NEDGROUP INVESTMENTS MULTIFUNDS PLC

QUARTERLY REVIEW

QUARTER 1 2018

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 shareholders 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 SIX: INVESTMENT SOLUTIONS REVIEW

This section provides a detailed review of each MultiFund, looking at the fund's objective, its benchmark, the asset allocation, and the manager's allocations.

PART ONE: MARKET REVIEW

Performance over period to 31 Mar 2018

Asset class	Indicator	3 months	1 year	3 years	5 years	LT-average*
Equities	MSCI All Country World Index	-0.8%	15.4%	8.7%	9.8%	8.6%
Property	FTSE EPRA/NA REIT Dev Property Index	-4.3%	4.2%	2.4%	5.0%	7.2%
Bonds	JPM Global Bond Index	1.4%	7.0%	3.1%	1.5%	4.6%
Cash	US 3-month deposits	0.4%	1.3%	0.7%	0.5%	4.4%
Inflation	US CPI (one month in arrears)	0.9%	2.2%	2.0%	1.4%	3.0%

All figures are in USD
Source Morningstar and Nedgroup Investments
** Updated annually from 1900, or longest available period.*
Returns for periods longer than 12 months are annualised.

Economic and market commentary

After a strong January, the mood of financial markets shifted suddenly, making February and March much more difficult for investors. Overall, it was a tough quarter for investors, with financial assets generally performing poorly as volatility rose and risk appetite diminished. Although global economic data releases softened a little (albeit from elevated highs), the overall picture remained one of decent growth for 2018. Equally, after a strong Q4 corporate earnings season, the outlook for company profits this year also remains solid, with analysts generally looking to upgrade their shorter term forecasts.

In searching for explanations for the sudden volte-face in market conditions, there are perhaps a number of factors worth highlighting. Firstly, in our view, the lack of volatility through 2017 created a degree of complacency on the part of investors. Linked to that, we believe that the strong returns seen over the last year or so pushed financial markets beyond fair value, heightening the risk of a market pullback.

Secondly, robust and synchronised global growth focused investors' minds on whether central banks might choose to accelerate their shift away from the extraordinarily accommodative policies that they have pursued over recent years. Whilst investors have seemed comfortable with a gradual unwinding of these policies, they would not welcome any evidence that central banks are behind the curve, and having to tighten policy more quickly. Certainly one of the triggers for the late January / early February drawdown was the reporting of a higher than expected US hourly wage growth number, which had economists wondering whether inflationary pressures are building more than previously assumed.

A third factor on investors' minds has been Trump's determined attack on Chinese trade policy. Having purged his inner circle of some of the more moderate voices, Trump announced the imposition of tariffs on US$50bn worth of American imports from China, which was duly reciprocated with equivalent measures from the Chinese. Not to be upstaged, Trump then instructed the Office of the US Trade Representative, the agency responsible for developing trade policy, to consider imposing tariffs on an additional US$100bn worth of US imports from China. Beijing responded by threatening an equivalent response, and a willingness to fight back "at all costs". Is this Trump just extending his "Art of the Deal" business negotiating tactics to the international stage? Certainly many commentators think so, including ourselves, even though we recognise the risk of an escalation into a full blown trade war with all its economically damaging ramifications.

In other news, the Federal Reserve raised US interest rates by 0.25% in March. 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 could 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 could reduce the damaging risk of the so called "cliff-edge" departure from the EU in March 2019.

Heightened risk aversion saw equity markets lose -1.0% over the quarter, when measured using the MSCI All Country World Index in US dollars. Amongst the majors, the best performers were Asia ex Japan (+0.5%), Global Emerging Markets (+1.3%) and Japan (+0.1%). Conversely, the UK (-3.9%) and Europe ex UK (-1.2%) were the biggest underperformers. At the sector level, performance was quite dispersed, with Technology (+3.1%) and Consumer Discretionary (+1.0%) leading the way, whilst Telecoms (-5.4%) and Consumer Staples (-4.8%) propped up the bottom of the performance table. In terms of style, Growth (+0.6%) fared better than Value
(-2.5%), whilst Smaller companies (-0.5%) marginally outperformed Larger Companies (-1.0%).

