

NEDGROUP INVESTMENTS INCOME MULTIFUND - ACCUMULATING

December 2017

Class A



INTERNATIONAL RANGE

RISK RATING



Equity and property investments are volatile by nature and subject to potential loss. For credit and income instruments, while unlikely, capital loss may also occur due to an event like the default of an issuer. The portfolio may be subject to currency fluctuations due to its international exposure.

GENERAL INFORMATION

BENCHMARK: 3 month LIBID over 3 to 5 years

PEER GROUP: Morningstar Global Bonds

FUND LEGAL STRUCTURE: Irish OEIC UCITS IV

INVESTMENT MANAGER:

Nedgroup Investments (IOM) Limited; licensed by the Isle of Man Financial Services Authority to provide collective investment scheme services.

APPROPRIATE TERM: Minimum 3 - 5 years

MARKET VALUE: £43.1m

CURRENCIES AVAILABLE AND PRICES:

GBP Class A: £12.0002

USD Class A: \$11.7649

Value and prices as at 29 December 2017

INCEPTION DATE: 26 January 2012

MINIMUM INVESTMENTS:

Class A: £1,000 / \$1,500

FEES AND CHARGES (VAT incl)*

Management fee Class A: 1.25% p.a

ON-GOING CHARGES (as at 31 Dec 2017)²

Class A: 2%

DEALING: Daily

NOTICE PERIODS:

Subscriptions: Noon T-1

Redemptions: Noon T-1

SETTLEMENT PERIODS:

Subscriptions: T+2

Redemptions: T+5

DISTRIBUTION YIELD OF DISTRIBUTING CLASS:

GBP Class A Dist: 3.76%

Based on last four quarterly distributions as a percentage of current share price. Last dividend 31 Dec 2017

ISIN / SEDOL:

Class A Acc GBP: IE00B5LK1C25 / B5LK1C2

Class A Acc USD: IE00B4Q8PM21 / B4Q8PM2

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MINIMUM DISCLOSURE DOCUMENT

Please note: Differences may exist due to rounding

FUND OBJECTIVE

The Income MultiFund aims to provide a low risk, low volatility investment option over the medium to longer-term.

It is anticipated that the Income MultiFund will achieve a return in excess of 3-month LIBID in the currency of the relevant share class over a rolling 3 to 5 year period.

In order to achieve the investment objective, the portfolio invests across a range of asset classes within a strategic and tactical asset allocation framework designed to maximise diversification benefits. An absolute and relative valuation-based approach underpins this framework, resulting in a multi-layered process to facilitate disciplined decision-making and risk management.

The Income MultiFund is suitable for clients with an investment time horizon of 3 to 5 years. Investing in the fund involves a risk to capital in order to achieve the desired return.

FUND PERFORMANCE ¹

PERIOD	GBP	GBP PEER GROUP	3 MONTH GBP LIBID	USD	USD PEER GROUP	3 MONTH USD LIBID
	%	%	%	%	%	%
3 Months	-0.2%	0.5%	0.1%	0.1%	0.3%	0.3%
6 Months	0.3%	0.5%	0.1%	0.9%	1.2%	0.6%
1 Year	2.2%	1.6%	0.2%	3.1%	3.5%	1.2%
3 Years	2.1%	2.1%	0.4%	2.3%	1.8%	0.7%
5 Years	2.2%	1.9%	0.4%	2.1%	1.8%	0.4%
2017	2.2%	1.6%	0.2%	3.1%	3.5%	1.2%
2016	4.9%	4.8%	0.4%	5.0%	2.2%	0.6%
2015	-0.7%	-0.2%	0.5%	-1.2%	-0.2%	0.2%
2014	2.4%	5.6%	0.4%	1.8%	3.6%	0.1%
2013	2.6%	-2.3%	0.4%	2.1%	-0.9%	0.1%
2012	7.4%	4.8%	0.6%	5.9%	4.0%	0.2%
Lowest 1 yr return	-3.6%			-4.0%		
Highest 1 yr return	7.5%			7.3%		
Since inception *	3.1%	2.3%	0.5%	2.9%	2.1%	0.4%

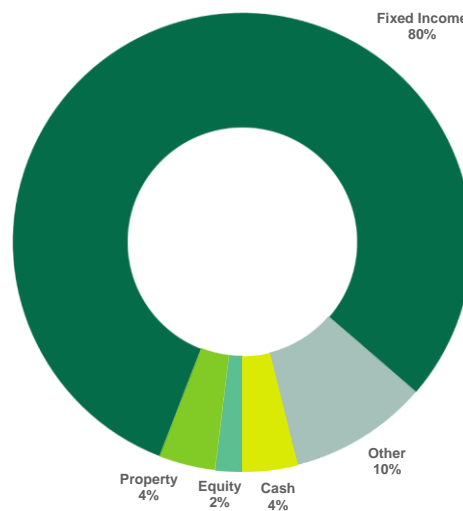
Class A performance net of fees. * Since inception annualised.

