

# NEDGROUP INVESTMENTS INCOME MULTIFUND - ACCUMULATING

July 2019

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 4

### INVESTMENT MANAGER:

Nedgroup Investments (IOM) Limited; licensed by the Isle of Man Financial Services Authority.

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

**MARKET VALUE:** £44.4m

### CURRENCIES AVAILABLE AND PRICES:

**GBP Class A:** £12.3801

**USD Class A:** \$12.4206

Value and prices as at 31 July 2019

**INCEPTION DATE:** 26 January 2012

### MINIMUM INVESTMENTS:

**Class A:** £1,000 / \$1,500

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

Management fee Class A: 1.25% p.a

### ON-GOING CHARGES (as at 31 July 2019)<sup>2</sup>

Class A: 2.01%

**DEALING:** Daily

### NOTICE PERIODS:

Subscriptions: Noon T-1

Redemptions: Noon T-1

### SETTLEMENT PERIODS:

Subscriptions: T+2

Redemptions: T+3

### DISTRIBUTION YIELD OF DISTRIBUTING CLASS:

GBP Class A Dist: 4.37%

Based on last four quarterly distributions as a percentage of current share price. Last dividend 28 June 2019

### ISIN / SEDOL:

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

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

## 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%	3.0%	0.2%	1.6%	2.7%	0.6%
6 Months	3.0%	4.2%	0.3%	3.8%	4.5%	1.2%
1 Year	3.7%	4.7%	0.7%	5.3%	6.3%	2.4%
3 Years Ann	2.2%	1.3%	0.5%	3.3%	2.6%	1.7%
5 Years Ann	2.0%	2.3%	0.5%	2.6%	2.3%	1.1%
YTD	5.0%	5.3%	0.4%	6.1%	5.7%	1.4%
2018	-1.8%	-1.9%	0.6%	-0.5%	0.2%	2.2%
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 *	2.9%	2.3%	0.5%	3.0%	2.4%	0.8%

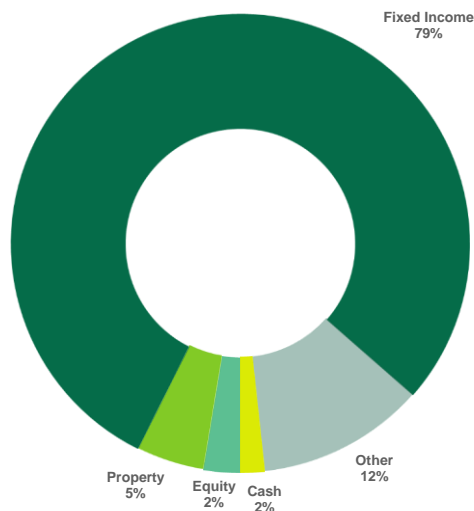
Class A performance net of fees. \* Since inception annualised.

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)	0.97	0.87
Lowest Monthly Return	-1.7%	-1.8%

## PORTFOLIO STRUCTURE



## CONTACT US

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

## MINIMUM DISCLOSURE DOCUMENT

Please note: Differences may exist due to rounding

\* 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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July 2019