Having shown signs of weakness early in the quarter, the performance of safe haven bonds improved as investor risk appetite declined. In the event, government bonds ended up being one of the best performing asset classes over the quarter, whilst corporate and emerging market bonds underperformed as spreads widened. Overall, the JP Morgan Government Bond Index rose +0.4%, whilst the Merrill Lynch Global Investment Grade Corporate Bond Index declined -1.3%, the Merrill Lynch Global High Yield Bond Index lost -0.6%, and the JP Morgan Global Emerging Market Bond Index slipped -1.8% (all in hedged to US dollar terms).

Most commodities managed to advance, although the overall Bloomberg Commodity Index lost -0.4%. Crude Oil (+8.8%) was the best performing sector, as it responded to a significant fall in US inventories. Gold (+1.0%) also posted a positive return on its perceived safe haven status. At the other end of the spectrum, Industrial Metals (-6.2%) were under pressure, largely on fears that a global trade war could negatively impact bulk commodity demand and pricing.

Dollar weakness continued to be a feature on the foreign exchange markets, as it slipped -5.5% versus the Japanese yen, -2.2% against the euro and -3.5% relative to the British pound. Better economic growth continued to help emerging market currencies, most of which managed to advance against the dollar over the period. Notable movers included the Chinese Renminbi (+3.1%), the Mexican peso (+7.6%) and the South African rand (+4.3%), with the latter responding enthusiastically to the replacement of Zuma with Cyril Ramaphosa as President of South Africa.

PART TWO: MULTIFUNDS' PERFORMANCE

All performance figures are as at 31 March 2018

Growth MultiFund

PERIOD	FUND USD* %	BENCHMARK US LIBID 3 month +4%	FUND GBP* %	BENCHMARK GBP LIBID 3 month +4%
3 months	-1.9%	1.5%	-4.1%	1.1%
1 year	9.1%	5.4%	1.7%	4.3%
3 years (annualised)	4.4%	4.8	5.1%	4.4%
Since inception** (annualised)	5.9%	4.5	6.5%	4.4%

**From 30/12/2014 for USD class and 06/03/2013 for GBP class

Balanced MultiFund

PERIOD	FUND USD* %	BENCHMARK US LIBID 3 month +2%	FUND GBP* %	BENCHMARK GBP LIBID 3 month +2%
3 months	-1.2%	1.0%	-2.7%	0.6%
1 year	5.2%	3.4%	0.1%	2.3%
3 years (annualised)	2.6%	2.8%	2.7%	2.4%
Since inception** (annualised)	3.7%	2.5%	4.1%	2.4%

**From 08/11/2013 for USD class and 06/03/2013 for GBP class

Income MultiFund Accumulating

PERIOD	FUND USD* %	BENCHMARK US LIBID 3 month	FUND GBP* %	BENCHMARK GBP LIBID 3 month
3 months	-0.7%	0.5%	-1.0%	0.1%
1 year	1.6%	1.4%	0.6%	0.3%
3 years (annualised)	1.8%	0.8%	2.0%	0.4%
Since inception** (annualised)	2.9%	0.4%	3.4%	0.3%

** From 16/10/2015 for the USD class and 19/11/2013 for the GBP class.

* C Class Performance.

PORTFOLIO REVIEW AND CHANGES

Growth

The portfolio declined in value by –1.8% over the quarter (US$ C class), in what was a tough and volatile period for markets.

Looking beneath the surface, the aggregate of the underlying global equity exposures performed broadly in line with market averages. Whilst the portfolio benefitted from a strong tilt towards the outperforming emerging markets, it was also hindered by its bias towards more defensive and value oriented sectors, which were left in the shade by stronger performance across some of the more expensive growth sectors (e.g. Information Technology).

In other areas, returns from property were mixed. Global REITS lost a little ground as risk aversion rose, although good performance amongst the UK commercial property holdings, most notably from F&C Commercial Property, served as a useful offset.

The portfolio's investments in general infrastructure and renewable energy were also mixed, but overall took a step backwards. On the plus side were Greencoat UK Wind (+0.4%) and GCP Asset Backed Income (+0.5%), whilst SQN Asset Backed Income C Class (-2.9), 3i Infrastructure (-2.4%) and John Laing Environmental Assets (-6.1%) all lost ground. In our view, this short term weakness reflected general investor risk aversion rather than anything fund specific. Indeed, the actual news flow on our holdings was quite encouraging, with positive updates and result announcements throughout the period. One such example would be SQN, which announced a number of positive developments, including: (1) good 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 investment amortisation. Another would be GCP Asset Backed Income (GABI), which announced it has entered into legally binding commitments for over 90% of the proceeds from its recent C class issue, and is well ahead of schedule on converting the Cs into ordinaries, which is due in April.

