

# NEDGROUP INVESTMENTS BALANCED MULTIFUND

December 2018

Class A



## INTERNATIONAL RANGE

### RISK RATING



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

### GENERAL INFORMATION

#### BENCHMARK:

3 month LIBID +1 to +3% over 3 to 5 years

#### PEER GROUP

50/50 average of the Morningstar Moderate Allocation USD and Morningstar Cautious Allocation USD

#### 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:

\$213.9m

#### CURRENCIES AVAILABLE AND PRICES:

**USD Class A:** \$1.3193

**USD Class B:** \$12.3833

**GBP Class A:** £10.7477

**GBP Class B:** £12.4308

Value and prices as at 31 December 2018

INCEPTION DATE: 19 August 2011

#### MINIMUM INVESTMENTS:

**Class A:** \$1,500 / £1,000

**Class B:** \$250,000 / £150,000

#### FEES AND CHARGES (VAT incl)\*

Management fee Class A: 1.40% p.a

Management fee Class B: 1.00% p.a

#### ON-GOING CHARGES (as at 30 Nov 2018)<sup>2</sup>

USD Class A: 2.15%

GBP Class A: 2.22%

USD Class B: 1.75%

GBP Class B: 1.82%

#### DEALING:

Daily

#### NOTICE PERIODS:

Subscriptions: Noon T-1

Redemptions: Noon T-1

#### SETTLEMENT PERIODS:

Subscriptions: T+2

Redemptions: T+3

#### ISIN / SEDOL:

**Class A USD:** IE00B5SHBV53 / B5SHBV5

**Class B USD:** IE00B3NHH07 / B3NHH07

**Class A GBP:** IE00B57XK066 / B57XK06

**Class B GBP:** IE00B41F9717 / B41F971

#### CONTACT US

Tel +44 (0) 1624 645150

Fax +44 (0) 1624 670630

Website [www.nedgroupinvestments.com](http://www.nedgroupinvestments.com)

Email [helpdesk@nedgroupinvestments.com](mailto:helpdesk@nedgroupinvestments.com)

#### MINIMUM DISCLOSURE DOCUMENT

Please note: Differences may exist due to rounding

## FUND OBJECTIVE

The Balanced MultiFund aims to provide moderate levels of growth with moderate levels of risk and volatility over the medium to longer-term.

It is anticipated that the Balanced MultiFund will achieve a return of 3-month LIBID + 1% to 3% 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 multilayered process to facilitate disciplined decision-making and risk management.

The Balanced 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	USD	USD PEER GROUP	USD LIBID 3 MONTH		GBP	GBP PEER GROUP	GBP LIBID 3 MONTH	
	%	%	+1%	+3%	%	%	+1%	+3%
3 Months	-5.4%	-5.3%	0.9%	1.4%	-4.9%	-4.9%	0.4%	0.9%
6 Months	-3.9%	-4.2%	1.7%	2.7%	-3.2%	-3.6%	0.9%	1.8%
1 Year	-4.6%	-5.4%	3.3%	5.3%	-3.6%	-4.5%	1.6%	3.6%
3 Years Ann	2.4%	2.0%	2.4%	4.4%	3.3%	2.9%	1.4%	3.4%
5 Years Ann	1.6%	1.2%	1.9%	3.9%	3.0%	2.6%	1.4%	3.4%
2018	-4.6%	-5.4%	3.3%	5.3%	-3.6%	-4.5%	1.6%	3.6%
2017	9.3%	9.5%	2.2%	4.2%	5.0%	5.3%	1.2%	3.2%
2016	3.0%	2.3%	1.6%	3.7%	9.0%	8.5%	1.4%	3.4%
2015	-2.5%	-2.1%	1.2%	3.2%	-0.6%	-0.2%	1.5%	3.5%
2014	3.3%	2.1%	1.1%	3.1%	5.5%	4.4%	1.4%	3.4%
2013	7.3%	5.7%	1.1%	3.1%	3.8%	2.5%	1.4%	3.4%
2012	6.7%	7.4%	1.3%	3.3%	6.7%	7.2%	1.7%	3.7%
Lowest 1 yr return	-7.6%				-4.3%			
Highest 1yr return	10.8%				12.8%			
Since inception *	2.6%	2.2%	1.7%	3.7%	3.1%	2.7%	1.5%	3.5%

