NEDGROUP INVESTMENTS MULTIFUNDS PLC

QUARTERLY REVIEW

QUARTER 3 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 30 Sep 2018

Asset class	Indicator	3 months	1 year	3 years	5 years	LT-average*
Equities	MSCI All Country World Index	4.3%	9.8%	13.4%	8.7%	8.6%
Property	FTSE EPRA/NA REIT Dev Property Index	-0.6%	3.4%	7.5%	6.6%	7.2%
Bonds	JPM Global Bond Index	-1.5%	-2.3%	1.8%	0.1%	4.6%
Cash	US 3-month deposits	0.6%	1.8%	1.1%	0.7%	4.4%
Inflation	US CPI (one month in arrears)	0.5%	0.5%	0.2%	0.4%	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

Over the third quarter financial market volatility remained relatively low, whilst risk assets performed positively when viewed from the perspective of a global investor. World growth and corporate earnings data continued to impress, although it continues to be quite dependent on the US, which has probably now peaked. Beneath the surface though, a number of “creaks and strains” were apparent, especially within the Emerging Markets. Whilst Trump continued to escalate the US’s trade war with China, he also chose to pick a fight with Turkey by imposing punitive sanctions in response to Erdogan’s refusal to release a US citizen accused of having links with outlawed pro-Kurdish political groups. Elsewhere, Argentinian financial markets also took a battering on worries that it may struggle to meet its future financing needs with a looming recession and runaway inflation. Whilst the marked weakness of Turkish and Argentinian financial assets were very much the outliers, contagion spread across other Emerging Markets as some investors withdrew capital indiscriminately.

There were also rumblings within the European Union as Italy spooked investors when its new populist anti-EU coalition government announced a draft budget that would increase the country’s debt burden. If enacted, the plan would break previous Italian commitments to the EU, and put the two on a collision course. Given the already high levels of Italian debt (132% of GDP), investors’ concerns about a potential deterioration in the country’s credit-worthiness led to sharp falls in Italian financial assets, which spread to other EU markets, especially Italy’s Mediterranean near neighbours.

In Europe, the long running and seemingly intractable Brexit saga rolled on with no obvious sign of any real progress on the crunch issues. With the prospect of a damaging “no deal” increasing, UK business and consumer confidence waned, causing UK financial assets (and the pound) to generally underperform. At the time of writing, any number of outcomes remains within the bounds of possibility, including a hard Brexit, a soft Brexit, no Brexit, a second referendum or even a general election. As a result, many international investors are giving the UK a wide berth until greater clarity is restored.

On the positive side, the success of the NAFTA 2.0 talks, or the U.S.M.C.A talks as they are now called, was taken well by markets. Whilst the negotiations have been testy at times, especially between Canada and the US, at least this is one geopolitical uncertainty that has faded away without causing any lasting damage to trade.

Over the quarter, equity markets rose by +4.3% as measured by the MSCI All Country World Index in US dollars. Amongst the majors, the US (+7.4%) was by far the strongest performer, driven on by robust economic and earnings growth. At the other spectrum the UK (-1.7%) performed poorly as investors worried that a bad Brexit outcome could damage UK prospects. Emerging Markets (-1.1%) and Asia ex Japan (-1.6%) also had a tough time, as investors worried about a stronger dollar, escalating US-

China trade war tensions and specific problems in Turkey and Argentina. At the sector level, Healthcare (+11.0%), Industrials (+6.0%) and Information Technology (+6.1%) were the strongest performers. Areas of weakness included some of the interest rate sensitive sectors, such as Real Estate (-2.5%) and Utilities (+0.9%), as well as those vulnerable to a slowdown in China, such as Materials (+0.3%). In terms of style, Growth (+4.6%) narrowly outpaced Value (+4.1%), whilst Larger Companies (+4.3%) outperformed Smaller Companies (+1.4%).

Fixed income markets faced the headwind of steadily rising yields throughout the quarter. As a result, advanced economy government bonds generally posted losses. In contrast, a tightening of credit spreads helped corporate and emerging market bonds post gains. Over the period, the JP Morgan Global Government Bond Index lost -0.6%, whilst the Merrill Lynch Global Investment Grade Corporate Bond Index gained +0.8%, the Merrill Lynch Global High Yield Index advanced +2.4% and the JP Morgan Emerging Market Bond Index delivered +1.9% (all returns in hedged to US dollar terms).