Turning to portfolio activity, within the equity portion of portfolios we made some adjustments to increase the bias towards the cheaper non-US markets and to get more exposure to economically sensitive sectors. We implemented this by adding to Dodge and Cox Global Stock, funding the shift through a reduction in Morgan Stanley Global Brands and TOBAM Anti-Benchmark World Equity. We also reduced mainstream UK commercial property as part of our strategy of shifting real estate exposure towards the higher yielding and less cyclical social care home sector. This was implemented through a new investment trust holding called Target Healthcare REIT, which benefits from very long leases and upward only annual rent increases linked to the retail price index.

Balanced

The portfolio declined in value by –1.1% over the quarter (US$ C class), in what was a tough and volatile period for markets.

Looking beneath the surface, the aggregate of the underlying global equity exposures performed broadly in line with market averages. Whilst the portfolio benefitted from a strong tilt towards the outperforming emerging markets, it was also hindered by its bias towards more defensive and value oriented sectors, which were left in the shade by stronger performance across some of the more expensive growth sectors (e.g. Information Technology).

Within fixed income the bias towards corporate credit tended to add value, as positive interest rate carry offset a slight widening of spreads. However, the flight to safe havens saw longer dated government bonds catch a respite from their recent underperformance, meaning that our short duration strategy modestly detracted over the period.

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The portfolio's investments in general infrastructure and renewable energy were also mixed, but overall took a step backwards. On the plus side were Greencoat UK Wind (+0.4%) and GCP Asset Backed Income (+0.5%), whilst SQN Asset Backed Income C Class (-3.0), 3i Infrastructure (-2.4%) and John Laing Environmental Assets (-6.1%) declined. In our view, this short term weakness reflected general investor risk aversion rather than anything fund specific. Indeed, the actual news flow on our holdings was quite encouraging, with positive updates and result announcements throughout the period. One such example would be SQN, which announced a number of positive developments, including: (1) good 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 investment amortisation. Another would be GCP Asset Backed Income (GABI), which announced it has entered into legally binding commitments for over 90% of the proceeds from its recent C class issue, and is well ahead of schedule on converting the Cs into ordinaries, which is due in April.

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Income

The portfolio declined in value by -1.0% over the fourth quarter (GBP C class), in what was a tough and volatile period for markets.

Within fixed income the bias towards corporate credit tended to add value, as positive interest rate carry offset a slight widening of spreads. However, the flight to safe havens saw longer dated government bonds catch a respite from their recent underperformance, meaning that our short duration strategy modestly detracted over the period.

In other areas, the small position in high dividend paying stocks through iShares UK Dividend (-6.9%) lost ground, whilst returns from property were positive, with F&C Commercial Property (+5.2%) making gains. The portfolio's investments in general infrastructure and renewable energy were more mixed, but overall took a step backwards. On the plus side were Greencoat UK Wind (+0.4%) and GCP Asset Backed Income (+0.5%), whilst SQN C Class (-3.0), 3i Infrastructure (-2.4%) and John Laing Environmental Assets (-6.1%) declined. In our view, this short term weakness reflected general investor risk aversion rather than anything fund specific. Indeed, the actual news flow on our holdings was quite encouraging, with positive updates and result announcements throughout the period. One such example would be SQN, which announced a number of positive developments, including: (1) good 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 investment amortisation. Another would be GCP Asset Backed Income (GABI), which announced it has entered into legally binding commitments for over 90% of the proceeds from its recent C class issue, and is well ahead of schedule on converting the Cs into ordinaries, which is due in April.

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PART THREE: MARKET OUTLOOK

After a strong and synchronised acceleration of global growth in 2017, recent data has been a little softer, suggesting a plateauing is now taking place. Overall, we expect global growth to be a healthy 3 ½ percent in 2018, before tailing off a fraction in 2019. With inflation now seeming to have passed its low points, the major central banks are either gently raising interest rates (i.e. the Federal Reserve and the Bank of England) or tapering their bond-buying activities (i.e. the ECB). Looking forward, we would expect them to continue on this track, adjusting monetary policy at a glacial pace as they seek to avoid any material economic or financial market disruption.

