposes only, it is not intended for distribution to any person or entity who is a citizen or resident of any country or other jurisdiction where such distribution, publication or use would be contrary to law or regulation. Whilst the Investment Manager has taken all reasonable steps to ensure that this document is accurate and current at the time of publication, we shall accept no responsibility or liability for any inaccuracies, errors or omissions relating to the information and topics covered in this document.

The Fund is authorised and regulated in Ireland by the Central Bank of Ireland. The Fund is authorised as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended and as may be amended, supplemented, or consolidated from time-to-time and any rules, guidance or notices made by the Central Bank which are applicable to the Fund. The Fund is domiciled in Ireland. Nedgroup Investment (IOM) Limited (reg no 57917C), the Investment Manager and Distributor of the Fund, is licensed by the Isle of Man Financial Services Authority. The Depository of the Fund is Citi Depository Services Ireland DAC, 1 North Wall Quay, Dublin 1, Ireland. The Administrator of the Fund is Citibank Europe plc, 1 North Wall Quay, Dublin 1, Ireland.

The sub-funds of the Fund (the **Sub-Funds**) are generally medium to long-term investments and the Investment Manager does not guarantee the performance of an investor's investment and even if forecasts about the expected future performance are included the investor will carry the investment and market risk, which includes the possibility of losing capital.

The views expressed herein are those of the Investment Manager at the time and are subject to change. The price of shares may go down as well as up and the price will depend on fluctuations in financial markets outside of the control of the Investment Manager. Costs may increase or decrease as a result of currency and exchange rate fluctuations. If the currency of a Sub-Fund is different to the currency of the country in which the investor is resident, the return may increase or decrease as a result of currency fluctuations. Income may fluctuate in accordance with market conditions and taxation arrangements. As a result an investor may not get back the amount invested. Past performance is not indicative of future performance and does not predict future returns. The performance data does not take account of the commissions and costs incurred on the issue and redemption of shares. The Sub-Funds invest in portfolios of other collective investment schemes that levy their own charges, which could result in a higher fee structure. Fees are outlined in the relevant Sub-Fund supplement available from the Investment Manager's website.

The Sub-Funds are valued using the prices of underlying securities prevailing at 11pm Irish time the business day before the dealing date. Prices are published on the Investment Manager's website. A summary of investor rights can be obtained, free of charge at [www.nedgroupinvestments.com](http://www.nedgroupinvestments.com).

**Distribution** : The prospectus, the supplements, the KIIDs, constitution, country specific appendix as well as the annual and semi-annual reports may be obtained free of charge from the country representative and the Investment Manager.

**U.K:** Nedgroup Investment Advisors (UK) Limited (reg no 2627187), authorised and regulated by the Financial Conduct Authority, is the facilities agent. The Fund and certain of its sub-funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000.

**Isle of Man:** The Fund has been recognised under para 1 sch 4 of the Collective Investments Schemes Act 2008 of the Isle of Man. Isle of Man investors are not protected by statutory compensation arrangements in respect of the Fund.