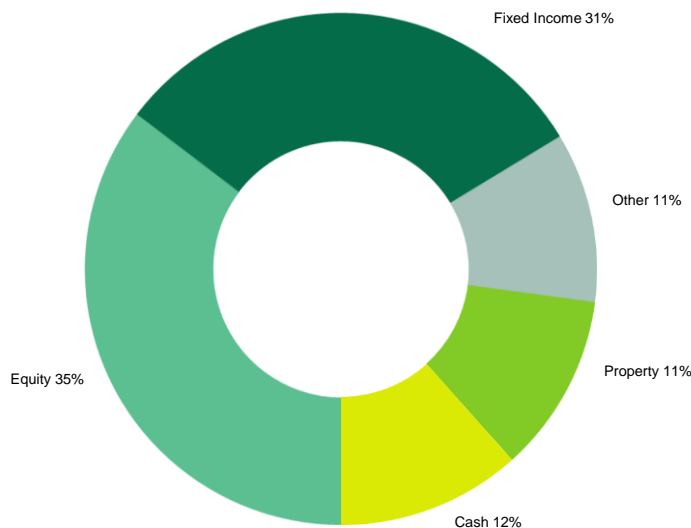
Performance of Class A net of fees. Inception 19 August 2011. \* Since inception annualised.

USD peer group is a 50/50 average of the Morningstar Moderate Allocation USD and Morningstar Cautious Allocation USD. For the GBP peer group data, the same universe and returns are used as for the USD data, although a 65% hedge to sterling is applied, as per the fund's GBP share class.

## RISK MEASURE

SINCE FUND INCEPTION	FUND USD	FUND GBP
Annualised volatility	6.3%	5.9%
Sharpe ratio (annualised)	0.31	0.44
Lowest monthly return	-5.1%	-4.8%

## PORTFOLIO STRUCTURE



\*Class A includes a trail fee of 0.75%  
Class B includes a trail fee of 0.50%

<sup>1</sup> 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.

<sup>2</sup> The on-going fee is a measure of the actual expenses incurred in the management of the Classes of the Sub-Fund. 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.

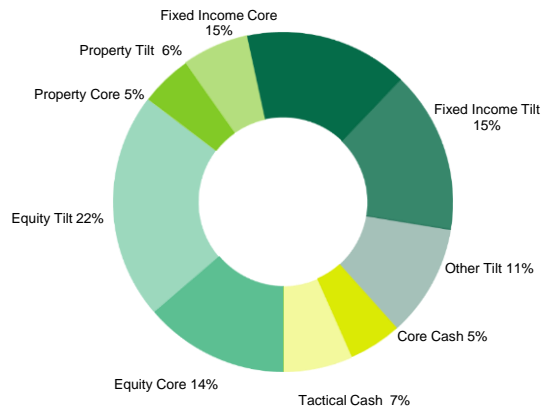
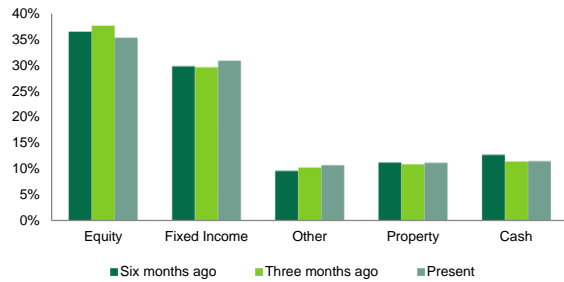