GBP Peer Group is Morningstar Global Bonds – GBP Hedged. USD Peer Group is Morningstar Global Bonds – USD Hedged.

RISK MEASURE

SINCE FUND INCEPTION	FUND GBP	FUND USD
Annualised Volatility	2.5%	2.5%
Sharpe Ratio (annualised)	1.06	0.96
Lowest Monthly Return	-1.7%	-1.8%

PORFOLIO STRUCTURE



* Class A includes a trail fee of 0.60%
Class B includes a trail fee of 0.40%

¹ The annualised total return is the average return earned by an investment each year over a given time period. Performance is calculated for the portfolio and individual investment performance may differ as a result of initial fees, the actual investment, the actual investment date, the date of any reinvestment and dividend withholding tax. Data source Nedgroup Investments (IOM) Limited.

² The on-going fee is a measure of the actual expenses incurred in the management of the Classes of the SubFund. The on-going fee shown is expressed as a percentage of the monthly average value of the portfolio calculated over a 12-month period as at the date shown. The current on-going fee cannot be used as an indication of future on-going fees. A higher on-going fee does not necessarily imply a poor return, nor does a low on-going fee imply a good return.

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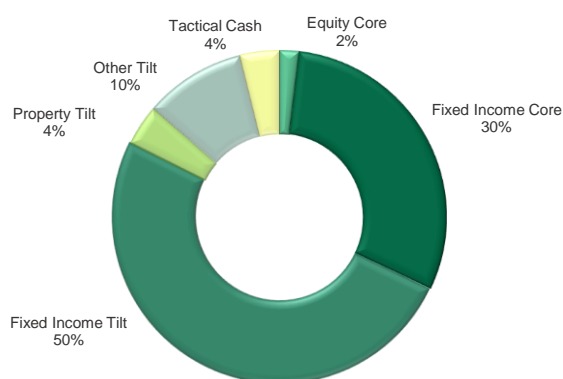


TOTAL PORTFOLIO ANALYSIS

FULL PORTFOLIO LISTING

EQUITY INCOME			1.9%
iShares UK FTSE Dividend Plus Fund	Core		1.9%
EQUITY PROPERTY			4.0%
F&C Commercial Property Trust	Tilt		2.4%
Impact Healthcare REIT	Tilt		0.9%
Standard Life Investment Property Income	Tilt		0.7%
FIXED INCOME			80.5%
AXA US Short Duration High Yield	Tilt		16.1%
Wellington Global Credit Plus	Core		15.1%
PIMCO Global IG Credit	Core		15.1%
Muzinich Short Duration High Yield	Tilt		12.0%
Franklin Templeton Global Total Return	Tilt		8.0%
Kames Short Dated High Yield Global Bond	Tilt		7.1%
Kames High Yield Global Bond	Tilt		7.1%
OTHER			9.8%
Greencoat UK Wind	Tilt		2.8%
SQN Asset Finance Income Fund C Shares	Tilt		2.2%
John Laing Environmental Assets Group	Tilt		1.7%
Greencoat Renewables	Tilt		1.0%
GCP Asset Backed Income Fund	Tilt		0.9%
3i Infrastructure Plc	Tilt		0.8%
GCP Asset Backed Income Fund C Shares	Tilt		0.5%
CASH			3.8%
Insight GBP Liquidity Fund / Cash	Tilt/Tactical		3.8%
TOTAL			100.0%