Improving global trade volumes have been a key part of the recent growth pick-up, and anything that threatens this trend would put this high level economic scenario at risk. In this respect, the growing trade tensions between the United States and China are a worry. Whilst the two sides have continued to escalate their threats, we believe that a mutually destructive trade war can and will be avoided, with the two sides ultimately reaching a negotiated settlement. Although Trump is often abrasive and lacking in diplomacy, we do think China recognises the need to evolve its trade practices, and we are encouraged by a recent speech from President Xi in which he acknowledged this point. In many ways, we think the NAFTA fall-out provides a useful reference point for considering how the US-China trade spat will probably develop. After all Trump's tweets and blustering, it now looks as if the US, Canada and Mexico will soon announce an agreement in principle on the way forward.

Having been very strong in 2017, global corporate earnings are likely to rise again this year, albeit at a slowing pace (perhaps 7-9% globally in US dollar terms). This growth should be relatively supportive for equities, but will probably be a headwind for sovereign bond yields. Whilst we would hesitate to describe equities as cheap in an absolute sense, the "equity-bond yield gap" (a standard measure of relative valuation) suggests to us that shares remain a better bet than bonds. Therefore, we think it is most likely that equities will outperform bonds between now and the end of 2018.

Since the global financial crisis, the US stock market and American economy have outperformed most other countries, which are only now starting to catch-up. In our view, the US is now in the latter stages of its economic cycle, with its stock market being more expensive than those of other regions and countries. As a result, we believe the better opportunities lie in the non-US markets, and we continue to reflect this view by tilting portfolios towards places such as Europe and the emerging markets.

Going forward, we expect the US dollar to be well supported by a widening interest rate differential. Where appropriate, our strategies have a bias towards the US dollar, which we expect to outperform other currencies in the second half of 2018. In addition, the portfolios hold a diversified exposure to various emerging market currencies, which, notwithstanding strong recent performance, remain relatively cheap and likely to benefit further from solid global growth and trade.

As the US is well ahead of most other countries in terms of policy tightening, we believe US bonds offer better value than those of other major regions, such as the Eurozone, the UK and Japan. Based on this view, the global fixed income element of portfolios has a significant bias towards US bonds, and away from those still being distorted by quantitative easing. We have also maintained a strong tilt towards shorter dated corporate bonds, with a focus of either investment grade credit or better quality higher yield debt. These types of bonds will continue to benefit from improving corporate profitability, whilst being less affected by the gradual global shift towards higher interest rates. Finally, we are avoiding longer dated / low yielding advanced economy government bonds, whilst maintaining a tilt towards selected emerging market bonds, which, in our view, offer a much better risk-return trade-off.

Whilst we have been anticipating volatility would rise in 2018, its long overdue arrival has still been a rather uncomfortable experience. However, most seasoned investors have come to regard volatility as both a friend and an enemy, since it carries with opportunities as well as threats. Our policy of maintaining higher than normal cash positions has marginally benefited portfolios over the first quarter. However, putting the whole quarter into perspective, the actual changes in asset class valuations have been quite modest, and we have yet to see our buying targets breached. Therefore, we continue to believe a degree of caution is still warranted.

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 and Balanced MultiFunds in USD, with the exception of the funds we hold in a different currency and where currency hedging is applied, compared against their sector benchmark.

