

# NEDGROUP INVESTMENTS INCOME MULTIFUND - ACCUMULATING

March 2018

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.

**APPROPRIATE TERM:** Minimum 3 - 5 years

**MARKET VALUE:** £45.7m

### CURRENCIES AVAILABLE AND PRICES:

**GBP Class A:** £11.8569

**USD Class A:** \$11.6583

Value and prices as at 29 March 2018

**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 29 March 2018)<sup>2</sup>

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: 3.8%

Based on last four quarterly distributions as a percentage of current share price. Last dividend 28 March 2018

### ISIN / SEDOL:

**Class A Acc GBP:** IE00B5LK1C25 / B5LK1C2

**Class A Acc USD:** IE00B4Q8PM21 / B4Q8PM2

### CONTACT US

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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 <sup>1</sup>

PERIOD	GBP	GBP PEER GROUP	3 MONTH GBP LIBID	USD	USD PEER GROUP	3 MONTH USD LIBID
	%	%	%	%	%	%
3 Months	-1.2%	-1.0%	0.1%	-0.9%	-0.2%	0.5%
6 Months	-1.4%	-0.5%	0.2%	-0.8%	0.1%	0.8%
1 Year	-0.3%	-0.2%	0.3%	0.8%	2.3%	1.4%
3 Years	1.2%	1.2%	0.4%	1.5%	1.3%	0.8%
5 Years	1.9%	1.5%	0.4%	1.9%	1.3%	0.5%
YTD	-1.2%	-1.0%	0.1%	-0.9%	-0.2%	0.5%
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 *	2.8%	2.1%	0.5%	2.6%	1.9%	0.5%

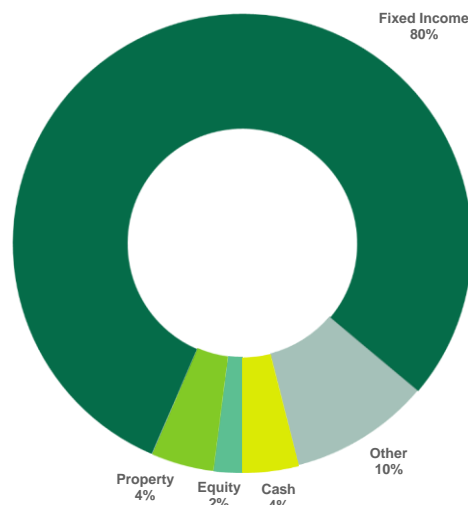
Class A performance net of fees. \* Since inception annualised.

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)	0.93	0.83
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 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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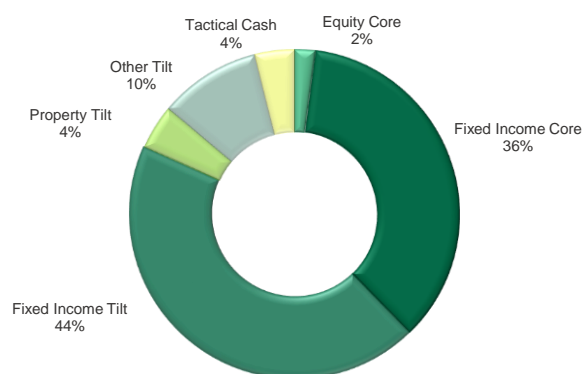
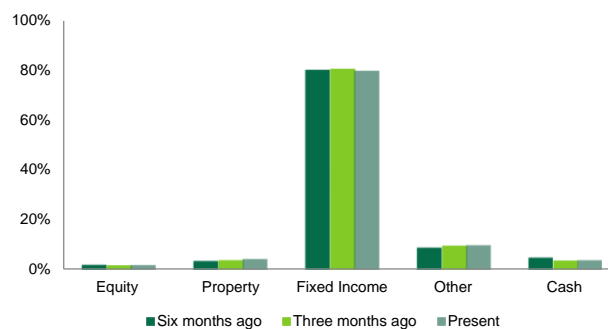