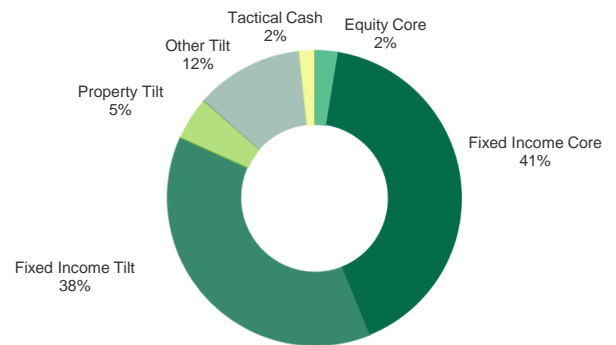


## TOTAL PORTFOLIO ANALYSIS

### FULL PORTFOLIO LISTING

EQUITY INCOME		2.6%
iShares UK Dividend UCITS ETF	Core	2.6%
EQUITY PROPERTY		4.8%
BMO Commercial Property Trust	Tilt	2.0%
Target Healthcare REIT	Tilt	1.8%
Impact Healthcare REIT	Tilt	1.0%
FIXED INCOME		79.1%
Vanguard US Government Bond Index Fund	Core	18.9%
Muzinich Short Duration High Yield	Tilt	15.7%
AXA US Short Duration High Yield	Tilt	14.3%
PIMCO Global IG Credit	Core	11.4%
Wellington Global Credit Plus	Core	10.9%
Franklin Templeton Global Total Return	Tilt	7.9%
OTHER		11.8%
John Laing Environmental Assets Group	Tilt	2.5%
SQN Asset Finance Income Fund C Shares	Tilt	2.0%
Greencoat UK Wind	Tilt	1.9%
GCP Asset Backed Income Fund	Tilt	1.8%
Greencoat Renewables	Tilt	1.5%
The Renewables Infrastructure Group	Tilt	1.1%
3i Infrastructure Plc	Tilt	1.0%
CASH		1.7%
Cash	Tilt/Tactical	1.7%
TOTAL		100.0%

### CHANGES IN ASSET ALLOCATION BY STRATEGY



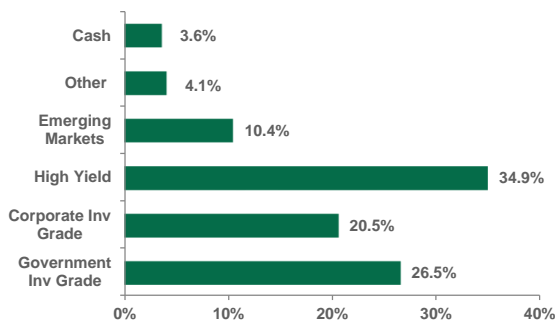
## FIXED INCOME COMPONENT <sup>3</sup>

CREDIT RATING	
AAA	31.3%
AA	3.5%
A	10.4%
BBB	14.7%
< BBB	40.0%
TOTAL	100.0%

MATURITY	
< 3 year	38.0%
3-5 years	32.1%
5-10 years	19.7%
> 10 years	10.2%
TOTAL	100.0%

## SECTOR ALLOCATION



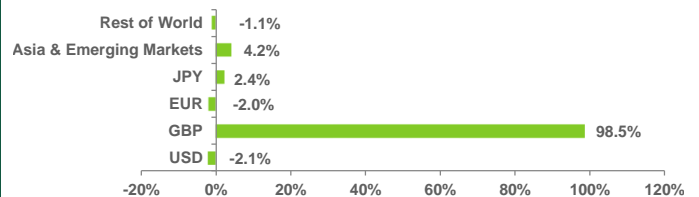
PORTFOLIO YIELD	
Effective Yield	4.0%
Average Weighted Maturity (in years)	5.1
Average Modified Duration (in years)	3.6

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

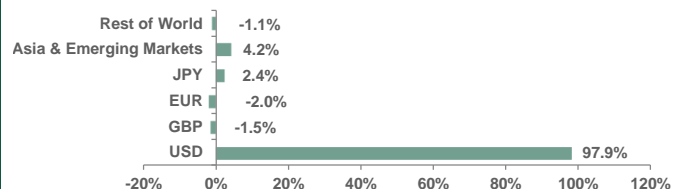
USA	60.3%
UK	23.4%
Europe ex UK	6.9%
Emerging Markets	8.0%
Rest of the World	1.3%
Asia Pacific ex Japan	0.2%
Japan	0.0%
TOTAL	100.0%

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

### GBP SHARE CLASS



### USD SHARE CLASS



<sup>3</sup> Source: Underlying managers. Data point 30 June 2019 (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

July was generally a positive month for investors as central banks confirmed their bias to ease monetary policy. Whilst the ECB restricted itself to statements suggesting the possibility that interest rates could be cut, the Federal Reserve actually took action by lowering rates by 0.25% on July 31<sup>st</sup>. This change in tack reflected growing concerns about weak economic data and that any failure in the US-China trade talks could further undermine global growth.

Whilst the US-China trade talks resumed, there were little signs of any real progress on the difficult issues of technology transfer and intellectual property rights. The fundamental problem is that the US-China trade war is not just about trade imbalances. In the bigger picture, it can also be seen as a new cold war between the US and China for economic dominance, where the weapon of choice just happens to be trade. For now at least, the truce is holding, although it is doubtful that the US and China will find it easy to settle their differences.

