# NEDGROUP INVESTMENTS INCOME MULTIFUND - ACCUMULATING

July 2019

Class C

NEDGROUP INVESTMENTS

## INTERNATIONAL RANGE

### RISK RATING

1 2 **3** 4 5 6 7

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.

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 C:** £11.9889
**USD Class C:** $11.6258
Value and prices as at 31 July 2019

INCEPTION DATES:

**Fund:** 19 August 2011
**Sub-fund:** 26 January 2012
**GBP Class:** 8 April 2013
**USD Class:** 16 October 2015

MINIMUM INVESTMENTS:

**Class C:** £1,000 / $1,500

FEES AND CHARGES (VAT incl)

Management fee Class C: 0.40% p.a

ON-GOING CHARGES (as at 31 July 2019)[2]

Class C: 1.16%

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 C Dist: 4.35%

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

ISIN / SEDOL:

**Class C Acc GBP:** IE00B9BBC647 / B9BBC64
**Class C Acc USD:** IE00B9CNVR36 / B9CNVR3


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MINIMUM DISCLOSURE DOCUMENT

Please note: Differences may exist due to rounding

## FUND OBJECTIVE

The Income MultiFund aims to provide a low risk, low volatility investment option over the medium to longer-term.

It is anticipated that the Income MultiFund will achieve a return in excess of 3-month LIBID in the currency of the relevant share class over a rolling 3 to 5 year period.

In order to achieve the investment objective, the portfolio invests across a range of asset classes within a strategic and tactical asset allocation framework designed to maximise diversification benefits. An absolute and relative valuation-based approach underpins this framework, resulting in a multi-layered process to facilitate disciplined decision-making and risk management.

The Income MultiFund is suitable for clients with an investment time horizon of 3 to 5 years. Investing in the fund involves a risk to capital in order to achieve the desired return.

## FUND PERFORMANCE [1]

| PERIOD | GBP | GBP PEER GROUP | 3 MONTH GBP LIBID | USD | USD PEER GROUP | 3 MONTH USD LIBID |
|---|---|---|---|---|---|---|
| | % | % | % | % | % | % |
| 3 Months | 1.4% | 3.0% | 0.2% | 1.8% | 2.7% | 0.6% |
| 6 Months | 3.4% | 4.2% | 0.3% | 4.3% | 4.5% | 1.2% |
| 1 Year | 4.5% | 4.7% | 0.7% | 6.2% | 6.3% | 2.4% |
| 3 Years Ann | 3.0% | 1.3% | 0.5% | 4.1% | 2.6% | 1.7% |
| 5 Years Ann | 2.8% | 2.3% | 0.5% | n/a | n/a | n/a |
| YTD | 5.6% | 5.3% | 0.4% | 6.6% | 5.7% | 1.4% |
| 2018 | -0.9% | -1.9% | 0.6% | 0.4% | 0.2% | 2.2% |
| 2017 | 3.0% | 1.6% | 0.2% | 3.9% | 3.5% | 1.2% |
| 2016 | 5.8% | 4.8% | 0.4% | 5.9% | 2.2% | 0.6% |
| 2015 | -0.1% | -0.2% | 0.5% | -1.2% | -0.7% | 0.1% |
| 2014 | 3.0% | 5.6% | 0.4% | n/a | n/a | n/a |
| Lowest 1 yr return | -3.0% | | | 0.4% | | |
| Highest 1 yr return | 8.0% | | | 8.2% | | |
| Since inception * | 2.9% | 1.9% | 0.4% | 4.0% | 2.9% | 1.4% |

Class C performance net of fees . * Since inception annualised.

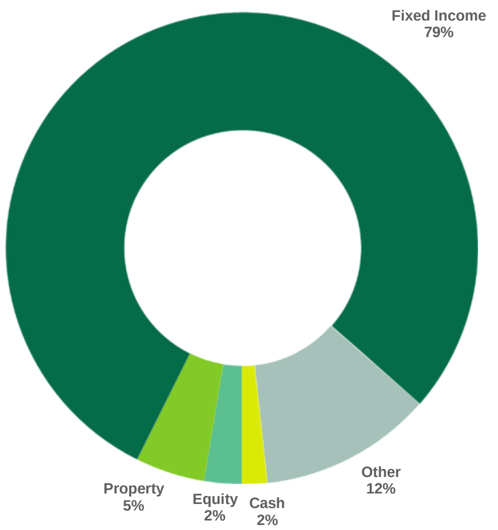
GBP Peer Group is Morningstar Global Bonds – GBP Hedged. USD Peer Group is Morningstar Global Bonds – USD Hedged. * Since inception annualised.