Performance as at 31 March 2018								
		3 Months	6 months	YTD	1 year	2 years*	3 years*	5 years*
Equity	Category							
Allianz Global Small Cap Equity PT2 GBP	*Global Small Cap Equity*	-4.31	1.71	-4.31	7.20	16.97	8.55	0.00
Coronation Global Emerging Markets P USD	*Global Emerging Markets Equity*	-2.68	0.11	-2.68	22.95	20.62	7.46	4.22
Dodge & Cox Worldwide Global Stk USD Acc	*Global Equity*	-2.77	0.66	-2.77	9.68	18.24	7.67	10.71
MS INVF Global Brands I	*Global Equity*	-2.09	6.11	-2.09	12.58	12.04	11.15	9.69
MDPS TOBAM AntiBench World Equity A	*Global Equity*	0.67	5.50	0.67	13.70	8.38	2.73	6.58
Vanguard Emerging Mrkts Stk Idx Inv USD	*Global Equity*	1.17	8.80	1.17	24.51	20.56	8.44	4.63
Vanguard Global Stock Idx Ins USD	*Global Emerging Markets Equity*	-1.32	4.05	-1.32	13.44	14.01	7.80	9.52
Nedgroup Inv Funds Global Equity D Acc	*Global Equity*	-2.71	-1.38	-2.71	11.01	10.72	7.89	9.78
MSCI ACWI NR USD		-0.96	4.71	-0.96	14.85	14.94	8.12	9.20
Fixed Income								
AXAIMFIIS US Short Dur HY B Dis USD	*Global High Yield*	-0.02	0.03	-0.02	2.13	3.58	2.33	2.48
Kames High Yield Global Bond USD B Inc	*Global High Yield*	-0.44	0.23	-0.44	3.94	6.91	3.91	4.87
Muzinich Short Duration HY Hdg USD S Acc	*Short Duration High Yield*	0.16	0.29	0.16	2.30	3.82	2.61	2.49
PIMCO GIS GlblnvGrdCrdt Instl USD Acc	*Global Corporate Debt*	-0.74	0.11	-0.74	3.76	4.96	3.58	3.81
Templeton Global Ttl Ret I(acc)USD	*Global Bond*	1.44	-0.17	1.44	0.75	6.87	2.18	1.73
Wellington Global Crdt Pls G USD Acc H	*Global Corporate Debt*	-1.31	0.19	-1.31	3.39	3.59	2.82	3.91
BBgBarc Global Aggregate TR Hdg USD		-0.12	0.68	-0.12	2.46	1.77	2.00	2.91
Property								
iShares Dev Mkts Prpty Yld ETF USD Dist	*Passive Tracker*	-4.94	-1.60	-4.94	2.60	2.15	2.04	4.56
F&C Property Trust	*UK Property*	5.16	-3.14	5.16	2.14	9.00	5.67	11.39
Impact Healthcare REIT	*Healthcare Property*	-0.02	2.33	-0.02	4.26	0.00	0.00	0.00
Standard Life Property Income Trust	*UK Property*	-2.90	-0.01	-2.90	7.67	7.64	6.04	14.76
Nedgroup Inv Funds Glbl Property C USD	*Global Property*	-4.32	0.22	-4.32	7.06	0.00	0.00	0.00
FTSE EPRA/NAREIT Developed TR USD		-4.30	-0.64	-4.30	4.23	3.04	2.45	4.98
Specialist								
Greencoat UK Wind	*UK Renewable Energy*	0.21	3.42	0.21	8.41	13.19	9.24	9.36
Greencoat Renewables	*UK Renewable Energy*	2.78	-1.43	2.78	0.00	0.00	0.00	0.00
John Laing Environmental Assets Group	*Environmental Assets*	-6.15	-4.49	-6.15	-1.98	6.35	3.32	0.00
3i Infrastructure	*Infrastructure*	-2.21	6.76	-2.21	11.51	14.03	13.47	14.28
SQN Asset Finance Income Fund	*Asset Financing*	1.34	-6.81	1.34	-14.14	-2.31	1.70	0.00
GCP Asset Backed Income Fund	*Asset Financing*	-0.96	-1.40	-0.96	0.09	4.95	0.00	0.00
LIBID + 2%		0.88	1.71	0.88	3.29	2.99	2.74	2.50
Cash								
BlackRock ICS USD Liquidity Heritage Acc	*Cash*	0.39	0.72	0.39	1.31	1.01	0.74	0.48
LIBID USD 3 Month		0.39	0.71	0.39	1.27	0.97	0.73	0.49

* Annualised

The table below shows the performance of underlying funds held within the Income MultiFund. The base currency of the fund is GBP therefore the performance of the underlying holdings is shown in GBP. The performance of the sector benchmark is also shown.