July saw the Q2 earnings season in full flow. By the end of the month it was clear that profits have been much better than expected in the US and a little stronger than forecasted in Europe. With 70 percent of S&P 500 companies reporting over the month, 60 percent beat on sales whilst 78 percent posted better than expected earnings (which were +5.3% ahead of forecasts). In Europe, 68 percent of companies in the Bloomberg European 500 Index reported in July, with 57 percent exceeding sales forecasts and 57 percent also surprising on earnings (which were +2.8% higher). Whilst the actual numbers reported were positive, forward guidance from managements was more cautious, which served to remove some of the shine.

Over the month we saw confirmation that Boris Johnson would replace Theresa May as the UK's Prime Minister. His apparent determination to take a harder line with the EU on Brexit has increased the risk of a "no deal" and further undermined investor confidence in UK assets and sterling. The scene is now set for a showdown between the UK and the EU over Johnson's demands that the Irish back-stop is dropped from the withdrawal agreement. Johnson also seems set on a collision course with the UK parliament, which remains opposed to a "no deal" exit. Whatever the outcome, it seems likely the uncertainty around Brexit is only going to increase in the short term.

Fixed income markets rewarded investors, with declining yields driving positive returns across all sectors. Over the month, the JP Morgan Global Government Bond Index posted a return of +0.6%, whilst the ICE Merrill Lynch Global Corporate Investment Grade Index gained +0.9%, the ICE Merrill Lynch Global High Yield Index rose +0.6% and the JP Morgan Global Emerging Market Bond Index advanced +1.1% (all hedged to sterling).

Equities also advanced, with the MSCI AC World Index rising +4.2% in sterling terms, helped by a sharp drop in the pound against most other currencies. At the market level, the US (+5.5%) was the strongest performer amongst the majors, whilst Europe ex UK (+1.9%), Asia ex Japan (+2.1%), the UK (+2.1%) and Emerging Markets (+2.7%) all underperformed.

In the foreign exchange markets, the British pound (-4.4% versus the US dollar) was weak against most currencies as Boris Johnson (the UK's new Prime Minister) chose to adopt a harder stance on Brexit. This only served to increase investor concern over the potential for a "no deal" outcome. Elsewhere, the dollar was generally strong against most currencies, rising by +2.7% versus the euro, +0.9% against the yen and +1.8% relative to the Swiss franc.

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

## PORTFOLIO COMMENTARY

The Nedgroup Investments Income MultiFund increased by +0.2% during July.

Within fixed income, falling government bond yields combined with the more “risk-on” environment to allow most areas to generate positive returns. Franklin Templeton Global Total Return (+1.4%) benefited from its exposure to emerging market local currency bonds, which rallied strongly over the period. Falling government bond yields and tighter spreads also allowed longer maturity investment grade credit funds to progress, as demonstrated by PIMCO Global Investment Grade (+0.6%) and Wellington Global Credit Plus. Finally, AXA US Short Duration High Yield (+0.3%) and Muzinich Short Duration High Yield (+0.2%) also delivered positive returns, mostly from harvesting the higher yield offered by their underlying bond holdings.

In other asset classes, the rise in UK equity markets meant the small exposure to high dividend paying stocks through the iShares UK Dividend Fund (+1.1%) added value. However, portfolio exposure to UK commercial property was more mixed. BMO Commercial Property (+2.2%) recovered some ground lost in prior months over Brexit uncertainty and concern about the weakness of the UK retail sector, whilst the more defensive UK care homes, Impact Healthcare (+0.9%) and Target Healthcare (-2.2%) broadly offset each other. Having been extremely strong in the first half, infrastructure holdings detracted value, with The Renewables Infrastructure Group (-0.9%), Greencoat UK Wind (-1.6%), John Laing Environmental Assets (-1.7%), Greencoat Renewables (-2.2%) and 3i Infrastructure (-4.2%) all losing a little ground over the month. Finally, asset-backed lending added value, with GCP Asset Backed Income (+1.4%) and SQN Asset Finance Income Fund C-Shares (+1.1%) both posting decent gains in July.

Over the month we did not make any material strategy changes.

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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Changes in exchange rates may have an adverse effect on the value price or income of the product.

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