Trade war threats, the rising dollar and worries about decelerating global growth (especially in China), put pressure on commodities, with the Bloomberg Commodity Index losing -2.0%. Crude Oil (+13.2%) bucked the trend as inventories fell and supply-demand dynamics continued to improve. In contrast, Agriculture (-5.4%), Industrial Metals (-6.9%) and Gold (-5.0%) were all weak.

In the currency markets, stronger US growth and higher interest rates provided solid support to the US dollar, which drifted higher against most other currencies. However, by far the biggest story was the dramatic weakness of a number of emerging market currencies. The standouts were the Turkish lira (-32.6% vs the US dollar) and the Argentinian peso (-41.8%), which came under sustained pressure on investor concerns about economic imbalances and deteriorating sovereign credit-worthiness. Although these two countries were outliers, a degree of contagion swept across other emerging market currencies, such as the Indian rupee (-6.0% vs the US dollar), South African rand (-3.0%) and Brazilian real (-4.1%).

Notes: All data is quoted in US dollar terms unless otherwise stated.

PART TWO: MULTIFUNDS' PERFORMANCE

All performance figures are as at 30 Sep 2018

Growth MultiFund

PERIOD	FUND USD* %	BENCHMARK US LIBID 3 month +4%	FUND GBP* %	BENCHMARK GBP LIBID 3 month +4%
3 months	2.9%	1.5%	3.4%	1.2%
1 year	5.8%	6.0%	6.7%	4.5%
3 years (annualised)	9.7%	5.2%	12.2%	4.4%
Since inception** (annualised)	5.6%	5.0%	7.7%	4.4%

**From 30/12/2013 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	1.8%	1.0%	2.0%	0.7%
1 year	3.4%	4.0%	3.4%	2.5%
3 years (annualised)	6.0%	3.2%	7.1%	2.4%
Since inception** (annualised)	3.1%	3.1%	4.7%	2.5%

**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	0.9%	0.5%	0.6%	0.2%
1 year	1.2%	1.9%	-0.1%	0.5%
3 years (annualised)	3.1%	1.1%	3.0%	0.4%
Since inception** (annualised)	3.2%	1.4%	2.5%	0.4%

** From 16/10/2015 for the USD class and 08/04/2013 for the GBP class.

* C Class Performance GBP.

PORTFOLIO REVIEW AND CHANGES

Growth

The portfolio had a good quarter, rising +2.9% (US$ C Class) despite global trade concerns and the headwind of rising bond yields.

Looking beneath the surface, the aggregate of the underlying global equity exposures performed roughly in line with market averages. Despite having an overweight to emerging market stocks which underperformed, the portfolio was helped by its bias towards more defensive sectors as well as strong stock selection from several of our active managers (Nedgroup Global Equity, +7.1%, Morgan Stanley Global Brands, +4.6%).

In other areas, returns from property were mixed. Global REITS were negatively impacted by the rise in bond yields, whilst the more traditional UK commercial property holdings were also held back by concerns around Brexit. In contrast, exposure to less economically sensitive UK care homes, via Target Healthcare (+5.1%) and Impact Healthcare (+2.9%) managed to buck the trend by posting solid numbers over the period. The portfolio's investments in general infrastructure (3i Infrastructure, +9.1%) and renewable energy were also quite helpful due to good earnings results and increasing UK electricity prices (Greencoat UK Wind, +3.8%, John Laing Environmental Assets, +2.8%). Elsewhere, the performance of the portfolio's allocation to asset-backed lending helped, with GCP Asset Backed Income (+8.5%) being one of the best performing holdings in the portfolio. Finally, SQN Asset Backed Income C-Shares (+2.6%) advanced after announcing that having accelerated deployment, they are now in a position start paying the full dividend they had targeted.

In terms of portfolio activity, we decided after a careful review process to change our emerging market equity manager from Coronation Global Emerging Markets to TT Emerging Market Equity. TT International is a privately owned investment boutique with an excellent long term track record of delivering added value and protecting capital on the downside. TT has a rigorous investment process, which involves integrating macroeconomic and bottom-up stock analysis with the aim of allocating resources to areas within emerging markets which offer the most attractive opportunities. The portfolio is managed with high conviction levels (i.e. 50-60 stocks) and a strong buy and sell discipline (there are "no passengers" in the portfolio). We believe that all of these characteristics will continue to help make the TT Emerging Market Equity fund successful going forward.