## TOTAL PORTFOLIO ANALYSIS

### FULL PORTFOLIO LISTING

EQUITY INCOME			2.0%
iShares UK FTSE Dividend Plus Fund	Core		2.0%
EQUITY PROPERTY			4.4%
F&C Commercial Property Trust	Tilt		2.0%
Target Healthcare REIT	Tilt		0.9%
Impact Healthcare REIT	Tilt		0.9%
Standard Life Investment Property Income	Tilt		0.6%
FIXED INCOME			79.7%
Wellington Global Credit Plus	Core		18.7%
PIMCO Global IG Credit	Core		17.0%
Muzinich Short Duration High Yield	Tilt		12.0%
AXA US Short Duration High Yield	Tilt		11.9%
Franklin Templeton Global Total Return	Tilt		8.1%
Kames Short Dated High Yield Global Bond	Tilt		7.0%
Kames High Yield Global Bond	Tilt		5.0%
OTHER			9.9%
Greencoat UK Wind	Tilt		2.6%
SQN Asset Finance Income Fund C Shares	Tilt		2.0%
John Laing Environmental Assets Group	Tilt		2.0%
3i Infrastructure Plc	Tilt		1.1%
GCP Asset Backed Income Fund	Tilt		1.0%
Greencoat Renewables	Tilt		0.9%
GCP Asset Backed Income Fund C Shares	Tilt		0.5%
CASH			4.0%
Cash	Tilt/Tactical		4.0%
TOTAL			100.0%

### CHANGES IN ASSET ALLOCATION BY STRATEGY



### FIXED INCOME COMPONENT <sup>3</sup>

CREDIT RATING	
AAA	14.2%
AA	4.4%
A	15.4%
BBB	18.9%
< BBB	47.1%
TOTAL	100.0%

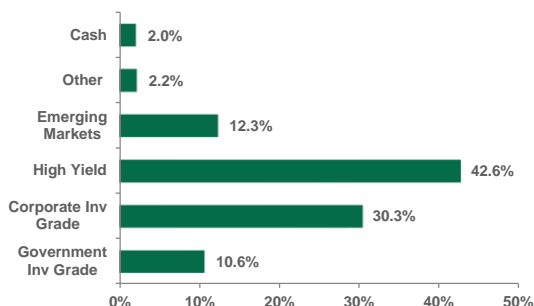
  

MATURITY	
< 3 year	24.5%
3-5 years	35.7%
5-10 years	29.2%
> 10 years	10.6%
TOTAL	100.0%

### REGIONAL ALLOCATION <sup>3</sup>

USA	51.8%
UK	25.2%
Europe ex UK	9.6%
Emerging Markets	11.2%
Rest of the World	1.4%
Asia Pacific ex Japan	0.9%
Japan	-0.1%
TOTAL	100.0%

### SECTOR ALLOCATION

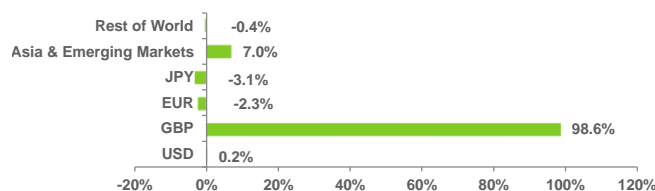


### PORTFOLIO YIELD

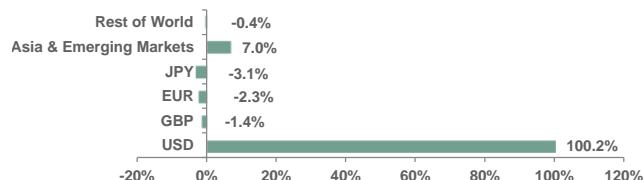
Effective Yield	4.5%
Average Weighted Maturity (in years)	5.9
Average Modified Duration (in years)	3.9

### CURRENCY EXPOSURE <sup>3</sup>

#### GBP SHARE CLASS



#### USD SHARE CLASS



<sup>3</sup> Source: Underlying managers. Data point 28 February 2018 (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

Although global economic data releases softened a little from recent highs, the overall picture has remained one of decent growth for 2018. However, various concerns saw financial markets continuing to exhibit heightened volatility and risk aversion throughout the month.

Arguably the most serious issue for investors was Trump's decision to escalate trade tensions between the US and China, which led to both countries announcing plans for tariffs being threatened on US\$50bn worth of goods imported from each other. By themselves, these tariffs would not have a particularly big impact on either economy, and it is also perfectly plausible that the US and China may find an amicable negotiated settlement before they are enacted. However, the market is alert to the risk that a sometimes unpredictable Trump could escalate a trade war which would ultimately cause real damage to the global economy.

Technology also dominated headlines as various data protection breaches engulfed Facebook, which called into question online personal data security issues and highlighting the need for much more stringent regulation in this area. Other technology companies were also under pressure as politicians everywhere attacked their global tax arrangements. Whilst Trump tweeted about Amazon being in his cross-hairs, the EU tabled practical proposals to create a new revenue based tax aimed at extracting a fairer tax take on behalf of the countries where these multi-national technology businesses operate.