CHANGES IN ASSET ALLOCATION BY STRATEGY



FIXED INCOME COMPONENT³

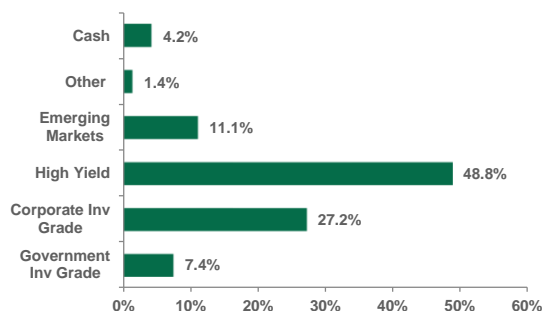
CREDIT RATING			
AAA		12.2%	
AA		3.0%	
A		12.8%	
BBB		18.8%	
< BBB		53.3%	
TOTAL			100.0%

MATURITY			
< 3 year		26.5%	
3-5 years		33.5%	
5-10 years		29.7%	
> 10 years		10.3%	
TOTAL			100.0%

REGIONAL ALLOCATION³

USA	0.0003	52.0%
UK		24.4%
Europe ex UK		11.3%
Emerging Markets		9.7%
Rest of the World		1.7%
Asia Pacific ex Japan		0.9%
Japan		0.1%
TOTAL		100.0%

SECTOR ALLOCATION

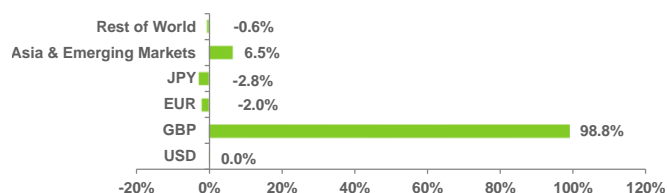


PORTFOLIO YIELD

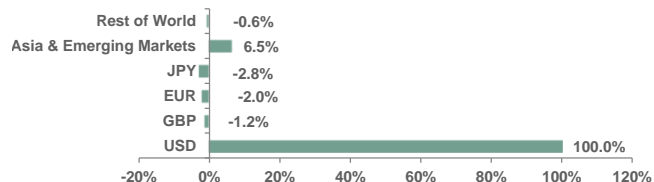
Effective Yield	4.1%
Average Weighted Maturity (in years)	5.4
Average Modified Duration (in years)	3.4

CURRENCY EXPOSURE³

GBP SHARE CLASS



USD SHARE CLASS



³) Source: Underlying managers. Data point 30 November 2017 (including portfolio cash)
Data point for underlying fund information on a look-through basis is one month in arrears.

INVESTMENT MANAGER COMMENTARY

MARKET COMMENTARY

Nedgroup Investments (IOM) Ltd
Investment Manager and Distributor

December provided a solid end to what was an already strong year for many asset classes. Good economic data releases confirmed that the synchronised cyclical economic upswing remained on track, and, if anything, is accelerating. In response, economists continued to raise their forecasts for 2018, which served to boost investor confidence.

In terms of specific events, perhaps the most notable was the US Senate's narrow passing of the Tax Cuts and Jobs Act, which could lead to the largest tax overhaul in the US since 1986. The most important element for financial markets is the proposed cuts to the corporate tax rate, which could fall from 35 to 20 percent. Additionally, the proposals could also provide a strong incentive for US corporates to repatriate cash held in offshore bank accounts, which would enhance their ability to raise dividends and boost share buy-backs.

A second important event was the last minute agreement between the UK and the EU on the three "phase one" Brexit issues relating to the divorce bill, citizens' rights and the Irish border question. Whilst Britain gave more ground than the EU to reach a compromise, the story is far from over as the two protagonists will now move to the even more contentious second round of talks on trade and security. On the face of it, the outcome so far suggests that the UK is on a path towards a "Soft Brexit". However, this will not sit well with the so called "Hard Brexiteers" within the UK Government / Conservative Party, which suggests that there is plenty more Brexit anxiety ahead, most acutely for the UK, but also for the EU.

As noted on numerous occasions throughout the year, financial market volatility remained unusually low, which was partly down to improved global economic performance, but also to the anaesthetising impact of continued central bank bond buying. Against this background, most asset classes rose, with riskier and more volatile investments leading the way.

Fixed income markets were relatively quiet through December, with "safe haven" government bonds returning +0.0%, according to the JP Morgan Global Government Bond Index. However, riskier segments of the asset class were better rewarded, with the Merrill Lynch Global Investment Grade Corporate Bond Index returning +0.4%, the Merrill Lynch Global High Yield Index delivering +0.1%, and the JP Morgan Global Emerging Market Bond Index rising +0.5% (all in hedged to sterling terms).