During the period we also took advantage of two capital raises, by Greencoat Renewables and GCP Asset Backed Income, to add to existing positions at attractive prices. In our opinion, Greencoat Renewables and GCP Asset Backed Income are opportunities that provide investors with a high level of income, a good degree of inflation protection and a low risk of any permanent loss of capital. We regard the business models to be very robust and, for the foreseeable future at least, there is a big enough pipeline of new potential investments for the fund to grow.

Balanced

The portfolio had a good quarter, rising +1.8% (US$ C Class) despite global trade concerns and the headwind of rising bond yields.

Looking beneath the surface, the aggregate of the underlying global equity exposures performed roughly in line with market averages. Despite having an overweight to emerging market stocks which underperformed, the portfolio was helped by its bias towards more defensive sectors as well as strong stock selection from several of our active managers (Nedgroup Global Equity, +7.1%, Morgan Stanley Global Brands, +4.6%).

Within fixed income, our bias towards corporate credit, specifically short-dated US sub-investment grade paper (Muzinich Short Duration High Yield +1.7%, AXA Short Duration High Yield +1.6%), was a significant positive in what was a difficult environment for government bonds due to the expectation of further interest rate rises from the Federal Reserve. Notwithstanding the strong performance of the lower

quality (and less interest rate sensitive) short duration high yield funds, the investment grade credit funds (PIMCO Global Investment Grade Credit +0.7%, Wellington Global Credit Plus +0.5%) also outperform developed government bonds as spreads tightened during the period.

The portfolio's holding in emerging market bonds whilst under pressure over worries about the detrimental impact of a potential trade war, a stronger dollar, and country specific issues managed to meaningfully outperform comparable market indices.

In other areas, returns from property were mixed. Global REITS were negatively impacted by the rise in bond yields, whilst the more traditional UK commercial property holdings were also held back by concerns around Brexit. In contrast, exposure to less economically sensitive UK care homes, via Target Healthcare (+5.1%) and Impact Healthcare (+2.9%) managed to buck the trend by posting solid numbers over the period. The portfolio's investments in general infrastructure (3i Infrastructure, +9.1%) and renewable energy were also quite helpful due to good earnings results and increasing UK electricity prices (Greencoat UK Wind, +3.8%, John Laing Environmental Assets, +2.8%). Elsewhere, the performance of the portfolio's allocation to asset-backed lending helped, with GCP Asset Backed Income (+8.5%) being one of the best performing holdings in the portfolio. Finally, SQN Asset Backed Income C-Shares (+2.6%) advanced after announcing that having accelerated deployment, they are now in a position start paying the full dividend they had targeted.

In terms of portfolio activity, we decided after a careful review process to change our emerging market equity manager from Coronation Global Emerging Markets to TT Emerging Market Equity. TT International is a privately owned investment boutique with an excellent long term track record of delivering added value and protecting capital on the downside. TT has a rigorous investment process, which involves integrating macroeconomic and bottom-up stock analysis with the aim of allocating resources to areas within emerging markets which offer the most attractive opportunities. The portfolio is managed with high conviction levels (i.e. 50-60 stocks) and a strong buy and sell discipline (there are "no passengers" in the portfolio). We believe that all of these characteristics will continue to help make the TT Emerging Market Equity fund successful going forward.

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Income

The portfolio had a good quarter, rising +0.9% (US$ C Class) despite global trade concerns and the headwind of rising bond yields.

Looking beneath the surface within fixed income, our bias towards corporate credit, specifically short-dated US sub-investment grade paper (Muzinich Short Duration High Yield +1.7%, AXA Short Duration High Yield +1.6%) was a significant positive in what was a difficult environment for government bonds due to rising interest rates. Notwithstanding the strong performance of the lower quality (and less interest rate sensitive) short duration high yield funds, the investment grade credit funds (PIMCO Global Investment Grade Credit +0.7%, Wellington Global Credit Plus +0.5%) also outperform developed government bonds as spreads tightened during the period. In contrast, the portfolio's holding in emerging market bonds lost ground as investors withdraw capital from the asset class.