In other news, the Federal Reserve raised US interest rates by 0.25%. Whilst this change was widely expected, Powell's accompanying speech struck a slightly more hawkish tone than his predecessor, which led many economists to suggest that the Federal Reserve may raise rates a little faster than previously anticipated.

Finally, the UK and EU Brexit negotiations seemed to take a small step forward as the two sides agreed high level terms on a transition period. This was welcomed by the market as it reduced the risk of a so called "cliff-edge" departure from the EU in March 2019.

Over the month, bonds fared well as they benefitted from their safe haven status. As is normally the case when risk aversion spikes, government bonds outperformed corporate and emerging market bonds as credit spreads on riskier bonds widened. Over the month, the JP Morgan Global Government Bond Index rose (+1.1%), whilst the Merrill Lynch Global Corporate Investment Grade Index delivered a more modest +0.1%, the Merrill Lynch Global High Yield Index declined -0.6%, and the JP Morgan Emerging Market Bond Index rose +0.2% (all returns in hedged to sterling terms).

Equities were under pressure, with the MSCI AC World declining -3.8% in US dollar terms. Amongst the majors, the US (-4.1%) and Japan (-4.4%) were the weakest, whilst the UK (-2.0%) and Europe ex UK (-3.2%) were more resilient. At the sector level, defensives generally held up better than cyclicals. Examples included Utilities (+2.2%) and Consumer Staples (-1.6%), which significantly outperformed Materials (-5.2%), Financials (-5.4%), Industrials (-4.1%) and Consumer Discretionary (-4.4%). Information Technology (-4.8%) was also under pressure, as the online data protection scandal embroiling Facebook caused investors to question lofty valuations across the sector.

The most significant move in the foreign exchange markets was that of the British pound, which rose against most currencies as it benefited from the announcement of a provisional agreement on a Brexit transition period. As such, it gained +1.9% versus the US dollar, +1.0% versus the euro, and +1.7% relative to the yen. Elsewhere, commodity related currencies were weak (e.g. the Australian dollar lost -3.0% against the pound) and emerging market currencies were mixed (the Mexican peso rose +1.5%, whilst the Brazilian real fell -4.0% against the pound).

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



## PORTFOLIO COMMENTARY

The Nedgroup Investments Income MultiFund declined -0.1% during March.

The risk-off environment meant that higher quality parts of the fixed income market outperformed lower rated bonds. Within our portfolios, one of the best performing fixed income holdings was PIMCO Global Investment Grade (+0.5%). Elsewhere, the performance of the lower quality sub-investment grade funds was weak as credit spreads widened, with Kames High Yield Global Bond Fund down -0.5%. Short maturity high yield strategies such as AXA US Short Duration High Yield (-0.3%), Kames Short Dated High Yield (-0.2%), and Muzinich Short Duration High Yield (-0.1%) held up better, but also lost a little ground. Finally, Franklin Templeton Global Total Return (+0.8%) jumped higher on the back of its emerging market bond and currency positioning.

Most risk assets struggled over the month as risk aversion remained elevated. Falling equity markets meant the exposure to high dividend paying stocks through the iShares UK Dividend Fund (-0.6%) detracted value. UK commercial property was also unhelpful, with F&C Commercial Property Trust up (+0.6%), whilst Impact Healthcare (-3.4%), Target Healthcare (-4.2%) and Standard Life Property Income Trust (-2.2%) lost ground. Infrastructure was mixed but broadly positive, with 3i Infrastructure (+3.2%) and Greencoat Renewables (+0.5%) gaining, whilst Greencoat UK Wind (-0.5%) and John Laing Environmental Assets (-0.5%) were slightly down. Finally, the allocation to asset-backed finance was positive, as both GCP Asset Backed Income (+2.5%) and SQN Asset Finance Income Fund C-Shares (+2.7%) gained ground. During the month, SQN announced a number of developments which were taken positively; these included: (1) news of progress regarding two outstanding credit issues, (2) an intention to return GBP40m of excess capital to C-Share class holders, and (3) the commencement of buybacks of ordinary shares using available cash from realisations and any amortisation of investments. In terms of the other asset-backed lender, GCP Asset Backed Income (GABI) announced it has entered into legally binding commitments for over 90% of the proceeds of its recent C class share issue, and is close to converting the Cs into ordinaries (due in April). The funds have been committed across 14 loans, included some new sectors such as energy storage and regulated water. Overall, GABI is performing well, in line with our expectations.

In terms of portfolio activity, we reduced holdings in mainstream UK commercial property as part of our strategy to shift property exposure to the higher yielding and less economically sensitive social care home sector.

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](http://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](http://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](http://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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