**TOTAL PORTFOLIO ANALYSIS**

FULL PORTFOLIO LISTING

EQUITY		35.3%
Vanguard Global Stock Index	Core	10.2%
Dodge & Cox Global Stock Fund	Tilt	6.3%
Nedgroup Global Equity Fund	Tilt	5.2%
Vanguard Emerging Markets Stock	Core	3.6%
TOBAM Anti-Benchmark World Equity	Tilt	3.0%
Morgan Stanley Global Brands	Tilt	2.7%
Allianz Global Small Cap Equity	Tilt	2.3%
TT Emerging Markets Equity Fund	Tilt	2.1%
PROPERTY		11.3%
Nedgroup Global Property Fund	Core	4.9%
Target Healthcare REIT	Tilt	2.6%
F&C Commercial Property Trust	Tilt	2.0%
Impact Healthcare REIT	Tilt	1.8%
FIXED INCOME		31.0%
Vanguard US Government Bond Index Fund	Core	7.3%
AXA US Short Duration High Yield	Tilt	6.0%
Franklin Templeton Global Total Return	Tilt	5.0%
Muzinich Short Duration High Yield	Tilt	4.4%
Wellington Global Credit Plus	Core	4.1%
PIMCO Global IG Credit	Core	4.1%
OTHER		10.8%
Greencoat UK Wind	Tilt	3.0%
SQN Asset Finance Income Fund C Shares	Tilt	2.1%
GCP Asset Backed Income Fund	Tilt	1.6%
John Laing Environmental Assets Group	Tilt	1.6%
Greencoat Renewables	Tilt	1.5%
3i Infrastructure Plc	Tilt	1.0%
CASH		11.6%
BlackRock Institutional USD Liquidity Fund / Cash	Core	5.0%
	Tilt/Tactical	6.6%
<b>TOTAL</b>		<b>100.0%</b>

CHANGES IN ASSET ALLOCATION BY STRATEGY



**EQUITY COMPONENT <sup>3</sup>**

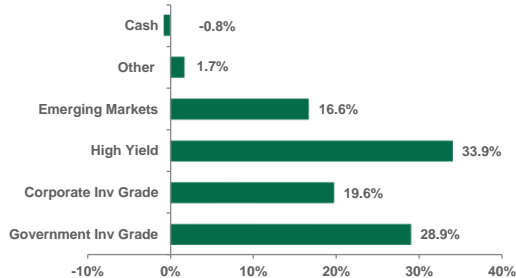
TOP TEN UNDERLYING HOLDINGS	
Microsoft	1.9%
Charter Communications	1.6%
Alphabet	1.4%
Reckitt Benckiser	1.2%
Comcast	1.2%
Unilever	1.1%
CVS Health Corp	1.0%
Cigna	1.0%
Philip Morris	0.9%
UnitedHealth Group	0.9%
<b>TOTAL</b>	<b>12.1%</b>

COUNTRY ALLOCATION	
USA	49.1%
Europe ex-UK	13.2%
UK	7.0%
Emerging Markets	18.9%
Pacific ex-Japan	2.2%
Japan	4.8%
Canada	2.2%
Cash	2.6%
<b>TOTAL</b>	<b>100.0%</b>

SECTOR ALLOCATION	
Financials	16.1%
Health Care	15.6%
Information Technology	12.7%
Communication Services	11.8%
Consumer Staples	9.7%
Industrials	9.6%
Consumer Discretionary	8.0%
Energy	4.7%
Materials	4.4%
Utilities	2.5%
Real Estate	2.4%
Cash	2.6%
<b>TOTAL</b>	<b>100.0%</b>