In other areas, the small exposure to high yielding UK equities detracted value, whilst holdings in UK property were more mixed. The more traditional UK commercial property holdings gave up a little ground on concerns around Brexit. In contrast, exposure to less economically sensitive UK care homes, held via Target Healthcare (+5.1%) and Impact Healthcare (+2.9%), managed to buck the trend with solid numbers over the period. The portfolio's investments in general infrastructure (3i Infrastructure, +9.1%) and renewable energy were also quite helpful due to good earnings results and increasing UK electricity prices (Greencoat UK Wind, +3.8%, John Laing Environmental Assets, +2.8%). Elsewhere, the performance of the portfolio's allocation to asset-backed lending helped, with GCP Asset Backed Income (+8.5%) being one of the best performing holdings in the portfolio. Finally, SQN Asset Backed Income C-Shares (+2.6%) advanced after announcing that having accelerated deployment, they are now in a position start paying the full dividend they had targeted.

In terms of portfolio activity, towards the end of the period we added to our positions in US short-dated high yield and US government bonds. US treasury yields have moved sharply higher over recent months, and, at the time of investment the 10 year US government bond was yielding over 3%, which is as high as it has been for a number of years. This position was funded through the reduction in global high yield corporate bonds (i.e. completely selling the remaining part in Kames High Yield Global Bond). This move effectively increased the portfolio's already strong bias towards the US bond market, whilst reducing credit risk. In our view, the US bond market has superior characteristics to other advanced bond markets because its monetary policy is much closer to normal than is the case for the Eurozone, the UK or Japan.

During the period we also took advantage of two capital raises, by Greencoat Renewables and GCP Asset Backed Income, to add to existing positions at attractive prices. In our opinion, Greencoat Renewables and GCP Asset Backed Income are opportunities that provide investors with a high level of income, a good degree of inflation protection and a low risk of any permanent loss of capital. We regard the business models to be very robust and, for the foreseeable future at least, there is a big enough pipeline of new potential investments for the fund to grow.

PART THREE: MARKET OUTLOOK

In our Base Case Scenario, we expect global growth to remain broadly positive for the rest of 2018, before slowing to about 3.0% in 2019. At the same time, we expect inflation rates to rise a little as a consequence of higher oil prices and tighter labour markets leading to increased wage demands.

Against this background, the major central banks will continue to gradually tighten monetary policy, either raising interest rates, or tapering quantitative easing. In the US, this would mean four more quarter point increases in the Federal Reserve's Funds Rate, which would take it to 3.0% by the end of 2019. In the EU, the ECB is likely to cease quantitative easing at the end of the year and look to gently start raising interest rates from the mid-point of the year. The Bank of England is most likely to lie somewhere between the two, although much depends on Brexit, which clearly adds significant uncertainty.

After a very strong 2018, corporate earnings growth is likely to remain positive, but moderate to between 5 and 10% in 2019. As such, earnings should continue to provide some positive support for equities, even as tighter monetary policy proves a headwind. Whilst we would hesitate to describe equities as cheap in an absolute sense, measures of relative value suggest that shares should outperform bonds.

With US growth likely to slow as the impetus from tax cuts fades, moving into 2019 the advantage that US financial assets have enjoyed will also diminish. The divergence of economic and corporate performance between the US and the rest has been very strong over recent years, and we now believe the better value equity opportunities lie outside of America, in places such as Europe and the Emerging Markets.

To counter the inevitable headwind of rising interest rates on our bond investments, we have continued to favour a strong bias towards shorter duration holdings. These are much less sensitive to shifts in yields, providing a degree of cushioning should interest rates shift more than expected. In addition, as US interest rates are much closer to normal than those of other advanced economies, we believe the outlook for the US bond market is better than other major regions, such as the Eurozone, the UK or Japan. Based on this view, the fixed income element of portfolios has a heavy skew towards US, and away from areas still being distorted by quantitative easing.

Going forward, we expect the US dollar to be well supported by its higher yield and wide interest rate differential. Where appropriate, our strategies have a bias towards the US dollar, which we expect to remain strong. In addition, the portfolios hold a diversified exposure to carefully selected Asian and emerging market currencies, which, although they have struggled in recent months, offer really good relative value.

As for sterling, much depends on the outcome of Brexit negotiations. At US$1.30 (ish) per pound, sterling trades well below its purchasing power parity rate, which in part reflects the risk premium investors demand to compensate for uncertainty. In our view, the pound has the potential to either strengthen significantly in the event of a soft Brexit outcome, or weaken significantly if we see an economically damaging hard Brexit. As things stand, we find it impossible to judge which way events will unfold, so where we can, we have adopted a neutral exposure on sterling.