Performance as at 31 March 2018								
	Category	3 Months	6 months	YTD	1 year	2 years*	3 years*	5 years*
Other								
iShares UK Dividend ETF GBP Dist	*Equity*	-7.12	-3.77	-7.12	-4.95	3.73	0.48	5.77
F&C Property Trust	*UK Property*	5.16	-3.14	5.16	2.14	9.00	5.67	11.39
John Laing Environmental Assets Group	*Environmental Assets*	-6.15	-4.49	-6.15	-1.98	6.35	3.32	0.00
3i Infrastructure	*Infrastructure*	-2.21	6.76	-2.21	11.51	14.03	13.47	14.28
SQN Asset Finance Income Fund	*Asset Financing*	1.34	-6.81	1.34	-14.14	-2.31	1.70	0.00
GCP Asset Backed Income Fund	*Asset Financing*	-0.96	-1.40	-0.96	0.09	4.95	0.00	0.00
Fixed Income								
AXA US Short Duration Hi Yld Z Gross Inc	*Global High Yield*	-0.12	0.07	-0.12	1.48	3.32	2.22	2.64
JPM Income Opp C perf (dist) GBPH	*Global Bond*	-0.83	-0.59	-0.83	2.45	5.74	3.15	4.41
Kames High Yield Global Bond GBPH B Inc	*Global High Yield*	-0.53	-0.53	-0.53	0.00	0.00	0.00	0.00
Kames Short Dated HY Glbl Bd GBPH C Inc	*Global High Yield*	-0.23	-0.41	-0.23	0.92	2.82	1.96	2.21
Muzinich Short Duration HY Hdg GBP S Inc	*Global High Yield*	-1.06	-0.53	-1.06	2.49	3.97	3.00	3.55
PIMCO GIS GlbInvGrdCrdt Instl GBP HdgInc	*Global Corporate Debt*	0.95	-1.04	0.95	-0.99	5.90	1.70	1.50
Templeton Global Ttl Ret I(Mdis)GBP-H1	*Global Bond*	-1.70	-0.61	-1.70	2.04	2.59	2.26	3.65
Wellington Global Crdt Pls G GBP Dis H	*Global Corporate Debt*	-0.46	0.02	-0.46	1.22	0.90	1.49	2.73
BBgBarc Global Aggregate TR Hdg GBP		0.49	1.20	1.45	-1.19	2.60	2.94	3.04

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 the Nedgroup Investments Global Equity Fund.

Nedgroup Investments Global Equity Fund

The Nedgroup Investments Global Equity Fund is part of the Nedgroup Best of Breed™ range, with the investment management of the fund currently outsourced to Veritas Asset Management (UK) Ltd. Veritas was appointed as the manager in October 2010. The fund is a concentrated global equity portfolio of 25 to 40 stocks, managed with strong value disciplines, and very little regard for the index. Typically the fund is managed in a style which, in part at least, aims to reduce volatility. As such, the fund will normally fall less than the MSCI World Index, at times when risk aversion is rising. Equally, it will sometimes struggle to keep up with very strong markets, which are often led by lower quality / higher risk / more leveraged companies. Over the long term, the success, or otherwise, of the product will be driven by the soundness of the themes the investment team identifies, as well their individual stock selection.

The fund manager and support research team use a thematic framework to help identify global industries that they believe will benefit from positive structural drivers. They then seek to identify stocks that (a) fit with these themes, (b) have durable competitive advantages, and (c) demonstrate sustainable cash flow. Valuation assessment plays a material part in decision-making, as the team seeks to understand their margin for safety based on how their estimate of intrinsic value compares to the price they have to pay.

Since Veritas was appointed as the manager, the Nedgroup Investments Global Equity Fund has produced solid results, both in terms of relative volatility and returns, when compared to the peer group. Major strengths include the individual manager (Andrew Headley), the dedicated research team, clear alignment of interests, staff stability, focus, and a well thought out process / set of investment disciplines. All this makes this fund a strong choice for investors seeking a focused value oriented global equity strategy.

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WHY WE LIKE THE FUND:

- Excellent long-term track record
- Management style tends to make the fund less volatile than many competitor funds
- With only 25 to 40 stock holdings, Nedgroup Investments Global Equity is a high conviction fund
- Andrew Headley is considered to be a top class manager, and he is backed by a good team of analysts
- Clearly defined investment process, backed by a mix of sound investment theory and common sense
- Veritas is a focused equity boutique which is committed to delivering investment excellence to clients

PART SIX: INVESTMENT SOLUTIONS REVIEW

Following are the factsheets of each of the Nedgroup Investments MultiFunds:

- Nedgroup Investments Growth MultiFund
- Nedgroup Investments Balanced MultiFund
- Nedgroup Investments Income Acc MultiFund
- Nedgroup Investments Income Dist MultiFund