## RISK MEASURE

| SINCE FUND INCEPTION | FUND GBP | FUND USD |
|---|---|---|
| Annualised Volatility | 2.5% | 2.4% |
| Sharpe Ratio (annualised) | 1.0 | 1.4 |
| Lowest Monthly Return | -1.7% | -1.0% |

Risk measure based on the simulated Class C performance net of fees since 26 January 2012 for GBP and 12 April 2012 for USD share class to date.

## PORTFOLIO STRUCTURE




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, the actual investment date, the date of any reinvestment and d ividend 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 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.

# NEDGROUP INVESTMENTS INCOME MULTIFUND - ACCUMULATING

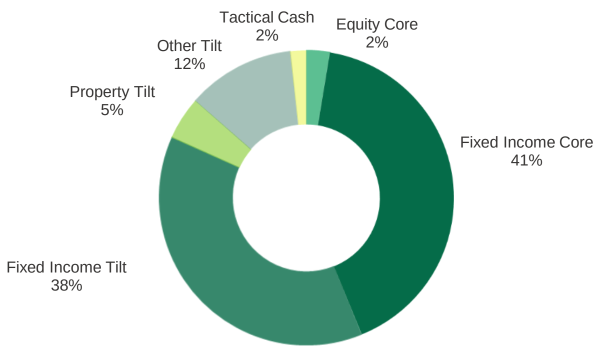
July 2019

## TOTAL PORTFOLIO ANLAYSIS

### 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

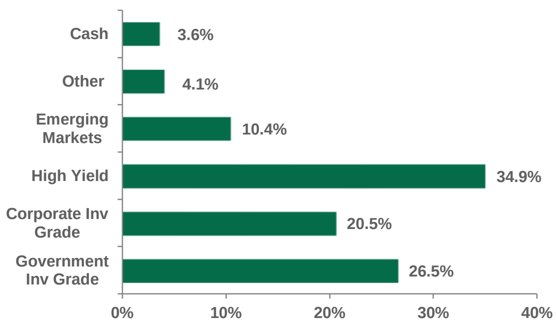




## FIXED INCOME COMPONENT [3]

| 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



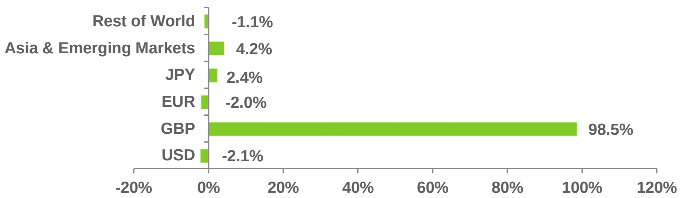

| PORTFOLIO YIELD | |
|---|---|
| Effective Yield | 4.0% |
| Average Weighted Maturity (in years) | 5.1 |
| Average Modified Duration (in years) | 3.6 |

## REGIONAL ALLOCATION [3]

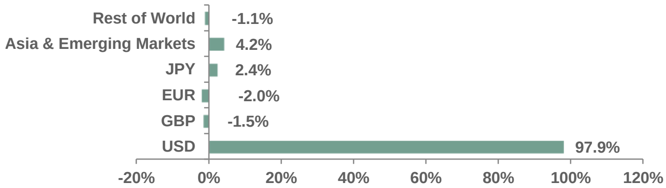
| | |
|---|---|
| USA | 60.3% |
| UK | 23.4% |
| Europe ex UK | 6.9% |
| Emerging Markets | 8.0% |
| Rest of the World | 1.3% |
| Asia Pacific ex Japan | 0.2% |
| Japan | 0.0% |
| TOTAL | 100.0% |

## CURRENCY EXPOSURE [3]

### GBP SHARE CLASS




### USD SHARE CLASS




3) 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 31st. 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).

# NEDGROUP INVESTMENTS INCOME MULTIFUND

July 2019 International Range

NEDGROUP INVESTMENTS

## 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 Depositary**
Citi Depositary 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**
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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
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
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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