Clearly 2018 has been a much more difficult period to achieve rewarding investment returns. As a result of positive earnings and rising yields, valuations have improved, although the key parameters we watch have yet to breach our buying targets. Therefore, we continue to believe a degree of caution is warranted and cash positions have been maintained at above normal levels.

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 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 30th September 2018								
	Category	3M	6M	YTD	1YR	2YR*	3YR*	5YR*
Equity (USD)								
Dodge & Cox Global Stock Fund	*Global Equity*	3.43	2.66	-0.18	3.34	13.80	13.55	8.73
Morgan Stanley Global Brands	*Global Equity*	4.57	10.21	7.90	16.94	15.86	15.00	11.07
Nedgroup Global Equity Fund	*Global Equity*	7.13	10.62	7.63	9.09	14.75	13.74	9.77
TOBAM Anti-Benchmark World Equity	*Global Equity*	0.30	3.14	3.83	8.81	7.87	8.55	4.85
Vanguard Global Stock Index	*Global Equity*	4.92	6.73	5.32	11.05	14.48	13.37	9.11
Allianz Global Small Cap Equity	*Global Small Cap Equity*	1.85	5.02	4.42	12.01	15.47	11.92	8.02
TT Emerging Markets Equity Fund	*Global Emerging Markets Equity*	-3.61	-13.70	-13.18	-4.38	10.33	16.42	0.00
Vanguard Emerging Markets Stock	*Global Emerging Markets Equity*	-1.01	-9.41	-8.32	-1.37	9.74	11.94	3.30
MSCI ACWI NR USD		4.28	4.83	3.83	9.77	14.13	13.40	8.67
Fixed Income (USD)								
AXA US Short Duration High Yield	*Short Duration High Yield*	1.59	2.26	2.24	2.29	2.83	3.53	2.68
Muzinich Short Duration High Yield	*Short Duration High Yield*	1.74	2.42	2.58	2.72	3.19	3.94	2.65
PIMCO Global IG Credit	*Global Corporate Debt*	0.65	-0.21	-0.95	-0.11	1.87	4.40	4.30
Wellington Global Credit Plus	*Global Corporate Debt*	0.54	0.18	-1.13	0.37	1.23	3.83	4.30
Franklin Templeton Global Total Return	*Global Bond*	0.14	-4.20	-2.82	-4.36	5.00	3.51	1.19
Vanguard US Government Bond Index	*Government Bond Index*	-0.58	-0.50	-1.75	-1.74	-1.83	0.02	1.10
AXA US Short Duration High Yield	*Short Duration High Yield*	-0.05	0.14	0.02	0.82	0.32	2.35	3.13
Fixed Income (GBP)								
Kames Short Dated High Yield Global Bond	*Short Duration High Yield*	1.42	1.55	1.01	1.01	-	-	-
Bberg Barclays Global Aggregate GBP H		-0.44	-0.70	-1.15	-0.68	-0.93	1.49	2.77
Property (USD)								
Nedgroup Global Property Fund	*Global Property*	-0.25	3.65	-0.83	3.88	4.40	-	-
iShares Developed Marcket Property Yield	*Passive Tracker*	-0.22	5.16	-0.04	3.48	1.91	6.89	6.45
FTSE EPRA NAREIT Developed TR USD		-0.15	5.29	0.76	4.62	3.06	7.16	6.34
Property (GBP)								
F&C Commercial Property Trust	*UK Property*	-6.36	0.76	5.96	-2.40	11.12	4.80	8.71
Standard Life Investment Property Income	*UK Property*	-1.89	3.10	0.44	3.44	10.54	7.95	11.75
Impact Healthcare REIT	*Healthcare Property*	2.94	7.04	6.59	6.99	-	-	-
Target Healthcare REIT	*Healthcare Property*	5.09	14.43	6.73	4.14	7.83	6.50	-
Other / Specialist (GBP)								
Greencoat UK Wind	*UK Renewable Energy*	3.79	8.37	8.77	12.26	11.93	10.74	-
John Laing Environmental Assets Group	*UK Renewable Energy*	2.78	6.94	0.36	2.14	6.98	5.99	-
3i Infrastructure	*Infrastructure*	9.12	16.17	13.39	23.79	13.57	16.63	17.04
SQN Asset Finance Income Fund - C	*Asset Financing*	2.58	7.78	4.57	-1.76	-	-	-
GCP Asset Backed Income Fund	*Asset Financing*	8.45	10.06	10.62	10.10	5.79	-	-
LIBID GBP 3 Month + 2%		0.67	1.30	1.93	2.53	2.37	2.39	2.41
Other / Specialist (EUR)								
Greencoat Renewables	*UK Renewable Energy*	-2.57	3.39	2.71	-	-	-	-
Cash (USD)								
BlackRock ICS USD Liquidity Heritage Acc	*Cash*	0.54	1.05	1.45	1.79	1.42	1.10	0.70
LIBID USD 3 Month		0.55	1.10	1.58	1.93	1.47	1.15	0.74
Cash (GBP)								
Insight GBP Liquidity Fund	*Cash*	0.07	0.15	0.22	0.27	0.22	0.26	0.27
LIBID GBP 3 Month		0.17	0.30	0.42	0.52	0.36	0.38	0.40