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

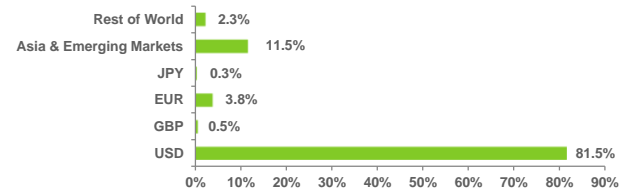
CATEGORY ALLOCATION



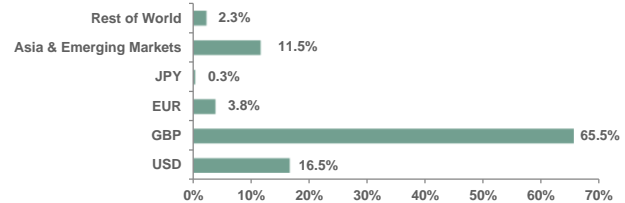
YIELD	
Yield To Maturity	4.9%
Average Weighted Maturity (in years)	5.6
Average Modified Duration (in years)	3.0

**CURRENCY EXPOSURE <sup>3</sup>**

USD SHARE CLASS



GBP SHARE CLASS <sup>4</sup>



<sup>3</sup> Source: Underlying managers. Data point 30 November 2018  
 Data point for underlying fund information on a look-through basis is one month in arrears.  
<sup>4</sup> For the sterling Hedged share class a 65% hedge to sterling is applied

**INVESTMENT MANAGER COMMENTARY**
**MARKET COMMENTARY**
**Nedgroup Investments (IOM) Ltd  
 Investment Manager and Distributor**

Anyone hoping for a quiet end to the year had their hopes dashed in spectacular fashion as volatility exploded in the latter stages of December, and safe havens materially outperformed riskier assets. One catalyst for this turn of events was the partial US government shut down caused by a stand-off between Trump and the US Senate over funding for his beloved southern border wall. Other factors that weighed on markets included clearer signs of slowing global economic growth and Trump's increasingly erratic behaviour, which was exemplified by his sudden announcement of the withdrawal of US troops from Syria. This led to the protest resignation of US Defense Secretary Mattis, who was said by many to be the last "grown-up" left in the Trump administration. Without restraining influences, and faced with a Democratic majority in the Senate, it remains to be seen how Trump reacts in 2019. The market impact of these negative events was amplified as they corresponded precisely with the Christmas lull in market liquidity.

It was a pretty grim month for global equities, which fell -7.0% when measured using the MSCI AC World Index in US dollars. All markets were under pressure, but the most resilient were Asia ex Japan (-2.7%), Global Emerging Markets (-2.7%) and the UK (-3.8%), whilst the US (-9.1%) was the biggest faller. At the sector level, stable earners tended to outperform cyclicals, with Utilities (-1.9%), Communication Services (-6.0%) and Consumer Staples (-6.1%) beating the market, whilst Energy (-9.0%), Industrials (-7.9%), Financials (-7.9%) and Information Technology (-7.6%) underperformed. Viewed from a style perspective, there was little to choose between Value (-7.1%) and Growth (-6.9%), whilst Larger Companies (-7.0%) held up marginally better than Smaller Companies (-8.5%).

Fixed income markets outperformed equities as investors scrambled for safe havens. Government bonds were the best performers, as credit spreads widened over the period. As such, the JP Morgan Global Government Bond Index rose +1.8%, whilst the shift lower in yields also helped the Merrill Lynch Global Corporate Investment Grade Index gain +1.2%. Results were more mixed in other fixed income sectors, as the Merrill Lynch Global High Yield Index turned in a disappointing -1.2%, whilst the JP Morgan Emerging Market Bond Index delivered +1.5% (all hedged to US dollars).

Most commodities were under significant pressure on worries about slowing global growth. This was especially true in the case of oil, where rising inventories were a particular concern. Over the month, the Bloomberg Commodities Index fell -6.9%, with Crude Oil giving up -10.8%, Industrial Metals down -5.1% and Agriculture falling -2.4%. The only significant sector that bucked the trend was Gold (+4.7%), which reflected its safe haven status.