Equity markets rose by +1.5%, as measured by the MSCI All Country World Index in sterling. All the major regions and countries advanced, with the UK (+4.8%), the Emerging Markets (+3.5%) and Asia ex Japan (+2.6%) producing the best returns. The strongest sectors tended to be cyclicals, with good performance in Energy (+4.6%) and Materials (+4.0%) contrasting with the weakness of Information Technology (+0.0%) and Utilities (-4.2%).

The major currency markets were relatively quiet over December, with the euro, pound, yen and dollar all little changed against each other. That left the main movers to be either emerging market currencies or those most closely linked to the strong commodity market. The stand-out performer was the South African rand (+9.7% versus sterling) as it responded positively to the election of Cyril Ramaphosa as the new leader of the ANC. Elsewhere the Australian and Canadian dollars were also well supported, as they rose against the pound by +3.3% and +2.5% respectively.

Notes: All monthly data is quoted in sterling terms unless otherwise stated.

PORTFOLIO COMMENTARY

The Nedgroup Investments Income MultiFund rose by +0.1% during December.

Within fixed income, with risk assets performing well during the month the tilt towards credit was broadly supportive for absolute performance. The best performing funds were the higher quality investment grade funds, Wellington Global Credit Plus Fund (+0.3%) and PIMCO Global Investment Grade Fund (+0.2%). Elsewhere, sub-investment grade bond funds were broadly very quiet, with AXA US Short Duration High Yield (0.0%) and Muzinich Short Duration High Yield (+0.0%) both flat, whilst Kames Short Dated High Yield (-0.2%) and Kames High Yield Global Bond (-0.2%) marginally declined. Finally, Franklin Templeton Global Total Return (-1.4%) was a drag on performance in December as it lost value on the back of some unhelpful developed and emerging market currency positions.

In other asset classes, exposure to high dividend paying stocks held via the iShares UK Dividend Fund (+6.8%) was helpful in terms of performance, whilst exposure to UK commercial property was more mixed. F&C Commercial Property Trust fell -3.6%, whilst Impact Healthcare (+0.3%) and Standard Life Property Income Trust (+2.2%) both rose. Within infrastructure, returns were quite positive with the exception of Greencoat Renewables (-0.3%), as Greencoat UK Wind (+3.8%) and John Laing Environmental Assets (+6.3%) both benefited from stronger UK wholesale electricity prices. 3i Infrastructure (+5.4%) also saw a strong run on the announcement that the manager had agreed to sell its stakes in two large and mature infrastructure investments - Elenia (Finish electricity distribution company) and Anglian Water (UK water utility) - at prices considerably above expectations and their last valuations. Finally, the allocation to asset-backed finance was a drag, with SQN Asset Finance Income Fund declining -1.9% and GCP Asset Backed Income flat over the month.

In terms of portfolio activity, there were no material strategy changes made over the month.

Note: All returns are quoted on a hedged to sterling basis.

Investment Manager and Distributor

Nedgroup Investments (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

Citi Depository Services Ireland DAC
1 North Wall Quay, Dublin 1, Ireland.

Performance

Funds are generally medium to long-term investments. The value of your investment may go down as well as up. International investments may be subject to currency fluctuations due to exchange rate movements. 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.

Pricing

The Sub-Funds of Nedgroup Investments MultiFunds are valued using the prices of underlying funds prevailing at 11pm Irish time the business day before the price date. Prices are published on the Nedgroup Investments website.

Fees

Fees are outlined in the relevant Sub-Fund Supplement available from the Nedgroup Investments website.

Nedgroup Investments MultiFunds Plc (the Fund) – disclaimer

Nedgroup Investments MultiFunds Plc (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 (S.I. No. 352 of 2011) as amended from time-to-time.

This document 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.

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 or facilities agent. www.nedgroupinvestments.com

Singapore investors should read the Appendix for Singapore Investors in conjunction with the Fund's Prospectus and Key Investor Information Document (KIID) which are available from the Investment Manager. www.nedgroupinvestments.com

The Fund has been recognised under paragraph 1 of Schedule 4 to 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 Prospectus of the Fund, the Supplements of its Sub-Funds and the KIIDs are available from the Investment Manager and Distributor or from its website www.nedgroupinvestments.com

The value of shares can fall as well as rise. Investors may not get back the value of their original investment.

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Income may fluctuate in accordance with market conditions and taxation arrangements. Changes in exchange rates may have an adverse effect on the value price or income of the product.

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