*Annualised

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 Wellington Global Credit Plus Fund.

Wellington Global Credit Plus

Wellington Global Credit Plus is a global corporate bond fund that aims to capitalise on inefficiencies that exist in global investment grade credit markets through a combined top-down and bottom-up investment approach. The main motivation of the fund is to provide investors with a well-diversified investment solution that can generate excess returns, relative to its benchmark, in all market conditions.

At the heart of Wellington's investment philosophy is a determined effort to create fixed income portfolios that have many different / independent active positions that are largely uncorrelated. Wellington therefore seeks to incorporate top down macro investment themes, as well as specific research from country, currency, sector and corporate bond security selection specialists. The fund manager, Louis Chabrier, allocates the investment risk budget across three main areas: credit risk, macro risk (duration, yield curve and currency) and quantitative (relative value strategies). Credit risk is allocated 50 per cent of the total risk budget, aiming to generate alpha within investment grade credits, as opposed to running persistent overweights in lower rated credits, less liquid securities. The other 50 percent is allocated evenly across two independent investment strategies managed by the Macro and Quant teams. As such, Mark Sullivan (Macro Team Leader) and John Soukas (Quant Team Leader) have a significant influence on the performance of the fund. The investment process is driven by daily communications between the US, European and Asian PMs, as well as quarterly meetings where the overall investment strategy is reviewed and formulated. Wellington has a lot of resources in the fixed income space, with a dedicated and experienced team of 45 fixed income research analysts. They also have two main systems which are used to monitor risk and implement the investment strategies: 1) the Fixed Income Risk Engine (FIRE), which provides risk statistics at a portfolio, sector and security specific level, and 2) the Fixed Income Portfolio Management Tool (FIPMT), which is used to monitor portfolio exposures (currency, sector, quality etc) and perform pre-trade analysis. However, one of the main resources is Wellington's global investment research exchange platform (WIRE), which allows analysts to share their proprietary cross-asset research on countries, sectors and individual securities.

Wellington Management is a private partnership, and has a business model that focuses purely on institutional asset management, which helps to keep it focused and aligned with the interests of clients. The Wellington Global Credit Plus has a sound investment process, and benefits from Wellington's substantial global resources, highly specialised research teams, and state of the art in-house risk management systems. Although the fund is a recent launch, the strategy has been tested in the "private institutional space" for some years, and the record has been very good. This fund would be ideal for clients looking for a core global investment grade corporate bond fund.

This strategy takes very limited currency risk; the majority of the underlying exposure that is not denominated in the base currency is hedged back to the base currency. In this note we have written up the fund domiciled in Ireland with a base currency of GBP. However investors who like this strategy but prefer to invest in another base currency (such as USD), hedged share classes are available.

In terms of recent changes to the team, Joe Cummings (a global credit portfolio manager) was replaced by Mahmoud El-Shaer as Joe accepted a lead role within a new department in the firm. Rajesh Jothiraj was promoted from portfolio analyst to portfolio manager within the Global Credit team, with particular focus on the European sector and security selection strategies.

WHY WE LIKE THE FUND:

- Wellington is one of the largest global institutional asset managers in the world
- The fund aims to capitalise on market inefficiencies through top-down and bottom-up analysis
- Clear investment process that seeks to benefit from taking uncorrelated positions
- Significant global resources, in terms of both human capital and technology
- Wellington’s private partnership structure helps to align interests with clients
- The fund manager has a very good record in the global corporate investment grade bond area

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

DISCLAIMER:
Nedgroup Investments MultiFunds (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.

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

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