Whilst currency markets were relatively quiet over the month, they also reflected investors' preference for safe havens, with the Japanese yen and Swiss franc gaining +3.4% and +1.5% respectively against the US dollar. In other areas, the pound was flat versus the US dollar, and the euro advanced by +1.3%. Finally, Emerging Market and commodity related currencies had mixed fortunes against the US dollar, with weakness in the Australian dollar (-3.6%), Canadian dollar (-2.6%) and South African rand (-3.3%) counterbalanced by strength in the Mexican peso (+3.4%) and Chinese yuan (+1.2%).

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

**PORTFOLIO COMMENTARY**

The Nedgroup Investments Balanced MultiFund declined in value by -3.4% during December.

Within equities, the best performing (or least negative) active funds were TT Emerging Markets Equity (-3.7%), Morgan Stanley Global Brands (-6.3%) and TOBAM Anti-Benchmark World Equity (-6.9%). TT Emerging Markets Equity was helped by its exposure to Emerging Markets, which was one of the more resilient areas in December, whilst Morgan Stanley Global Brands and TOBAM Anti-Benchmark World Equity were aided by their exposure to more defensive sectors, which outperformed. At the other end of the spectrum, Allianz Global Small Cap (-9.9%) lost value as small cap stocks underperformed larger companies.

Within fixed income, the portfolio's bias towards corporate credit proved a headwind in the risk-off environment, as corporate credit (especially sub-investment grade) underperformed. US government bonds, held via the Vanguard US Government Bond Index (+2.1%), was the best performer within the portfolio as the flight to safety caused a decline in general bond yields. The higher quality investment grade credit funds, Wellington Global Credit Plus (+1.4%) and PIMCO Global Investment Grade Credit (+0.9%) also generated positive returns, as they too benefited from the shift in yield curves. Elsewhere, Franklin Templeton Global Total Return (-0.7%), Muzinich Short Duration High Yield (-1.1%) and AXA US Short Duration High Yield (-0.9%) all lost ground as risk assets underperformed safe havens.

# NEDGROUP INVESTMENTS BALANCED MULTIFUND

November 2018

International Range



In other asset classes, Nedgroup Global Property (-6.1%) fell less than broader global equity markets, as REITS were partially assisted by falling government bond yields. UK commercial property exposure was more mixed, with the more conventional commercial property holding, F&C Commercial Property Trust (-7.5%), retrenching on Brexit concerns, whilst the less cyclical UK care home exposures, Impact Healthcare (+0.0%) and Target Healthcare (+0.0%), were both flat. Infrastructure also saw some divergence in performance, with 3i Infrastructure (+0.6%) and Greencoat Renewables (+0.5%) both higher, whilst Greencoat UK Wind (-2.3%) and John Laing Environmental Assets (-0.5%) were marginally down. Finally, the two asset-backed finance investments also succumbed to market pressures, with SQN Asset Finance Income Fund C-Shares returning -2.2% and GCP Asset Backed Income -0.5%.

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

Note: All returns are quoted in US dollars.

#### 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.

This document is of a general nature and intended for information purposes only. Whilst we have taken all reasonable steps to ensure that the information in this document is accurate and current on an ongoing basis, Nedgroup Investments shall accept no responsibility or liability for any inaccuracies, errors or omissions relating to the information and topics covered in this document. Changes in exchange rates may have an adverse effect on the value price or income of the product.

#### Nedgroup Investments International contact details

Tel: +44 (0)1624 645150  
Tel: 0800 999 160 (toll free from South Africa only)  
Fax: +44(0) 1624 670630  
Email: [helpdesk@nedgroupinvestments.com](mailto:helpdesk@nedgroupinvestments.com)  
Website: [www.nedgroupinvestments.com](http://www.nedgroupinvestments.com)  
Address: First Floor, St Mary's Court, 20 Hill Street, Douglas, Isle of Man IM1 1EU, British Isles